AUNTEA JENNY
沪上阿姨

滬上阿姨（上海）實業股份有限公司
Auntea Jenny (Shanghai) Industrial Co., Ltd.

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

Stock Code: 2589

GLOBAL OFFERING

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

(in alphabetical order)

CITIC SECURITIES   海通國際 HAITONG   东方证券 DFZQ 國際

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

Auntea Jenny (Shanghai) Industrial Co., Ltd.
滬上阿姨(上海)實業股份有限公司

(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	:	2,411,340 H Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	241,140 H Shares (subject to reallocation)
Number of International Offer Shares	:	2,170,200 H Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	:	HK$113.12 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars, subject to refund)
Nominal value	:	RMB1.00 per H Share
Stock code	:	2589

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

Joint Bookrunners and Joint Lead Managers

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

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other 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 the Company on the Price Determination Date. The Price Determination Date is expected to be on or before Tuesday, May 6, 2025 (Hong Kong time) and, in any event, not later than 12:00 noon on Tuesday, May 6, 2025 (Hong Kong time). The Offer Price will not be more than HK$113.12 per Offer Share and is currently expected to be not less than HK$95.57 per Offer Share. If, for any reason, the Offer Price is not agreed on or before 12:00 noon on Tuesday, May 6, 2025 (Hong Kong time) between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse. The Overall Coordinators, on behalf of the Underwriters, may, where considered appropriate and with the Company's consent, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (which is HK$95.57 to HK$113.12) at any time on or 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 the Company at **www.hsay.com** and on the website of the 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. Further details are set forth in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" 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. Please refer to the section headed "Underwriting" 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 the section headed "Risk Factors."

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

ATTENTION

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

This prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.hsay.com**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

April 28, 2025

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

The Company has **adopted a fully electronic application process for the Hong Kong Public Offering**.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.hsay.com.

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

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

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

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

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

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

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be for a minimum of 30 Hong Kong Offer Shares and in one of the numbers set out in the table.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Hong Kong Offer Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

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$*
30	3,427.83	600	68,556.48	3,000	342,782.44	24,000	2,742,259.56
60	6,855.64	750	85,695.61	4,500	514,173.66	27,000	3,085,042.00
90	10,283.48	900	102,834.73	6,000	685,564.90	30,000	3,427,824.46
120	13,711.30	1,050	119,973.86	7,500	856,956.11	45,000	5,141,736.69
150	17,139.13	1,200	137,112.98	9,000	1,028,347.34	60,000	6,855,648.91
180	20,566.95	1,350	154,252.10	10,500	1,199,738.56	75,000	8,569,561.15
210	23,994.77	1,500	171,391.22	12,000	1,371,129.79	90,000	10,283,473.37
240	27,422.59	1,800	205,669.47	13,500	1,542,521.00	105,000	11,997,385.60
270	30,850.42	2,100	239,947.71	15,000	1,713,912.23	120,570[(1)]	13,776,426.49
300	34,278.25	2,400	274,225.96	18,000	2,056,694.67		
450	51,417.37	2,700	308,504.21	21,000	2,399,477.12		

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

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

No application for any other number of Hong Kong Offer Shares will be considered and such an 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 our website at ***www.hsay.com***[6] *and the website of the Stock Exchange at* ***http://www.hkexnews.hk****.*

Hong Kong Public Offering commences . . . . 9:00 a.m. on Monday, April 28, 2025

Latest time for completing electronic applications under the **White Form eIPO** service through the designated website **www.eipo.com.hk**[2] . . . . 11:30 a.m. on Friday, May 2, 2025

Application lists of the Hong Kong Public Offering open[3] . . . . 11:45 a.m. on Friday, May 2, 2025

Latest time for (a) completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) submit electronic application instruction to HKSCC through HKSCC's FINI system[4] . . . . 12:00 noon on Friday, May 2, 2025

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to submit electronic application instruction(s) on your behalf through HKSCC's FINI system in accordance with your instruction to apply for the Hong Kong Offer Shares, you are advised to contact your **broker** or **custodian** for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

Application lists of the Hong Kong Public Offering close[3] . . . . . . 12:00 noon on Friday, May 2, 2025

Expected Price Determination Date[5] . . . . Tuesday, May 6, 2025

Announcement of the Offer Price on our website at **www.hsay.com** [6] and the website of the Stock Exchange at **www.hkexnews.hk** on or around . . . . Wednesday, May 7, 2025

Announcement of 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 Offer Shares on our website at **www.hsay.com**[6] and the website of the Stock Exchange at **www.hkexnews.hk** . . . . no later than 11:00 p.m. on Wednesday, May 7, 2025

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

- in the announcement to be posted on our website and the website of the Stock Exchange at **www.hsay.com**[6] and **www.hkexnews.hk**, respectively . . . . no later than 11:00 p.m. on Wednesday, May 7, 2025

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function from . . . . 11:00 a.m. on Wednesday, May 7, 2025 to 12:00 midnight on Tuesday, May 13, 2025

- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from . . . . Thursday, May 8, 2025 to Tuesday, May 13, 2025 (except Saturday, Sunday and Hong Kong public holidays)

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from . . . . 6:00 p.m. on Tuesday, May 6, 2025

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

White Form e-Refund payment instructions/refund checks in respect of wholly or partially successful applications if the final Offer Price 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/collected on or before[8][9] . . . . Thursday, May 8, 2025

Dealings in the H Shares on the Stock Exchange expected to commence at 9:00 a.m. on . . . . Thursday, May 8, 2025

Notes:

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

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

(3) If there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, May 2, 2025, the application lists will not open or close on that day. See "How to Apply for Hong Kong Offer Shares — E. Bad Weather Arrangements."

(4) Applicants who apply for Hong Kong Offer Shares through **HKSCC EIPO** channel or instructing your **broker** or **custodian** to apply on your behalf via **HKSCC EIPO** channel should refer to the section headed "How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels."

(5) The Price Determination Date is expected to be on or before Tuesday, May 6, 2025. If, for any reason, we do not agree with the Overall Coordinators (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares by 12:00 noon on Tuesday, May 6, 2025, the Global Offering will not proceed and will lapse.

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

(7) No temporary document of title will be issued in respect of the Offer Shares. H Share certificates 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 and neither of the Underwriting Agreements has been terminated in accordance with their respective terms at or before that time. Investors who trade H Shares on the basis of publicly available allocation details or prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

(8) **White Form** e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport 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. Individuals 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 **HKSCC EIPO** channel should refer to the section headed "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 **White Form eIPO** 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 **White Form** e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** 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 check(s) by ordinary post at their own risk.

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

Further information is set out in sections headed "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. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please refer to "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" respectively.

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

IMPORTANT NOTICE TO INVESTORS

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. The Company has not authorised anyone to provide you with any information or to make any representation that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or advisors, or any other person or party involved in the Global Offering.

CONTENTS

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

OVERVIEW

We are a freshly-made beverage company, operating the fifth and fourth largest network of freshly-made tea shops in China as of December 31, 2022 and 2023, respectively according to CIC, with extensive reach into the lower-tier markets and we generated a substantial majority of revenue from our franchising operations, mainly consisting of (i) sales of goods, including ingredients, packaging and other raw materials, as well as equipment, to franchisees, and (ii) franchising services. We are a fast-growing freshly-made tea shop brand in terms of the growth rates of total store count and GMV among the five largest freshly-made tea shop brands in terms of total store count in 2022 and 2023 according to CIC. Our total store count increased by 46.8% from 5,307 stores as of December 31, 2022 to 7,789 stores as of December 31, 2023, and increased by 17.8% from 7,789 stores as of December 31, 2023 to 9,176 stores as of December 31, 2024. Our GMV increased by 60.4% from RMB6,068.0 million in 2022 to RMB9,731.8 million in 2023, and by 10.3% from RMB9,731.8 million in 2023 to RMB10,736.4 million in 2024. According to CIC, as of December 31, 2023, we covered the most cities in China among mid-priced freshly-made tea shop brands in China.

In 2013, we opened the first *Auntea Jenny* store offering "grainy milk tea" (五穀奶茶) — milk tea with grain toppings. These beverages are best served hot, providing a warm and comforting choice during chilly winters, particularly in northern China. This kick-started our initial expansion of store network in northern China. We then saw the growing demand for fresh fruit tea among consumers across China, especially in the lower-tier markets. In 2019, we began to offer fresh fruit tea which was welcomed by our customers and enabled our nationwide expansion, including the southern regions. In addition, we have expanded our product offerings through *Jenny x Coffee* and *Version Lite* to reach a wider range of consumers.

We operate a franchise-focused business model. As of December 31, 2024, 99.7%, or 9,152 of the 9,176 stores in our network, were operated by our franchisees. The products offered under our three brand concepts include freshly-made beverage and freshly-brewed coffee.

As of December 31, 2024, our store network of 9,176 stores covered all four centrally administered municipalities and over 300 cities in five autonomous regions and 22 provinces in China. Our store network spans from Mohe, Heilongjiang province in northern China to Sanya, Hainan province in southern China.

We strategically focus on the lower-tier markets and have achieved a strong market presence in the lower-tier markets in China in terms of total store count among mid-priced freshly-made tea shop brands. We have accumulated a wealth of experience in store operations, personnel management and consumer preferences in the lower-tier markets in China, which enables our franchisees to tap into these markets more effectively. The freshly-made tea shop market in third and lower-tier cities in China is the largest and is expected to be the fastest-growing segment between 2023 to 2028 in terms of GMV, with significant potential for future growth. Our expertise and proven track record of success in this market segment position us well in capturing the significant future opportunities.

Our mutually beneficial franchise system is the foundation for our long-term and stable cooperation with franchisees. As of December 31, 2024, 30.0% or 1,637 of our 5,455 franchisees opened more than one store. In 2024, 48.8% or 1,164 of our new franchised stores were opened by our existing franchisees.

However, according to CIC, the freshly-made tea shop industry in China is highly competitive with the total number of freshly-made tea shops reaching approximately 464 thousand by the end of 2023. The market was historically fragmented and has continued to consolidate. According to the same source, the freshly-brewed coffee market in China is competitive as there are approximately 120 thousand freshly-brewed coffee shops by 2023, and freshly-brewed coffee can also be offered by freshly-made tea shops, bakeries, and restaurants. Our strategy to expand our store network may lead to competition both among the stores within our network and against our competitors. It is possible that the existing stores within our network or our competitors might have already taken up the desired locations for new stores and our competitors may enter into these areas after our existing stores have been established, and our measures to minimize the risk of cannibalization within our network and competition against competitors might have limitations.

In 2024, the growth of the freshly-made tea shop industry and freshly-brewed coffee market in China slowed as compared to 2023, further intensifying market competition. In particular, industry players actively compete for under-penetrated markets, for example, the third and lower-tier cities in China, prime store locations and qualified franchisees, with some introducing more low-priced products to further expand their customer base. As a result of the overall industry slowdown and intensified competition, our average GMV per store decreased from RMB1.6 million in 2023 to RMB1.4 million in 2024, and our average GMV per order decreased from RMB26 to RMB25. Despite those challenges, the total GMV of our store network increased from RMB9.7 billion in 2023 to RMB10.7 billion in 2024. Our revenue remained relatively stable at RMB3,348.2 million in 2023 and RMB3,284.6 million in 2024, with an increasing gross profit margin from 30.4% in 2023 to 31.3% in 2024, primarily due to (i) our continuous expansion of our store network with a total store count from 7,789 as of December 31, 2023 to 9,176 as of December 31, 2024, and (ii) our ongoing efforts to manage our cost. In response to the intensified market competition, we continue to (i) enhance our research and capabilities to upgrade and further improve the quality of our ingredients, (ii) promote brand image and recognition through, for example, increasing the investment in marketing activities on different online platforms, (iii) further penetrate existing markets, expand into more lower-tier markets and grow our online sales channel, and (iv) implement our multi-brand strategy. See

"Business — Growth Strategies." Specifically, we launched *Fallstea*, our updated *Version Lite 2.0* brand concept, with eye-catching logo, upgraded store design and new marketing initiatives to our franchisees since March 2024 to further capture demands from the lower-tier markets. Within nine months of its launch, the number of *Fallstea* stores has reached 304 as of December 31, 2024, generating a total GMV of RMB73.8 million in 2024. Our online sales grew significantly from RMB4.8 million in 2023 to RMB64.0 million in 2024 as a result of our continuous efforts to explore new sales channels. In the medium and long term, with the expected growth of China's economy and consumer spending, alongside the projected expansion in the overall size of the freshly-made tea store market and the freshly brewed coffee market in China, we believe that we are well-positioned to capitalize on the industry's future growth.

OUR CORE CONCEPT

We offer freshly-made beverages made from premium loose-leaf tea, freshly grounded coffee beans or yogurt, with additional ingredients such as fresh fruits, NFC juice, milk and various types of grains in our wide variety of product offerings. The core elements of our brand concept comprise the following:

- quality and fresh ingredients;
- innovative and healthy products;
- casual and modern store design;
- affordable pricing; and
- consistent quality.

We currently offer three brand concepts:

- *Auntea Jenny (滬上阿姨)*. *Auntea Jenny* is our principal brand concept launched in 2013, under which we offer a wide range of products including fresh fruit tea, milk tea with toppings, light milk tea, yogurt shakes and snack packs. *Auntea Jenny* stores are primarily located streetside with a small portion of stores located in shopping malls and public transportation terminals. We aim to bring freshly-made products with affordable prices to consumers across China, particularly those in third and lower-tier cities. The price range for key products under this brand concept is typically RMB7 to RMB22 per item. In April 2024, we upgraded the brand image of *Auntea Jenny* with modern orange as its main brand color and created the Cheetah Lady (獵豹女士) IP to demonstrate the new brand image. As of December 31, 2024, we have 3,524 stores in our store network under the new brand image.

- *Jenny x Coffee (滬咖)*. Launched in 2022, *Jenny x Coffee* is typically embedded in our *Auntea Jenny* stores. We offer various types of coffee under *Jenny x Coffee*, and have rolled out "oriental latte (東方拿鐵)," including coffee latte, tea latte, coffee-tea latte to broaden our addressable market. The price range for key products under this brand concept is typically RMB13 to RMB23 per item.

- *Version Lite (輕享版)*. *Version Lite* is a brand concept launched in 2023 that provides a more price-for-value option of tea drinks for consumers in the third and lower-tier cities. Products offered under *Version Lite* are primarily milk tea with toppings, light milk tea, fruit tea and ice cream. *Version Lite* stores are primarily located streetside. Compared to *Auntea Jenny*, *Version Lite* offers better flexibility in pricing and store location selection to allow further penetration into county-level cities. The price range for key products under this brand concept is typically RMB2 to RMB12 per item, lower than that for our other brands. As county-level cities generally have lower rents per size of the store, *Version Lite* in those regions is able to select stores with larger space under the same budgets as compared to our other brands. We started promoting *Fallstea (茶瀑布)*, our updated *Version Lite 2.0* brand concept, with eye-catching logo, upgraded store design and new marketing initiatives to our franchisees since March 2024 to further capture demands from the lower-tier markets. As of December 31, 2024, the store count of *Version Lite 1.0* and *Fallstea* in our store network was 188 and 304, respectively.

See "Business — Our Core Concept."

OUR CONSUMER EXPERIENCE

We offer a wide range of refreshing and flavorful beverages that cater to different tastes and preferences. In addition, consumers are able to adjust the sweetness and ice levels, and add various toppings to the beverages according to their own preferences. Aside from tea-based drinks, we offer yogurt, coffee and snacks, which broadens the consumers' options and further enriches their experience. We also evolve our menu items in accordance with prevailing market trends. In addition, we offer a convenient shopping experience for consumers through efficient store planning and the use of a wide range of technologies such as digital payment and online ordering systems. To ensure uniform design throughout our network, we provide store design plans and standards for our franchised stores. We currently offer three brand concepts, *Auntea Jenny*, *Jenny x Coffee* and *Version Lite*, each catered to different consumer preferences. See "Business — Our Consumer Experience."

OUR FRANCHISE-FOCUSED BUSINESS MODEL

Our business model comprises an integrated franchise system backed by a comprehensive supporting platform. In addition, we strategically open self-operated stores to establish our presence, develop brand recognition and gain market intelligence for new and underpenetrated markets before engaging or introducing franchisees in those markets. We also leverage our self-operated stores as knowledge bases for our franchised stores to provide guidance in aspects such as customer services, store operations, quality control and other best practices. The core of our business model is cooperation with entrepreneurial franchisees who are committed to our concept and highly motivated to grow our brand and store network. We seek to maintain close and long-term mutually beneficial relationships with our franchisees by establishing a management and supporting platform. See "Business — Our Store Network — Operation Management — Our Management and Supporting Platform." Meanwhile, despite our rapid growth, we have consistently maintained our ability to closely monitor the performance and operations of our franchised stores through our efficient and comprehensive supporting infrastructure to ensure the transparency, consistency and quality of their operations.

Under our franchise arrangement, our franchisees are responsible for operating the stores including leasing the stores, managing the operation of the stores and hiring staff. We, on the other hand, are responsible for providing store design and decoration concept and a list of qualified contractors (the relevant construction and/or furnishing cost is borne by the franchisees), equipment selection, menu design, marketing the brand and provide various administrative support and supervision. The franchisee pays us for our concept, strategy, marketing, operating system, training, purchasing power and brand recognition and enjoys the benefit of a centralized supply chain management, including reduced costs for raw material procurement and high-quality supplies.

Our franchise agreements typically have an initial term of three years, subject to renewal annually. Our franchisees are required to make initial payments including an upfront franchise fee, purchase cost for equipment and refundable franchise deposit, as well as recurring payments including purchase cost for ingredients and franchising service fees. We lowered the rate for franchising service fees in the second half of 2021 to provide more attracting franchising term to our franchisees.

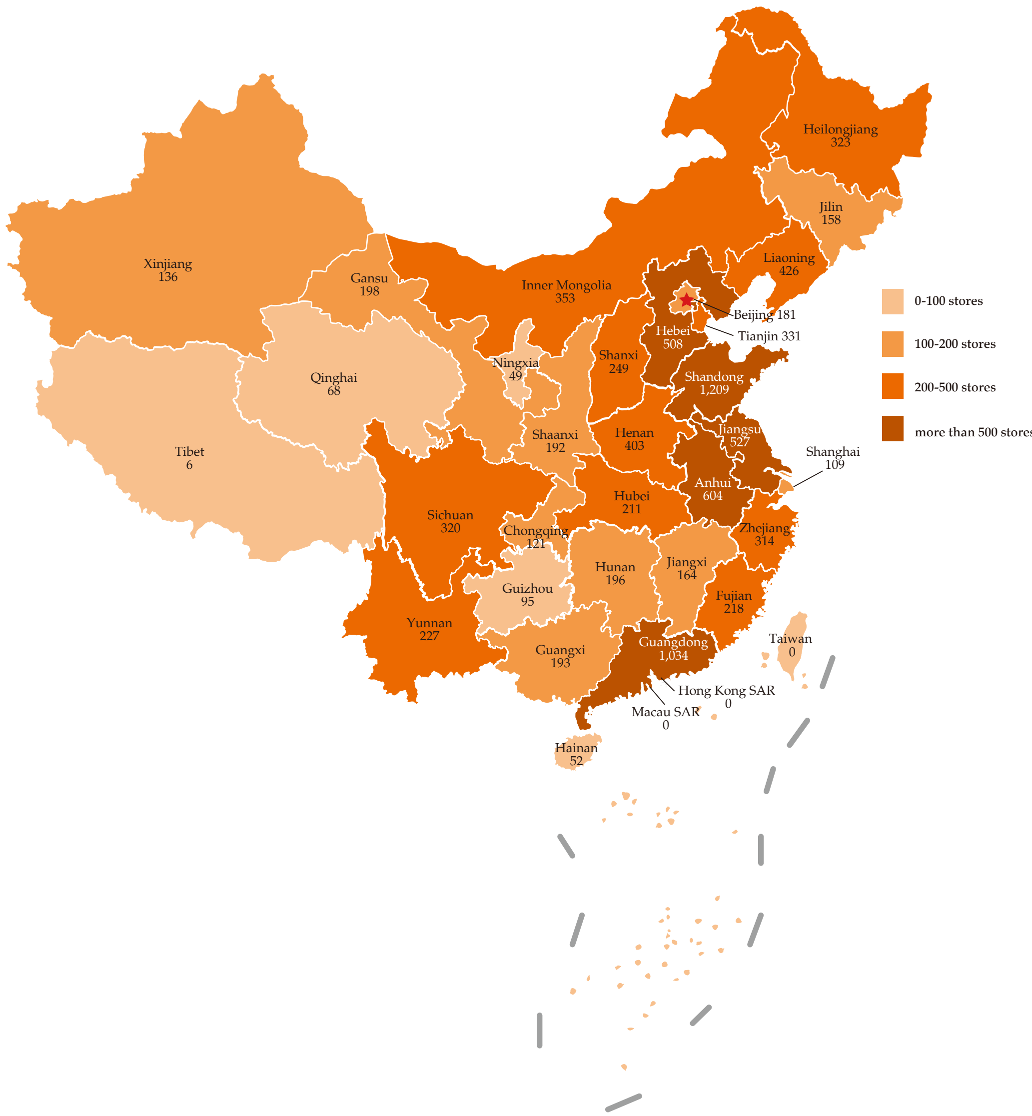
See "Business — Our Franchise-Focused Business Model."

OUR STORE NETWORK

As of December 31, 2024, our store network of 9,176 stores covered all four centrally administered municipalities and over 300 cities in five autonomous regions and 22 provinces in China. The table below sets forth a breakdown of the stores in our network by self-operated stores and franchised stores as of December 31, 2022, 2023 and 2024:

	As of December 31,					
	2022		**2023**		**2024**	
Franchised stores	5,244	98.8%	7,756	99.6%	9,152	99.7%
Self-operated stores	63	1.2%	33	0.4%	24	0.3%
Total	**5,307**	**100.0%**	**7,789**	**100.0%**	**9,176**	**100.0%**

The map below illustrates our store network in China as of December 31, 2024:



For illustrative purpose only, the map (Map Review Number: GS(2022)4308) is presented to illustrate our store network in China as of December 31, 2024.

We place great emphasis on the lower-tier markets. As of December 31, 2024, with approximately 50.4% of stores in our network located in third and lower-tier cities, we had strong market presence in the lower-tier market among mid-priced freshly-made tea shop brands in terms of total store count according to CIC. In 2024, 50.7% of new stores within our network were opened in third and lower-tier cities. Set forth below is a breakdown of stores in our network by city tier:

	As of December 31,					
	2022		2023		2024	
First-tier cities	403	7.6%	586	7.5%	686	7.5%
New first-tier cities	1,272	24.0%	1,742	22.4%	1,896	20.7%
Second-tier cities	1,067	20.1%	1,612	20.7%	1,964	21.4%
Third and lower-tier cities	2,565	48.3%	3,849	49.4%	4,629	50.4%
Overseas[(1)]	–	–	–	–	1	0.0%
Total	**5,307**	**100.0%**	**7,789**	**100.0%**	**9,176**	**100.0%**

Note:

(1) In February 2024, we launched our first overseas self-operated *Auntea Jenny* store in Kuala Lumpur, Malaysia.

The freshly-made tea shop market in third and lower-tier cities in China is the largest and is expected to be the fastest-growing segment between 2023 to 2028 in terms of GMV, with significant potential for future growth. We plan to continue our expansion and replicate our success through further penetration of existing markets throughout China and expand into more third and lower-tier cities.

See "Business — Our Store Network."

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

We implemented meticulous selection and strict quality control of our raw materials. We procure raw materials used to make our beverages, such as dairy products, tea leaves, sugar, fresh fruits, fruit juices and packaging materials from our suppliers, including contract manufacturers. The snacks sold in our store network such as wafers, potato chips and toast are produced by contract manufacturers. Equipment used in our store network was from carefully selected suppliers.

We believe the freshness and timely delivery of quality ingredients are fundamental for offering high quality freshly-made beverages throughout an expansive store network. To support this, we have built up a nationwide supply chain coverage and strong management capabilities to underpin our rapid store network expansion. According to CIC, we ranked first in terms of the city coverage of our warehouses among the five largest mid-priced freshly-made tea shop brands in China in terms of total store count as of December 31, 2023. To safeguard our core belief on the freshness and quality of ingredients, we require members of our store network to procure ingredients mostly from our centralized procurement platform which sources ingredients from selected suppliers and our own production facility. As of December 31, 2024, our supply chain network includes (i) 12 logistics centers, (ii) four equipment warehouses, (iii) eight fresh produce warehouses and (iv) 15 frontline cold-chain storage warehouses. Within our supply chain network, three of the logistics centers and all of the frontline cold-chain storage warehouses are operated by Independent Third Parties. See "Business — Procurement and Supply Chain Management."

OUR CUSTOMERS AND SUPPLIERS

Our customers are primarily the franchisees who operate franchised stores pursuant to the franchise agreements signed with us. We generated a substantial majority of our revenue from franchising. All of our five largest customers in each year of the Track Record Period are our franchisees. In 2022, 2023 and 2024, revenue from our five largest customers for each year of the Track Record Period accounted for 2.7%, 1.9% and 1.6% of our total revenue for the respective periods. During the Track Record Period, we were not subject to any material customer concentration risk. See "Business — Our Customers."

Our suppliers primarily include the suppliers of ingredients, packaging, other raw materials, equipment and marketing and promotion service. In 2022, 2023 and 2024, purchases from our five largest suppliers for each year of the Track Record Period accounted for 19.6%, 16.8% and 15.9% of our total purchases for the respective periods. See "Business — Procurement and Supply Chain Management — Our Suppliers." To better address market fluctuations and ensure a steady supply of ingredients for our diverse range of beverages, we also collaborate with trusted OEM suppliers. See "Business — Procurement and Supply Chain Management — Ingredient Procurement — Contract Manufacturing Agreements."

We currently have one production facility in PRC in Haiyan, Zhejiang province. Our Haiyan Facility commenced commercial production in 2022 and is now able to produce certain ingredients used in the preparation of our beverages, primarily including tapioca pearls, taro balls, taro paste and tea. See "Business — Production — Our Production Facility."

COMPETITION

According to CIC, the freshly-made tea shop industry in China is highly competitive with the total number of freshly-made tea shops reaching roughly 464 thousand by the end of 2023. The market was historically fragmented and has continued to consolidate. In addition, in 2023, the total market size of China's freshly-made tea shops in terms of GMV was RMB211.5 billion, of which mid-priced tea shops account for the largest share of 51.3%, according to CIC. The number of chain freshly-made tea shop brands and chain freshly-brewed coffee brands in China reached approximately 2,600 and 300, respectively by 2023, where chain brands refer to brands with more than 10 stores nationwide, according to CIC. As of December 31, 2023, we ranked fourth in terms of total store count of 7,789; fourth in China's freshly-made tea shop market in terms of number of cups sold of 0.6 billion cups, with a market share of 4.5%; and fifth in China's freshly-made tea shop market in terms of GMV amounting to RMB9.7 billion in 2023, with a market share of 4.6%, according to CIC.

According to CIC, the freshly-brewed coffee market in China is competitive as there are approximately 120 thousand freshly-brewed coffee shops by 2023, and freshly-brewed coffee can also be offered by freshly-made tea shops, bakeries and restaurants. The total market share of the five largest freshly-brewed coffee shop brands held 44.9% in terms of GMV and 52.4% in terms of the number of cups sold in 2023. We sold 11.9 million cups of freshly-brewed coffee, reaching a market share of 0.2% and achieved RMB192 million in GMV, reaching a market share of 0.1% in China's freshly-brewed coffee industry in 2023, according to CIC. We face increasingly intense competition with other leading players in various aspects of our business, including product offering and consumer experience as well as consumer acquisition and retention. The competition may be heightened in the future due to the growing number of brands, lack of clear differentiation in product offerings, pricing and other key aspects among brands and the proximity of freshly-made tea shops under different brands in adjacent areas. See "Business — Competition." If we fail to effectively compete against, or are out-competed by, the other leading players, we may experience a material adverse impact on our results of operations, financial condition and business prospects. See "Risk Factors Risks Relating to Our Business and Industry We face increasingly intense competition."

OUR STRENGTHS

We believe the following strengths have fueled our success and will continue to drive our future growth:

- Leading position in China's freshly-made tea shop industry with rapid growth and extensive reach into the lower-tier markets;
- High quality and diverse product offering based on innovation and consumer insights;
- Sustainable store network expansion backed by comprehensive franchisee support platform and mutually beneficial franchise model;
- Strong nationwide supply chain management and strict quality control;
- Unified membership reward policy and diverse marketing strategies; and
- Visionary and experienced senior management team.

See "Business — Our Strengths."

GROWTH STRATEGIES

We will continue to pursue the following growth strategies to drive further growth:

- Further penetrate existing markets and grow our offline store network and online sales channel;
- Enhance research and development capabilities and expand product offerings;
- Strengthen our supply chain capabilities;
- Enhance digitalization to increase overall operation efficiency and ensure food safety;
- Continue with our multi-brand strategy to expand into new markets; and
- Continue to promote brand image and recognition.

See "Business — Growth Strategies."

KEY OPERATING DATA

The table below sets forth the key operating data for all stores within our network by brands and across all brands for the periods indicated.

	As of/Year Ended December 31,		
	2022	2023	2024
Auntea Jenny			
Total GMV (RMB in thousands)	6,067,897	9,677,245	10,521,824
Total number of orders (thousands)	226,511	369,926	412,129
Total store count at the end of the year	5,307	7,696	8,683
Total sales volume (number of cups in thousands)	359,298	579,893	598,641
Average GMV per store (RMB in thousands)[(1)]	1,500	1,561	1,399
Average GMV per store per day (RMB)[(2)]	4,109	4,277	3,833
Average GMV per order (RMB)[(3)]	27	26	26
Jenny x Coffee			
Total GMV (RMB in thousands)	77	37,570	43,687
Total number of orders (thousands)	3	1,181	1,441
Total store count at the end of the year[(4)]	9	2,064	1,700
Total sales volume (number of cups in thousands)	4	1,707	1,953
Average GMV per store (RMB in thousands)[(1)]	112	52	42
Average GMV per store per day (RMB)[(2)]	307	142	116
Average GMV per order (RMB)[(3)]	26	32	30
Version Lite			
Total GMV (RMB in thousands)	–	17,031	170,841
Total number of orders (thousands)	–	1,119	11,661
Total store count at the end of the year	–	93	492
Total sales volume (number of cups in thousands)	–	1,689	14,737
Average GMV per store (RMB in thousands)[(1)]	–	700	626
Average GMV per store per day (RMB)[(2)]	–	1,917	1,716
Average GMV per order (RMB)[(3)]	–	15	15

	As of/Year Ended December 31,		
	2022	2023	2024
All brands			
Total GMV (RMB in thousands)	6,067,973	9,731,846	10,736,352
Total number of orders (thousands)	226,514	372,226	425,231
Total store count at the end of the year	5,307	7,789	9,176
Total sales volume (number of cups in thousands)	359,301	583,289	615,331
Average GMV per store (RMB in thousands)(1)	1,500	1,559	1,370
Average GMV per store per day (RMB)(2)	4,109	4,270	3,753
Average GMV per order (RMB)(3)	27	26	25

Notes:

(1) Calculated by average GMV per store per day multiplied by 365 for the year ended December 31.

(2) Calculated by dividing total GMV by total days of operation of the stores.

(3) Calculated by dividing total GMV by total number of orders.

(4) During the Track Record Period, except for 1 standalone *Jenny x Coffee* stores, all *Jenny x Coffee* stores were embedded in our *Auntea Jenny* stores.

The table below sets forth the average GMV per store per day[1] by years of opening during the Track Record Period.

	Year Ended December 31,		
	2022	2023	2024
Less than one year	4,016	3,933	3,239
One to two years	4,267	4,284	3,621
Two to three years	4,133	4,537	3,896
More than three years	3,909	4,296	4,017

Note:

(1) Calculated by dividing total GMV in each category by total days of operation of the stores in each category.

In 2022, 2023 and 2024, our same-store GMV growth was (10.6)%, 10.0% and (10.6)%, respectively. In 2022, our same-store GMV decreased by 10.6%, primarily due to the disruption caused by the pandemic outbreak. In 2023, our same-store GMV increased by 10.0%, primarily due to the enhancement of our brand and our continuous roll-out of new products. In 2024, our same-store GMV decreased by 10.6%, primarily due to the overall industry slowdown and intensified competition in 2024. Our same-store GMV is the GMV generated by same stores in a given year. Same stores are stores that have been launched prior to the first day of the prior year and have not been permanently closed as of the last day of the given year. The same-store GMV growth is the percentage difference in GMV generated by same stores between a given year and the previous year.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables sets forth summary financial data from our consolidated financial information during the Track Record Period. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements as set out in the Accountants' Report in Appendix I to this prospectus, including the related notes. Our consolidated financial information was prepared in accordance with IFRSs.

Results of Operations

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB thousands, except for percentages)					
Revenue	**2,199,005**	**100.0%**	**3,348,201**	**100.0%**	**3,284,576**	**100.0%**
Cost of sales	(1,612,726)	(73.3)%	(2,330,850)	(69.6)%	(2,257,257)	(68.7)%
Gross profit	**586,279**	**26.7%**	**1,017,351**	**30.4%**	**1,027,319**	**31.3%**
Other income and gains, net	26,976	1.2%	66,570	2.0%	48,127	1.5%
Selling and marketing expenses	(278,471)	(12.7)%	(360,892)	(10.8)%	(394,111)	(12.0)%
Administrative expenses	(113,228)	(5.1)%	(159,926)	(4.8)%	(174,890)	(5.3)%
Research and development expenses	(13,260)	(0.6)%	(46,402)	(1.4)%	(51,865)	(1.6)%
Finance costs	(6,356)	(0.3)%	(6,190)	(0.2)%	(5,178)	(0.2)%
Profit before tax	**201,940**	**9.2%**	**510,511**	**15.2%**	**449,402**	**13.7%**
Income tax expense	(52,470)	(2.4)%	(122,609)	(3.6)%	(120,471)	(3.7)%
Profit for the year	**149,470**	**6.8%**	**387,902**	**11.6%**	**328,931**	**10.0%**
Attributable to						
Owners of the parent	149,470	6.8%	387,902	11.6%	328,931	10.0%

Non-IFRS Measures

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use adjusted profit for the year (a non-IFRS measure) and adjusted net profit margin (a non-IFRS measure), as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impact of certain items. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated financial statements in the same manner as they help our management. However, our presentation of adjusted profit for the year (a non-IFRS measure) and adjusted net profit margin (a non-IFRS measure) may not be comparable to similar item measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our consolidated financial statements or financial condition as reported under IFRS. We define adjusted profit for the year (a non-IFRS measure) as profit for the year adjusted for share-based payment expenses and listing expenses. We define adjusted net profit margin (a non-IFRS measure) as adjusted profit for the year (a non-IFRS measure) as a percentage of total revenues.

	Year Ended December 31,		
	2022	**2023**	**2024**
	(in RMB thousands, except for percentages)		
Profit for the year	149,470	387,902	328,931
Add:			
Share-based payment expenses[1]	4,843	14,482	57,782
Listing expenses[2]	–	13,963	31,373
Adjusted profit for the year (a non-IFRS measure)	**154,313**	**416,347**	**418,086**
Adjusted net profit margin (a non-IFRS measure)	7.0%	12.4%	12.7%

Notes:

(1) Share-based payment expenses relate to the share rewards we granted to our employees, which is a non-cash item.

(2) Listing expenses represent the fees incurred in relation to the Global Offering.

Our other income and gains, net increased from RMB27.0 million in 2022 to RMB66.6 million in 2023, primarily due to an increase in our government grants from RMB24.1 million in 2022 to RMB54.3 million in 2023 which was attributable our business growth. Our other income and gains, net decreased from RMB66.6 million in 2023 to RMB48.1 million in 2024, primarily due to a decrease in our government grants received, which was partially offset by an increase in fair value changes of financial assets and financial investments at fair value through profit or loss. See "Financial Information — Principal Components of Results of Operations — Other Income and Gains, Net."

Our research and development expenses increased from RMB13.3 million in 2022 to RMB46.4 million in 2023, primarily due to an increase in our research and development personnel to satisfy the needs from our increased research and development projects. Our research and development expenses increased from RMB46.4 million in the 2023 to RMB51.9 million in 2024, primarily due to an increase in service fees of RMB9.4 million related to the research and development of operating systems. See "Financial Information — Period-to-period Comparison of Results of Operations."

Our profit increased from RMB149.5 million in 2022 to RMB387.9 million in 2023, primarily due to (i) our business growth, as our total store count increased from 5,307 as of December 31, 2022 to 7,789 as of December 31, 2023, and (ii) an increasing gross profit margin during the same periods as a result of our effective cost control measures including negotiating for favorable pricing from our suppliers and optimizing our production processes and supply chain management. Despite the increase in our gross profit from RMB1,017.4 million in 2023 to RMB1,027.3 million in 2024, our profit decrease from RMB387.9 million to RMB328.9 million during the same periods, primarily due to a significant increase in share-based payment expenses and the listing expenses recorded in 2024. See "Financial Information — Period-to-period Comparison of Results of Operations."

Our adjusted profit for the year (a non-IFRS measure) continued to increase during the Track Record Period from RMB154.3 million in 2022 to RMB418.1 million in 2024, which was in line with our continues business growth.

Revenue

By Nature

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB thousands, except for percentages)					
Franchise-related revenue						
Sales of goods to franchisees	1,707,422	77.7%	2,672,283	79.8%	2,632,201	80.1%
Sales of ingredients and other raw materials	1,597,758	72.7%	2,514,821	75.1%	2,547,459	77.5%
Sales of equipment	109,664	5.0%	157,462	4.7%	84,742	2.6%
Franchising services	364,722	16.6%	553,137	16.5%	537,066	16.4%
Sub-total	**2,072,144**	**94.3%**	**3,225,420**	**96.3%**	**3,169,267**	**96.5%**
Revenue from self-operated stores	126,076	5.7%	115,498	3.4%	49,364	1.5%
Others(1)	785	0.0%	7,283	0.3%	65,945	2.0%
Total	**2,199,005**	**100.0%**	**3,348,201**	**100.0%**	**3,284,576**	**100.0%**

Note:

(1) Others mainly include revenue from sales on several e-commerce platforms and fees for paid membership benefit cards introduced in certain cities in December 2022. See "Business — Marketing and Promotion — Our Membership Program."

Our revenue decreased slightly by 1.9% from RMB3,348.2 million to RMB3,284.6 million primarily due to a decrease in our franchised-related revenue and revenue from our self-operated stores, partially offset by an increase in revenue from other. The decrease in our franchised-related revenue was primarily due to the decrease in revenue from sales equipment. In particular, affected by the overall industry slowdown and intensified competition in China's freshly-made tea shop industry in 2024, the average GMV per franchised stores in our store network decreased from RMB1.6 million in 2023 to RMB1.4 million in 2024. Such decrease negatively impacted the demand for our ingredients and other raw materials from franchised stores. However, our revenue from sales of ingredients and other raw materials increased by 1.3% from RMB2,514.8 million in 2023 to RMB2,547.5 million in 2024 primarily due to our continuous expansion of our franchised store network, with franchised store count increasing from 7,756 as of December 31, 2023 to 9,152 as of December 31, 2024. See "Financial Information — Period-to-period Comparison of Results of Operations — Year Ended December 31, 2024 Compared to Year Ended December 31, 2023."

By City Tier

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB thousands, except for percentages)					
First-tier cities	237,572	10.8%	352,976	10.5%	386,342	11.8%
New first-tier cities	597,941	27.2%	801,966	24.0%	677,247	20.6%
Second-tier cities	418,468	19.0%	668,783	20.0%	632,011	19.2%
Third and lower-tier cities	945,024	43.0%	1,524,476	45.5%	1,582,643	48.2%
Overseas	–	–	–	–	6,333	0.2%
Total	**2,199,005**	**100.0%**	**3,348,201**	**100.0%**	**3,284,576**	**100.0%**

As mentioned above, the overall industry slowdown and intensified competition has affected the average GMV per franchised stores in our store network in 2024, which also negatively impacted the demand for our ingredients and other raw materials from franchised stores in new first-tier cities. As such, despite the increase in store count in new first-tier cities from 1,742 as of December 31, 2023 to 1,896 as of December 31, 2024, our revenue from new first-tier cities decreased from RMB802.0 million in 2023 to RMB677.2 million in 2024.

Gross Profit

	Year Ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)					
From franchising						
Sales of goods						
Sales of ingredients and other raw materials	284,374	17.8%	562,505	22.4%	580,050	22.8%
Sales of equipment	8,124	7.4%	7,197	4.6%	6,744	8.0%
Franchising services	279,060	76.5%	415,978	75.2%	407,564	75.9%
Sub-total/Overall	**571,558**	**27.6%**	**985,680**	**30.6%**	**994,358**	**31.4%**
From self-operated stores	14,222	11.3%	27,190	23.5%	7,169	14.5%
Others	499	63.6%	4,481	61.5%	25,792	39.1%
Total/Overall	**586,279**	**26.7%**	**1,017,351**	**30.4%**	**1,027,319**	**31.3%**

Our gross profit increased from RMB586.3 million in 2022 to RMB1,017.4 million in 2023, with our gross profit margin increasing from 26.7% to 30.4% during the same period. Our gross profit increased from RMB1,017.4 million in 2023 to RMB1,027.3 million in 2024, with our gross profit margin increasing from 30.4% to 31.3%. The increase in our gross profit margin during the Track Record Period was primarily due to an increase in gross profit margin from franchising operations as a result of our effective cost control measures, including (i) negotiating for favorable pricing from our suppliers as a result of our increased bargaining power attributable to the increase in our procurement volume and (ii) optimizing our production processes and supply chain management. See "Financial Information — Principal Components of Results of Operations — Gross Profit and Gross Profit Margin."

During the Track Record Period, our gross profit margin from franchising was generally higher than that from self-operated stores, primarily due to (i) the higher gross profit margin for our franchising services and (ii) the costs of our self-operated stores associated with rents for leased stores and the labor costs at stores. The gross profit margin from self-operated stores decreased from 23.5% in 2023 to 14.5% in 2024, primarily due to (i) the fact that the sales in our self-operated stores were also affected by the overall industry slowdown and intensified competition in China's freshly-made tea shop industry in 2024, (ii) a higher proportion of closed self-operated stores in 2024 which caused certain fixed costs such as compensations for redundant employees and the accelerated depreciation of remaining undepreciated leasehold improvements related to the closed self-operated stores, and (iii) costs associated with, among others, leases and employees incurred at certain newly-openedself-operated stores in high-potential areas where the operating costs were relatively higher. The gross profit margin from others decreased from 61.5% in 2023 to 39.1% in 2024, primarily due to a significant increase in the absolute amount and proportion of online sales in 2024, which generally had a lower gross profit margin as compared to that of our paid membership benefit cards. See "Financial Information — Period-to-period Comparison of Results of Operations — Year Ended December 31, 2024 Compared to Year Ended December 31, 2023 — Gross Profit and Gross Profit Margin."

Financial Position

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Total non-current assets	257,954	241,408	198,080
Total current assets	667,241	1,306,671	1,657,703
Total assets	**925,195**	**1,548,079**	**1,855,783**
Total current liabilities	458,483	625,330	616,113
Total non-current liabilities	102,137	83,780	55,584
Total liabilities	**560,620**	**709,110**	**671,697**
Net current assets	**208,758**	**681,341**	**1,041,590**
Net assets	**364,575**	**838,969**	**1,184,086**
Paid-in capital	10,896	–	–
Share capital	–	100,000	102,430
Reserves	353,679	738,969	1,081,656
Total equity	**364,575**	**838,969**	**1,184,086**

Our net current asset increased from RMB208.8 million as of December 31, 2022 to RMB681.3 million as of December 31, 2023, primarily due to an increase in our current assets, mainly including (i) an increase in our financial assets at fair value through profit or loss, primarily attributable to our increased purchase of wealth management products and structured deposits, and (ii) an increase in our cash and cash equivalents, primarily attributable to our increased cash from operating activities as a result of our business growth and the capital injection received from our Shareholders. Such increase was partially offset by an increase in current liabilities, mainly including (i) an increase in trade payables, (ii) an increase in other payables and accruals and (iii) an increase in dividend payable, as a result of our business growth. Our net current assets increased from RMB681.3 million as of December 31, 2023 to RMB1,041.6 million as of December 31, 2024, primarily due to an increase in current assets, mainly including an increase in financial assets at fair value through profit or loss of primarily attributable to our increased purchase of wealth management products and structured deposits, which was partially offset by a decrease in cash and cash equivalents of mainly for the purchase of wealth management products and structured deposits. See "Liquidity and Capital Resources — Net Current Assets."

Our net assets increased from RMB364.6 million as of December 31, 2022 to RMB839.0 million as of December 31, 2023, primarily due to (i) the profit and total comprehensive income for the year of 2023 of RMB387.9 million as a result of our business growth, and (ii) the capital injection from our Shareholders of RMB132.0 million, which was partially offset by the dividend declared of RMB60.0 million. Our net assets increased from RMB839.0 million as of December 31, 2023 to RMB1,184.1 million as of December 31, 2024, primarily due to (i) the total comprehensive income in 2024 of RMB329.0 million as a result of our business growth, and (ii) the capital injection from our Shareholders of RMB117.1 million, which was partially offset by the dividend declared of RMB158.8 million. See "Consolidated Statements of Changes in Equity" in Accountants' Report in Appendix I to this prospectus.

Cash Flows

	Year Ended December 31,		
	2022	**2023**	**2024**
	(in RMB thousands)		
Operating profit before working capital changes	289,364	610,320	569,384
Changes in working capital	30,866	98,577	(55,159)
Income tax paid	(52,457)	(116,076)	(93,681)
Net cash flows generated from operating activities	267,773	592,821	420,544
Net cash flows used in investing activities	(79,191)	(210,745)	(584,214)
Net cash (used in)/generated from financing activities	(48,752)	56,220	(125,140)
Net increase/(decrease) in cash and cash equivalents	139,830	438,296	(288,810)
Cash and cash equivalents at beginning of year	53,184	193,014	631,310
Effect of foreign exchange rate changes, net	–	–	159
Cash and cash equivalents at end of year	**193,014**	**631,310**	**342,659**

KEY FINANCIAL RATIOS

	Year Ended/As of December 31,		
	2022	2023	2024
Revenue growth		52.3%	(1.9)%
Net profit margin[1]	6.8%	11.6%	10.0%
Return on assets[2]	19.6%	31.4%	19.3%
Return on equity[3]	52.0%	64.5%	32.5%
Current ratio[4]	1.5	2.1	2.7

Notes:

(1) Net profit margin is calculated based on the net profit for the relevant year divided by the revenue for the respective year and multiplied by 100%.

(2) Return on assets is calculated based on the total profit for the relevant year divided by the average of beginning and ending balance of total assets of the respective year and multiplied by 100%.

(3) Return on equity is calculated based on the total profit for the relevant year divided by the average of beginning and ending balance of total equity of the respective year and multiplied by 100%.

(4) Current ratio is calculated based on the total current assets as of the end of the relevant year divided by the total current liabilities as of the end of the respective year.

RISK FACTORS

Our major risk factors include:

- We may not be able to respond to market dynamics, evolving consumer preferences or changing consumer discretionary spending effectively;
- We face increasingly intense competition;
- Our future growth depends on our ability to successfully attract franchisees, expand our store network and effectively manage our growth. We may not be able to successfully expand our store network into new markets and achieve satisfying store performance;
- Our extensive store network consists primarily of franchised stores that we do not directly operate. We face certain risks associated with the use of the franchising business model;

- Any erosion of the reputation of our brand names or failure to protect our trademarks from counterfeiting or imitation, or any failure to effectively promote our brands could materially and adversely impact our business and results of operations; and

- Failure to maintain the quality, safety and hygiene standards of our products could have a material and adverse effect on our reputation, financial condition and results of operations.

See "Risk Factors."

OUR PRE-IPO INVESTORS

We have engaged in Pre-IPO Investments with our Pre-IPO Investors. For further details of the identity and background of the Pre-IPO Investors and the principal terms of the Pre-IPO Investments, see "History, Development and Corporate Structure — Pre-IPO Investments."

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Shan and Ms. Zhou, by virtue of the concert party agreement among them, were collectively entitled to control the voting rights of approximately 80.64% of our total issued share capital through Shanghai Puhai, Shanghai Senrui and Shanghai Yuchao holding approximately 45.97%, 17.86% and 16.80% of the issued share capital of our Company, respectively.

On September 25, 2023, Mr. Shan and Ms. Zhou entered into a concert party agreement, pursuant to which Mr. Shan and Ms. Zhou have agreed and confirmed that the Company have been jointly controlled by them since its establishment and they have acted in concert since the establishment of the Company and will continue, and shall procure entities under their control which directly hold Shares in our Company, to act in concert in respect of the management and operations of our Company. Pursuant to the act in concert arrangements, Mr. Shan and Ms. Zhou have consulted and would consult with each other to reach a unanimous consensus among themselves at the shareholders' meeting of the Company. In the event that they are unable to reach consensus on any matter presented, they have aligned and will continue to align their votes in accordance with Mr. Shan's decisions at the shareholders' meeting of the Company.

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Mr. Shan and Ms. Zhou will be entitled to exercise or control the exercise of an aggregate of approximately 78.78% of the voting power at shareholders' meeting of our Company. Therefore, Mr. Shan, Ms. Zhou, Shanghai Puhai, Shanghai Senrui and Shanghai Yuchao will constitute a group of Controlling Shareholders of our Company under the Listing Rules. See "Relationship with Our Controlling Shareholders" for further details.

DIVIDENDS

In 2023, we declared a dividend of RMB60.0 million, which has been fully paid by January 25, 2024. On May 13, 2024, we declared a dividend of RMB158.8 million to our shareholders, which has been fully paid on May 20, 2024. See Note 13 to "Appendix I — Accountants' Report."

As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, the Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

After the Listing, we may declare and pay dividends mainly by cash or by stock that we consider appropriate. Decisions to declare or to pay any dividends in the future, will depend on, among other things, our Company's profitability, operation and development plans, external financing environment, costs of capital, our Company's cash flows and other factors that our Directors may consider relevant. Our ability to make dividend in the future also depends on whether we can receive dividends from our subsidiaries.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and fees incurred in connection with the Listing and the Global Offering. Our listing expenses are estimated to be approximately RMB71.1 million (including underwriting commission) accounted for 30.7% of the gross proceeds of the Global Offering, assuming that an Offer Price of HK$103.37 per Share (being the mid-point of the Offer Price range stated in this prospectus) and the Over-allotment Option is not exercised, among which, approximately RMB13.8 million is directly attributable to the issuance of Shares and will be charged to equity upon completion of the Listing, and approximately RMB57.3 million will be charged to our consolidated statement of comprehensive income. The listing expenses we incurred in the Track Record Period and expect to incur would consist of approximately RMB11.6 million underwriting related expenses and fees (including underwriting commissions, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), approximately RMB41.1 million non-underwriting-related expenses and fees including fees for the Joint Sponsors, legal advisors and reporting accountant and approximately RMB18.4 million other non-underwriting related fees and expenses. During the Track Record Period, we incurred RMB47.0 million of listing expenses, among which, RMB1.7 million was included in prepayments, other receivables and other assets and will be subsequently charged to our equity upon completion of the Listing and RMB45.3 million was charged to our consolidated statement of comprehensive income.

The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

OFFERING STATISTICS

The numbers in the following table are based on the assumptions that (i) the Global Offering has been completed and 2,411,340 H Shares were issued and sold in the Global Offering, (ii) the Over-allotment Option is not exercised, and (iii) 104,841,340 Shares are in issue and outstanding following the completion of Global Offering.

	Based on an Offer Price of HK$95.57 per Share	Based on an Offer Price of HK$103.37 per Share	Based on an Offer Price of HK$113.12 per Share
Market capitalization of our Shares(1)	HK$10,020 million	HK$10,837 million	HK$11,860 million
Market capitalization of our H Shares(2)	HK$5,645 million	HK$6,106 million	HK$6,681 million
Unaudited pro forma adjusted Consolidated net tangible assets per Share(3)(4)	HK$13.99	HK$14.17	HK$14.38

Notes:

(1) The calculation of market capitalization is based on 104,841,340 Shares expected to be in issue immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised.

(2) The calculation of market capitalization of our H Shares is based on 59,065,046 H Shares expected to be in issue immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised) and the Conversion of Domestic Unlisted Shares into H Shares.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the Unaudited Pro Forma Financial Information in Appendix II to this prospectus and on the basis that 104,841,340 Shares are in issue assuming the Global Offering had been completed on December 31, 2024, without taking into account any shares which may be allotted and issued upon the exercise of the Over-allotment Option.

(4) No other 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.

As certain portion of H Shares to be converted upon conversion of Domestic Unlisted Shares into H Shares or to be issued to Cornerstone Investors will be subject to a lock-up period from the Listing Date, the liquidity and trade volume of our H Shares may be significantly affected in the short term following the Global Offering. See "Risk Factors — There has been no prior public market for our H Shares. An active trading market may not develop, especially taking into account that certain existing Shareholders may be subject to a lock-up period, and the liquidity of our H shares may be limited, and the price and trading volume of our H Shares may be volatile."

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$172.7 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, assuming an Offer Price of HK$103.37 per Share, being the mid-point of the indicative Offer Price range stated in this prospectus, and assuming no exercise of the Over-allotment Option.

We currently intend to apply these net proceeds for the following intended purposes in the amounts set forth below:

- approximately 25.0%, or HK$43.2 million, will be used for the enhancement of our digitalization capabilities;
- approximately 20.0%, or HK$34.5 million, will be used for research and development to improve the quality of our raw materials and ingredients, create hit products, expand our product offerings and upgrade our equipment and machines;
- approximately 20.0%, or HK$34.5 million, will be used to strengthen our supply chain capabilities by enhancing our production, processing, warehousing, logistics and distribution capabilities;
- approximately 15.0%, or HK$25.9 million, will be used to enhance our brand awareness and further expand and empower our store network;
- approximately 10.0%, or HK$17.3 million, will be used to invest in various marketing activities; and
- approximately 10.0%, or HK$17.3 million, will be used for working capital and other general corporate purposes.

See "Future Plans and Use of Proceeds."

RECENT DEVELOPMENTS

As of the Latest Practicable Date, we had a store network of 9,367 stores, comprising of 9,343 franchised stores and 24 self-operated stores. Following our successful launch of *Fallstea*, our *Version Lite 2.0* brand concept, in March 2024, we had 395 *Fallstea* stores in our store network as of the Latest Practicable Date.

For three month ended March 31, 2025, our business grew steadily. During such period, the total GMV of our store network amounted to RMB2.63 billion with sales volume of 102.4 million orders, as compared to the GMV of RMB2.50 billion with sales volume of 95.0 million during the same period in 2024. The average GMV per order for three month ended March 31, 2024 and 2025 remained relatively stable at RMB26.

The Impact of the Pandemic Outbreak

During the Track Record Period, the pandemic outbreak from 2020 to 2022 and the related restrictive policies including regional travel restrictions, and other anti-pandemic restrictive measures that had caused a decline in social networking and business activities, which in turn had adverse impacts on China's freshly-made tea shop market as well as our business expansion, operational results and financial condition.

Our business maintained an upward trend in 2022 despite these challenges. While the offline consumption in China was negatively affected, we have witnessed the growth in the online delivery orders during the COVID-19 outbreak. Our revenue was RMB2,199.0 million in 2022.

Recent Regulatory Developments Relating to Overseas Listing

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Administrative Measures**") and five supporting guidelines, which has become effective on March 31, 2023. The Trial Administrative Measures, require, among others, that PRC domestic enterprises that seek to offer and list securities in overseas markets, either directly or indirectly, file the required documents with the CSRC within three business days after its application for overseas listing is submitted. We have filed the required documents with the CSRC on February 20, 2024, and the CSRC has issued the filing notice dated January 10, 2025.

NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that, as of 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 that would materially affect the information as set out in the Accountants' Report in Appendix I to this prospectus.

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

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

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

An investment in the H Shares involves various risks. You should consider carefully all the information set out in this prospectus and, in particular, the risks described below before making an investment in the H Shares.

The occurrence of any of the following events could materially and adversely affect our business, financial position, results of operations or prospects. If any of these events occurs, the trading price of the H Shares could decline and you may lose all or part of your investment. You should seek professional advice from your relevant advisors regarding your prospective investment in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We may not be able to respond to market dynamics, evolving consumer preferences or changing consumer discretionary spending effectively.

The growth of freshly-made beverage market in China is affected by consumer taste, preferences and perceptions. Any shift in consumer preferences, or a decrease or slowdown in the growth of freshly-made beverage consumption in China, could harm our business. There can be no assurance that we will always be able to effectively respond to market trend and successfully develop and promote new or upgraded products, or that our new products will always be favored by consumers. There might be lack of consumer acceptance or reduced consumer demand for our products for many reasons, such as the increase in product price due to raw materials costs, changes in our membership program or decreased demand for our existing products as our competitors introduce new products. If any of the foregoing risks materialized, our business, financial condition and results of operations could be adversely affected.

In particular, our sales could be impacted by changes in consumer preferences due to health considerations, such as preferences for healthier drinks regarding calories and sugar consumption. We offer a variety of options to consumers, including products without additional sugar, and reduced calories. However, negative publicity regarding the health effects relating to sugar or other ingredients used in our products, whether accurate or not, or any negative publicity or litigation arising from certain health risks, could significantly reduce the demand for our products and materially harm our business and results of operations.

In addition, as consumer tastes and dining preference is constantly changing, which is difficult to anticipate, we cannot assure you that we are able to anticipate, identify, interpret and react to such changes in a timely manner or at all. Therefore, we cannot assure you that our products will remain preferred by our consumers. If we fail to launch new products that are widely accepted by our consumers, or if our competitors are able to react to the changes in consumer tastes and preference more effectively, we may experience reduced consumer demand, and our business, financial condition and results of operations may be materially and adversely affected.

More broadly, our success also depends on consumers' discretionary spending, which is influenced by macroeconomic conditions. For instance, in the event that the youth unemployment rate in China increased, the discretionary spending of the consumers of our tea drinks might be adversely affected given the youth may reduce the consumption of the tea drinks. Any material change in the amount of consumers' discretionary spending in China may have a material adverse effect on our business, results of operations and financial condition.

We face increasingly intense competition.

We are facing increasingly intense competition with other players in various aspects of our business, including product development, product quality, consumer experience as well as consumer acquisition and retention. In 2023, the total market size of China's freshly-made tea shops in terms of GMV was RMB211.5 billion, of which mid-priced tea shops account for the largest share of 51.3%, according to CIC. We may fail to effectively compete against, or may be outperformed by the other players. For example, if we are unable to maintain the quality and attractiveness of our products, develop and launch new products that address our consumers' evolving demands, continuously optimize our consumer experience, prevent competitors from copying the recipes of our products as our products are not proprietary or continue to enhance brand awareness, among other things, consumers may choose to switch from our products and services to those provided by other players, which may have a material adverse impact on our results of operations, financial condition and business prospects. In addition, even if we are able to remain competitive against the other players, we may incur a significant amount of additional costs, which could result in a reduced level of profitability for our business.

According to CIC, the number of chain freshly-made tea shop brands and chain freshly-brewed coffee brands in China reached approximately 2,600 and 300, respectively by 2023, where chain brands refer to brands with more than 10 stores nationwide. According to the same source, the total number of freshly-made tea shops in China reached roughly 464 thousand by the end of 2023. The freshly-brewed coffee market in China is competitive as there are approximately 120 thousand freshly-brewed coffee shops by the end of 2023 according to CIC, and freshly-brewed coffee can also be offered by freshly-made tea shops, bakeries, and restaurants.

In 2024, the growth of the freshly-made tea shop industry and freshly-brewed coffee market in China slowed as compared to 2023, further intensifying market competition. In particular, industry players actively compete for under-penetrated markets, prime store locations and qualified franchisees, with some introducing more low-priced products to further expand their customer base. As a result of the overall industry slowdown and heightened competition, our average GMV per store decreased from RMB1.6 million in 2023 to RMB1.4 million in 2024, and our average GMV per order decreased from RMB26 to RMB25. There is no guarantee that such market condition will not last in the following years. If we fail to compete with other players in the market under such circumstances, our business, results of operations and financial condition will be materially and adversely affected.

In addition, freshly-made tea and freshly-brewed coffee also competes with other types of beverages. While tea and coffee are currently popular among Chinese consumers, there can be no assurance that other beverages, freshly made or not, such as juices, fizzy drinks or yogurts will not gain popularity over freshly-made tea and freshly-brewed coffee. To the extent any of these drinks gain popularity in China, even if not overtaking the popularity of tea and coffee, the freshly-made tea market and freshly-brewed coffee market could be impacted, which in turn may lead to a decrease in the popularity of our products and our sales.

The proximity of freshly-made tea shops under different brands in adjacent areas also contributes to heightened competition. According to CIC, among the top ten shopping areas in China, which are ranked based on factors such as the population size of the business district, transportation facilities and business scale, there are approximately 50 freshly-made tea shops within a one-kilometer distance from each shopping area's center, and among the top ten shopping malls in China, which are ranked by the sales value, an average of ten freshly-made tea shops can be found within each shopping mall. We generally establish a protective distance of around 100 meters in principle between new and existing stores based on market analysis and an assessment of the performance of our competitors in adjacent areas. According to CIC, the range of our protective distance is in line with industry norm.

Moreover, our store expansion plan is closely linked to the local consumer demands. We may face intense competition from industry competitors while selecting sites for new franchised and self-operated stores. If our target market has been saturated by existing market players, we may face challenges to secure prime locations for franchised and self-operated stores, which could potentially restrict our expansion and affecting our market share in such areas. The intensifying competition for desirable locations may also result in increased operational costs or compromises in store visibility and accessibility, which may then affect the willingness of franchisees to open stores and the level of profitability of our self-operated stores. We are faced with intense competition with other players in various aspects of our business, including product offering and consumer experience as well as consumer acquisition and retention, and our measures to prevent cannibalization may not be effective. See "Business — Our Store Network — Store Location and Planning — Location Selection."

Our future growth depends on our ability to successfully expand our store network, attract franchisees and effectively manage our growth. We may not be able to successfully expand our store network into new markets and achieve satisfying store performance.

Our future growth depends on the ability to introduce new franchisees, expand our store network and achieve store profitability. We had 1,926, 2,882 and 2,383 new franchised stores in 2022, 2023 and 2024. The expansion of our store network may significantly increase the demand towards our management and operation, technology, employees and other resources. The planned expansion also requires us to maintain stable quality of raw material supplying and good relationships with the franchisees, so that our brand would not be affected by any actual or perceptible deterioration in the quality of our products or service. Our ability to attract new franchisees or existing franchisees to open new stores is crucial for our future success. In particular, we may need to compete with other freshly made tea shop brands or other franchisors in general for quality franchisees on grounds such as brand recognition and store profitability, among others. Failure to attract new and quality franchisees could hinder our store network expansion plan or overall store performance, which in turn may materially and adversely affect our growth and results of operations.

Even if our revenue and the retail sales value of the stores within our network continue to grow, we expect that our growth may slow down for a number of reasons, such as if there is a slow-down in the growth of demand of our products or an increase in market competition. We experienced rapid expansion during the Track Record Period which may lead to increased risks and uncertainties in relation to our business operation. Our business plan for the growth in new stores may not be implemented as planned at all. Many factors that are out of our control could adversely affect our ability to maintain the historical expansion rate. For instance, our future success largely relies on our abilities to attract new franchisees who operate stores or attract existing franchisees for store expansion. Meanwhile, our store expansion within established geographical markets, where we already have a presence, may inadvertently lead to internal competition among the stores within our network. The proximity of new store locations to existing ones may divert consumer traffic, posing a potential impact on the sales performance of the existing stores. In in the event that there was any delay or failure in the expansion of new stores, our development strategy, expected financial position and results of operations may be materially and adversely affected. In addition, we may face intense competition from industry competitors in aspects such as site selection. There is no guarantee of the effectiveness of our measures to mitigate the risk of cannibalization. Furthermore, it takes time to apply for and obtain key licenses or permits from competent governmental authorities. Our continuous success is also dependent on our ability to recruit, train and retain qualified management, administrative, sales and marketing personnel, especially during the time of expanding into new markets. We also have to continuously manage our relationship with suppliers and other customers.

All of the above require extra attention and effort from our management and a significant amount of additional expenditures. Even if we manage to open more stores as planned, it would typically take a certain amount of time for the new stores to break even, or achieve results similar to existing stores. Our results of operations and profitability may fluctuate depending on the development strategies and progresses of new stores.

Our results of operations may be materially affected by the timing of opening new stores, which is affected by factors beyond our control. The actual timing of stores opening is also subject to the required time for the franchisees to obtain requisite pre-opening approvals, licenses and certificates. Any delay in new stores opening and/or closures of the existing stores will affect the store count, the operation days, as well as our results of operations. Therefore, the number and timing of opening of new stores has already, and may continue to have, a material effect on our profitability. Furthermore, as we continue to expand our store network, there can be no assurance that the new stores will not compete with the existing stores, in which case the growth in our store network may not result in the expected level of growth in our revenue and profit.

Our extensive store network consists primarily of franchised stores that we do not directly operate. We face certain risks associated with the use of the franchising business model.

As of December 31, 2024, 99.7% of the stores in our network were franchised stores that we do not directly operate. GMV generated from such franchised stores accounted for approximately 97.3%, 98.4% and 99.4% of our total GMV in 2022, 2023 and 2024, respectively. Hence, our business operation depends on the success of, and cooperation with, our franchisees. Such business model is subject to a number of risks, including the following, among others:

- *Control over franchisees.* Our franchisees are responsible for the day-to-day operation of their stores. As a result, the ultimate success and quality of a franchised store rests with the franchisees to a large extent. While we have set out comprehensive requirements for our franchisees, we cannot ensure that they will stay in compliance with our internal requirements at all times. In particular, as of December 31, 2024, our store network of 9,176 stores covered all four centrally administered municipalities and over 300 cities in five autonomous regions and 22 provinces. The expansive coverage of our network poses additional challenges for us to monitor our franchisees and enforce our policies. If our franchisees do not perform their obligations pursuant to their franchise agreements with us or our internal policies or guidelines, including, but not limited to, obtaining the relevant operating permits or complying with the applicable laws and regulations, or if our franchisees do not successfully operate stores pursuant to our standards, or project an image inconsistent with our brand and values, our brand image and reputation could be harmed, which in turn could hurt our business and operating results.

- *Our franchisees' ability to operate stores.* The success of our store network depends on the willingness and ability of our franchisees to remain aligned with us on commercial, operating and promoting strategies and standards, some of which may only be beneficial in the long term. The negative publicity or poor operations of the franchised stores may materially affect our reputation and our brands. There is no guarantee that our franchisees will share our vision, and they may refuse to take actions that are only beneficial in the long term.

- *Revenue generated from franchising.* The performance of our franchised stores strongly affects the volume of orders they place with us and the recurring franchising service fees they pay to us, which in turn directly affects our results of operations. Any deterioration in the performance of our franchised stores may lead to less procurement from them, hence negatively affecting our results of operations.

- *Termination of partnerships with our franchisees.* Franchisees may choose to terminate partnerships with us due to various reasons, many of which are out of our control. For instance, during the renewal process of franchise agreements, our franchisees may find the existing or renewed terms in the franchise agreements less favorable than they expect. In addition, they may also find it difficult to meet our internal quality standard. In the event that a large number of franchisees decide to terminate partnerships with us, there is no guarantee that we can find new franchisees to operate existing franchised stores in a timely manner, or at terms favorable to us, or at all, which may adversely affect our business operation and financial results.

If any of our franchisees defaults under our agreements with them or commits wrongdoing, such franchisee may not be in a position to sufficiently compensate us for losses which we have suffered as a result of such defaults or wrongdoings. During the Track Record Period, our franchised stores experienced incidents related to food safety, involving inspections by regulatory authorities and consumer complaints handled by consumer associations and regulatory authorities. The franchised stores also had isolated incidents that resulted in administrative penalties mainly due to failure to keep procurement inspection and sales records, false advertising and environmental issues. See "Business — Food Safety and Quality Control — Compliance Status of Franchised Stores." While we ultimately can take action to terminate our franchisees who do not comply with the terms of our franchise agreements or commit wrongdoing, we may not be able to identify problems and make timely responses and, as a result, our brand image and reputation may suffer, which may have a material adverse effect on our results of operations.

Any erosion of the reputation of our brand names or failure to protect our trademarks from counterfeiting or imitation, or any failure to effectively promote our brands could materially and adversely impact our business and results of operations.

We believe that the recognition of our brands among consumers helps us attract consumers and franchisees and contributes to the growth and success of our business. Accordingly, maintaining, protecting and enhancing the recognition of our brands is critical to our business and market position. If we fail to do so, our brand value and image will be undermined, and our business and results of operations may be materially and adversely affected.

Many factors, some of which are beyond our control, are important to maintaining, protecting and enhancing our brands, such as the following, among others:

- the quality and attractiveness of our freshly-made beverage throughout our store network;

- developing, launching or improving products that satisfy our consumers' needs;

- providing an enjoyable consumer experience;

- marketing and brand promotion activities;
- relationships and contractual terms with our franchisees, suppliers, service providers and other business partners;
- compliance with relevant laws and regulations;
- competition with against existing and future market players; and
- management of negative publicity regarding our products, services and data security, or other issues affecting us or China's food and beverage industry in general.

As we expand our business scale, geographical coverage and our product offerings, it may become more difficult for us to effectively manage the factors listed above, and we cannot assure you that consumers' trust in our brands will not decline.

Any events that will harm or erode our reputation, such as liability claims, litigation, consumers' complaints, illegal activities conducted in stores under our brands or other negative publicity regarding stores under our brands, any unlawful acts by other market participants as a result of using our brands illegally, or negative publicities that affect the entire freshly-made beverage industry may have a negative effect on our brands. In addition, any public perception that we, or other industry participants, do not provide satisfactory products or services to consumers, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brands, undermine the trust and credibility we have established and have a negative impact on our ability to attract and retain consumers, and our business, financial condition and results of operations may be materially and adversely affected. We cannot assure you that we will not receive any material consumer complaints or that no one will utilize our brand illegally, which could cause a material adverse effect on our future operations. Any damage to our reputation or brand may result in adverse impact on our business, financial condition and results of operations.

Failure to maintain the quality, safety and hygiene standards of our products could have a material and adverse effect on our reputation, financial condition and results of operations.

Quality, safety and hygiene standards of our products are vital to our reputation and success. There can be no assurance that internal and external personnel involved in our operation will always strictly comply with our quality control policies and guidelines despite our efforts in implementing them. Allegations or reports, with or without basis, of food-safety issues such as food-borne illnesses, adulteration, contamination or mislabeling, either during packaging, transportation, storing or preparation, as well as employee hygiene and cleanliness failures, or improper employee conduct, have in the past severely injured the reputations of companies in the food and beverage sectors. Any allegation or report linking us to such incidents could severely dampen our sales and could possibly lead to product liability claims, litigation and/or temporary store closures.

In addition, food or beverage safety incidents, even those involving solely the suppliers or stores of our competitors, could result in negative publicity about us or the freshly-made beverage industry in general and adversely affect our sales on a regional or national basis. A decrease in consumer traffic as a result of food safety concerns or negative publicity, or as a result of a temporary closure of stores in our network, product recalls or food or beverage safety claims or litigation, could materially harm our business and results of operations.

In addition, there can be no assurance that our quality control and food safety control will remain effective at all times, and we may not be able to timely discover any flaw in our quality control and food safety control system. From time to time, criticisms, complaints and negative media coverage, regardless of their merit, may result in negative publicity, which could result in government inquiry or harm to our reputation and brands, thereby adversely affecting our business and prospects. Moreover, in our ingredients production process, we may use certain chemicals, which may be harmful if we do not follow the relevant standards required by laws and regulations, such as ethephon. Failure to discover or prevent any food contamination, or failure to follow the relevant food safety standards may adversely affect the quality of the products that we sell, which in turn might lead to liability claims and penalties and fines from relevant authorities, as well as loss of consumer traffic. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any major administrative penalties or major food safety incidents. There is no assurance that we will not receive any food contamination claims and relevant administrative punishments in the future. Any of these events may cause material damages to our reputation, financial condition and results of operations.

Our success depends on a stable and adequate supply of quality ingredients and raw materials, which is subject to risk of shortage, unsatisfactory quality, fluctuations in the cost and extreme weather.

The principal ingredients and raw materials for our products include dairy products, tea leaves, sugar, fresh fruits, fruit juices and packaging materials. In 2022, 2023 and 2024, our procurement costs for ingredients and other raw materials primarily including materials and ingredients for the production of tea drinks, and packaging materials, amounted to RMB1,273.9 million, RMB1,862.1 million and RMB1,850.8 million, respectively, accounting for 57.9%, 55.6% and 56.3%, respectively, of total revenue for the same periods. As a result, our costs depend on our ability to source quality key raw materials at competitive prices. If we are unable to obtain raw materials in the quantities, of a quality or at a price that we require, our quality of products and profit margins may be adversely affected. Raw materials used in our products are subject to price volatility caused by external conditions, such as market supply and demand, changes in governmental policies and natural disasters. Furthermore, we have consistently focused on sourcing raw materials from renowned places of origin. For example, we procure taro from Lipu, Guangxi, which is prone to climate change and relevant extreme weather such as heavy rains. We may face interruptions, delays or even shortage of the supply of raw materials in the case of such extreme weather. We may not be able to immediately pass raw material price increases on to our consumers from unforeseen changes in price of raw materials that may have an adverse effect on our profitability and results of operations.

In addition, if a large number of our current suppliers decide to terminate business relationships with us, or if the raw materials supplied by our current suppliers fail to meet our standards, or if our current supplies of raw materials are interrupted for any reason, qualified suppliers may not be readily available and we may not be able to easily switch to other suppliers in a timely fashion, which may materially and adversely affect our business and financial results.

Our operating results depend on the effectiveness of our branding, marketing and promotional programs. We may incur significant expenses in connection with our branding and marketing efforts, and our efforts in sales and marketing may not be effective as expected.

Our operating results are affected by our brand marketing efforts and advertising activities. To promote our brand recognition and increase our brand value, we had invested in branding, marketing and promotional initiatives during the Track Record Period. We utilize tailored and creative branding and marketing strategies through different channels and platforms, such as holding online marketing campaigns, crossover collaborations and social media marketing campaigns. For a detailed discussion of our branding and marketing activities, see "Business — Marketing and Promotion." In 2022, 2023 and 2024, the selling and marketing expenses amounted to RMB278.5 million, RMB360.9 million and RMB394.1 million, respectively. Going forward, we will continue to adopt such strategies to enhance our reputation.

As marketing trends in China are evolving, we may continue to explore new sales channels to keep pace with industry developments and consumer preferences. With our continued efforts in this regard, we expect our operational and marketing expenses may keep increasing. In addition, our crossover collaborations with third-party partners may fail or not achieve expected results. If any of the foregoing risks becomes materialized, our business and results of operations may be materially and adversely affected.

We may not be successful in promoting or managing our membership program.

As part of our growth strategy, our membership program allows our consumers to accumulate award credits and access a variety of membership privileges. Consumers who choose to join our membership program will be eligible for certain exclusive offers, benefits and services. We cannot predict with certainty the rate or extent to which our consumers will join our membership program. There can be no assurance that we will be able to sustain the success of our membership program, nor can we assure you that the program will be effective in retaining existing consumers or increase their purchase frequency.

We rely on third-party suppliers and other business partners to provide raw materials, equipment and services to us. The loss of any of these suppliers or other business partners, or any significant interruption in their operations, may negatively impact our business.

We rely on our third-party suppliers and other business partners to operate our business. For details of how we cooperate with our suppliers, see "Business —

Procurement and Supply Chain Management." Hence, our results of operations would be materially and adversely affected if our cooperation with them has been interrupted, discontinued or otherwise deteriorated due to many factors, including, but not limited to, any interruptions to their operations, any failure of our suppliers to accommodate our fast growing business scale, any termination or suspension of our supply arrangements, any change in cooperation terms, or any disputes with our third-party suppliers or other business partners.

For example, a significant interruption in the operations of the third-party logistic service providers that we cooperate with could impact the operation of our sales of goods. Interruptions or failures in the third-party logistics services due to unforeseen events, such as inclement weather, natural disasters or transportation disruptions, could prevent the timely or successful delivery of raw materials and ingredients. If our raw materials and ingredients are not delivered to stores on time and in proper condition, there may be a shortage of our products, in which case our business and reputation may be adversely affected. Furthermore, a significant interruption in the operations of our raw material suppliers could cause a shortage of raw materials at stores in our network. In addition, a significant disruption in the operations of equipment suppliers may result in delay of store opening. Our current agreements with our suppliers generally do not prohibit them from working with our competitors. Our competitors may be more effective in providing incentives to our suppliers to prioritize their orders in case of short supply. In addition, we rely on certain third-party systems and programs, such as our membership program, to conduct our business and any interruptions or delays in such platforms and services may impair our normal operations. If this happens, we cannot assure you that we would be able to find alternative suppliers on commercially reasonable terms, or a timely basis, or at all. If we could not solve the impact of the interruptions of operations of our third-party suppliers or other business partners, our business operations and financial results may be materially and adversely affected.

We may not be able to adequately manage our inventory, which could have a material adverse effect on our business, financial condition and results of operation.

Our inventories are mostly finished goods, representing materials and ingredients used to produce tea drinks in stores, which require us to manage our inventories effectively. We depend on our demand forecasts for various kinds of goods to make purchase decisions and to manage our inventories. Such demand, however, can change significantly between the time inventories are ordered and the date by which we hope to sell it. Demand may be affected by seasonality, new product launches, pricing and discounts, product defects, changes in consumer spending patterns, changes in consumer tastes and other factors, and our consumers may not purchase products in the quantities that we expect. In addition, as we develop and market a new product, we may not be successful in establishing stable and favorable supplier relationships or accurately forecasting demand. The acquisition of certain types of inventories may require significant lead time and prepayment and they may not be returnable.

Furthermore, as we plan to continue expanding our product offerings, we expect to include a wider variety of materials and ingredients in our inventory, which will make it more challenging for us to manage our inventory and logistics effectively. We cannot guarantee that our inventory levels will be able to meet the demands of consumers, which may adversely affect our sales. We also cannot guarantee that all of our inventory can be consumed within its shelf life. If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory value and significant inventory write-offs.

Any of the above may materially and adversely affect our results of operations and financial condition. On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply quality materials and ingredients in a timely manner, we may experience inventory shortages, which might result in diminished brand loyalty and lost revenue, any of which could harm our results of operations, financial condition and liquidity.

Undetected programming errors or flaws or failure to maintain effective user service could harm our reputation or even cause direct loss to us which would materially and adversely affect our results of operations.

Our operating systems may contain programming errors that only become apparent after their release. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any programming error which had a material impact on our operations. However, we cannot assure you that we can always detect and resolve all such programming errors effectively and timely. Undetected programming errors could adversely affect our operations, user experience and market acceptance. Any errors, bugs or vulnerabilities discovered in our code after release, or furthermore any willful misconduct of employees sabotaging our operating systems or data, could result in interruption of our operations, and damage to our reputation, loss of users, loss of revenues or liability for damages, any of which could adversely affect our business and operating results.

If our relationships with various third-party online platforms are interrupted or discontinued, our business and results of operations may materially and adversely be affected.

We cooperate with various third-party online platforms, including leading delivery platforms, social media platforms and mobile payment platforms. These online platforms enable us to reach, acquire and interact with consumers, and engage innovative online marketing and branding campaigns. Our accounts on these online platforms release appealing and engaging content to promote our products and member activities from time to time. We collaborate with influencers and key opinion leaders on social commerce platforms, such as Douyin, and adopt new forms of marketing approaches, such as live streaming and short-form videos featuring our brand and products, to reach a broader potential consumer base, engage interactions with targeted consumers, and enhance brand recognition. We also collaborate with delivery platforms to fulfill online orders from consumers. The GMV generated from the third-party delivery platforms accounted for 54.9%, 52.1% and 54.5% of our total GMV in 2022, 2023 and 2024, respectively. Any disruption in the delivery service provided by such delivery platforms or issues with order accuracy or quality control during the delivery process may decrease consumers' satisfaction with our products, and thus may adversely affect our reputation and store performance. If we fail to establish our presence on more channels, or if we are not able to renew our cooperative relationships with the existing online channels in a timely manner, on reasonable commercial terms or at all, our competitiveness of acquiring consumers through online channels at a relatively low cost may be compromised, and our sales and brand visibility may be adversely affected. If our cooperation with the online channels is discontinued, our business strategy may fail, which in turn, may materially and adversely affect our long-term development plans.

We rely on limited third-party delivery platforms to carry out delivery services for online orders, and are subject to certain risk inherent relating to online delivery.

A large portion of our orders are fulfilled through third-party delivery platforms. We currently have a limited number of delivery service providers, mainly consisting of two leading third-party delivery platforms in China. Hence, risks in relation to our collaboration with these service providers, such as interruption to their business operations, termination or suspension of our cooperation, disputes or deterioration with respect to our relationships, or adverse changes in key contractual terms such as increased fee rate, could result in delayed delivery of our tea drinks, increased costs or other negative impacts on our business and results of operations.

There can be no assurance that we and our franchisees can continue or extend relationships with these delivery platforms on terms acceptable to us, or that we will be able to establish relationships with new delivery service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with partnered delivery platforms or to engage additional delivery service providers, it may delay our planned business expansion.

We rely on third-party warehousing and logistics service providers to store and deliver our products to stores in our network, and risks associated with warehousing and logistics may adversely impact our reputation, business and financial performance.

We partner with third-party providers with integrated warehousing and logistics services to deliver our goods efficiently. To ensure the optimized quality and condition of our products, we have set standards to the third-party providers for warehouses and cold-chain logistics. However, we cannot assure you that the third-party warehousing and logistics providers will always be able to satisfy our stringent quality control requirements. Any failure for us to properly supervise the storage and delivery of our products, observe proper hygiene, ensure cleanliness or meet other quality control requirements or standards in operations could adversely affect the product quality delivered to stores in our network. A significant interruption impacting the third-party warehouses, whether as a result of a natural disaster, labor difficulties, fire or other causes, or any unexpected and adverse changes in the optimal storage conditions of our third-party warehouse facilities, may expedite the deterioration of our products. Historically, there were allegations against us with respect to food spoilage issues, which were possibly attributable to damage to packaging or packaging leaks during transportation of the products resulting from improper transportation conditions or mishandling by third-party suppliers or third-party logistics providers. Any risks associated with warehousing and logistics may adversely impact our reputation, business, financial condition and results of operations.

Any unexpected or prolonged disruptions for our warehouse operations could adversely affect our business.

As of December 31, 2024, our supply chain network includes (i) 12 logistics centers, (ii) four equipment warehouses, (iii) eight fresh produce warehouses and (iv) 15 frontline cold-chain storage warehouses. Within our supply chain network, three of the logistics centers and all of the frontline cold-chain storage warehouses are operated by Independent Third Parties. In the event that there is any unexpected and prolonged disruption in the supply of utilities, such as water or electricity, or restricted access to the premises due to incidents such as fire, and we cannot restore the affected warehouse, or relocate to another suitable location promptly with well-equipped facilities, our business operations will be materially and adversely interrupted, which in turn, will affect our results of operations. However, we cannot assure you that our prevention measures are effective and sufficient. If any of our warehouses experiences a material incident or the prevention measures are not adequately implemented in the future, we may lose the raw materials stored therein, incur significant costs and expenses to restore or to relocate such warehouses, and/or be determined by the relevant authorities to be in violation of applicable laws and regulations and subject to relevant administrative penalties. If such an incident causes damages to other third parties, we may also be required to compensate if we are determined to be partially or fully responsible for such incident. Under such circumstances, our business operation, results of operations and financial condition may be adversely affected.

In particular, due to the fragile and perishable nature of our raw materials, we have established detailed technical criteria as to temperature and humidity for the warehousing and logistics of each type of raw material. Moreover, our warehouses are separated into different temperature zones to satisfy different warehousing requirements. If we incur any material equipment breakdown, such as the equipment failure for temperature or humidity control for a prolonged period of time, the quality of the raw materials stored in the relevant warehousing spaces may be compromised. We may have to discard them and absorb the relevant costs. In addition, repairing or adding equipment and machinery for our warehouses may be expensive and time consuming.

Certain of our major franchisees operate a large number of franchised stores under our brands, and disagreements with or termination of an arrangement with a major franchisee could adversely impact our results.

Certain of our franchisees operate a large number of franchised stores and are considered major franchisees. In 2022, 2023 and 2024, we derived 2.7%, 1.9% and 1.6%, respectively, of our total revenues from arrangements with our five largest franchisees. The termination of an arrangement with a major franchisee could result in the delay of the development of franchised stores, or an interruption in the operation of one of our brands in a particular market or markets. Any interruption in operations due to the termination of an arrangement with a major franchisee similarly could result in lower revenues for us, particularly if we were to determine to close store following the termination of an arrangement with a major franchisee.

Historically, to strengthen our market expansion capabilities in specific regions, we entered into marketing service agreements with certain reputable franchisees, according to which the franchisees referred to us suitable franchisee candidates and we offered these franchisees rebates for successful referrals. See "Business — Our Franchise-focused Business Model — Selection and Development of Franchisees." During the Track Record Period, we had litigation with one of those franchisees who made such referrals to us. From 2014 to 2021, the franchisee referred to us several suitable franchisee candidates under a marketing service agreement entered into with us (the "**Marketing Service Agreement**"). The Marketing Service Agreement was terminated in September 2021 as our business relationship with the franchisee deteriorated. Particularly, we and the franchisee could not reach a consensus as to the calculation and settlement of the rebates incurred. A litigation was filed against us by the franchisee to a PRC court, and such litigation was subsequently settled via mediation. According to the civil mediation statement issued by the PRC court in September 2022, we shall pay the franchisee an amount of RMB12.4 million primarily including the rebates for successful referrals and compensation for expected losses had the Marketing Service Agreement not been terminated prior to expiration. Such litigation was fully settled in December 2022 with all payment as specified in the civil mediation statement made to the franchisee. We cannot assure you that we will not face litigation with franchisees who provide marketing services to us, or with any franchisees in general, in the future. Any litigation, disputes or claims may divert our management's attention and other resources. If any adverse verdict, judgment or award is rendered against us or if we settle with the relevant counterparty, we may be required to pay significant monetary damages or assume other liabilities.

Any significant changes in food safety regulations and related policies could affect our business.

The industry we operate shall comply with the laws and regulations of food safety in China. Such regulations set out the safety standards for food and food additives, packaging and containers, the information required to be disclosed on packaging, and the regulations on food operation and sites and sale of food. In recent years, the Chinese government has been stepping up its supervision on food safety and has implemented several laws, regulations and standards in respect of food safety. Failure to comply with the laws and regulations of food safety in China may result in corrective actions ordered by regulatory authorities, fines, confiscation of the proceeds, suspension of business operation as ordered, revocation of operation permits, and in extreme cases, criminal liability. Despite our current compliance with existing laws and regulations of food safety, if the Chinese government makes further changes to its regulations on food safety, our production, sale and distribution costs may increase, and we may not be able to successfully pass the additional costs on externally, which will have adverse impacts on our business, financial condition and development prospects.

Our historical results of operations and financial condition are not indicative of future performance, and we may not be able to achieve and sustain the historical level of revenue and profitability.

Since our first store was launched in 2013 in Shanghai, we had achieved rapid growth with 9,176 stores in our store network as of December 31, 2024. However, our operating history may not serve as an adequate basis for evaluating our prospect and operating results, and our historical growth may not be indicative of our future growth or financial results. In addition, we plan to further penetrate the third and lower-tiered cities with our *Version Lite* brand which offers products at lower prices. This strategic move may lead to intensified price competition and margin pressure as we aim to capture market demand in these regions. There is no assurance that the lower product prices in these markets will not negatively impact on our gross profit margin, particularly if the pricing strategies are not effectively managed.

Our growth rates may decline for a number of possible reasons and some of them are beyond our control, such as the general health awareness, popularity of traditional tea consumption culture, consumption of residents and urbanization rate and the development of delivery service and online order. We will continue to expand our store network and diversify product offerings to further increase our consumer base and enrich our consumers' experience. However, our expansion plan is subject to uncertainties and our business may not grow at the expected rate for any of the foregoing reasons. If our growth rates decline, public market analysts or investors' perceptions of our business and prospects may be adversely affected and the market price of our Shares could decline.

Various approvals, licenses and permits are required to operate our business and the loss or failure to obtain or renew any or all of these approvals, licenses and permits could materially and adversely affect our business and results of operations.

In accordance with the laws and regulations of the PRC, we and our franchisees are required to maintain various approvals, licenses and permits to operate our business in the PRC, respectively. From time to time, we may be required to make additional efforts to follow the laws and regulations in relation to necessary approvals, licenses and permits. These approvals, licenses and permits are granted upon satisfactory compliance with, among other things, the applicable laws and regulations in relation to food safety, hygiene, environmental protection and fire safety. They are also subject to examinations or verifications by relevant authorities and are valid only for a fixed period of time subject to renewal and accreditation.

Complying with government regulations may require substantial expenses, and any noncompliance may expose us to liability. In case of any noncompliance, we may have to incur significant expenses and divert substantial management time and resources to resolving any deficiencies. We may also experience negative publicity arising from such deficiencies, which may materially and adversely affect our business and financial performance. Meanwhile, pursuant to the franchise agreements between our franchisees and us, our franchisees are responsible for the validity and effectiveness of the required licenses and permits for operating their franchised stores, and the noncompliance in this regard may cause penalties, such as temporary closure, for related franchised stores. If a large number of franchised stores are subject to such penalties or temporary closure, our operational results and financial performance may be negatively impacted.

We cannot assure you that we and our franchisees will be able to maintain the various approvals, licenses and permits to operate our business in the PRC at all times. In particular, we and our franchisees may experience difficulties, delays or failures in obtaining the necessary approvals, licenses and permits for new stores. In addition, there can be no assurance that we or our franchisees will be able to obtain or renew all of the approvals, licenses and permits required for existing business operations in a timely manner or at all. If any of these occurs, our ongoing business could be interrupted and our expansion plan may be delayed.

We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our franchisees, employees, customers or other third parties.

We may be exposed to fraud, bribery or other misconduct committed by our employees, franchisees, suppliers or any other third parties that could subject us to financial losses and sanctions imposed by governmental authorities, which may adversely affect our reputation. We may be unable to prevent, detect or deter all such instances of misconduct committed by our franchisees, employees or other third parties. As store employees may need to handle cash in daily operations, there might be fraud, theft or other misconduct with respect to cash management that could subject us and our franchisees to financial losses. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our business and results of operations.

We may experience significant liability claims, and we increasingly become a target for public scrutiny, including complaints to regulatory agencies, negative media coverage and malicious allegations, all of which could severely damage our reputation and materially and adversely affect our business, results of operation, financial condition and prospects.

Publicity about our business creates the possibility of heightened attention from the public, regulators and the media. Heightened regulatory and public concerns over customer protection and customer safety issues may subject us to additional legal and social responsibilities and increased scrutiny and negative publicity over these issues, due to our large number of transactions and continued business expansion. Any negative report regarding our business, financial condition and results of operations, regardless of its truthfulness, could damage our brand image and severely affect the sales of our products and possibly lead to product liability claims, litigations or damages. In addition, improper behaviors or statements of our spokespersons, endorsers and other celebrities we have cooperated with and our employees may result in substantial harm to our brand, reputation and operations. There is no assurance that we would not become a target for regulatory or public scrutiny in the future or that scrutiny and public exposure would not severely damage our reputation as well as our business and prospects.

Our business and results of operations may be negatively affected by any industry wide food safety related concerns even if such concerns are through no fault of our own or related to our business.

The freshly-made beverage industry in China as a whole is subject to concern over food safety and quality related issues. In particular, there have been numerous reports and negative publicities targeting the safety and quality incidents in China's freshly-made beverage industry. While the reports and allegations are not targeted to us, the freshly-made beverage industry as a whole can be negatively impacted by these incidents and associated reports. Our prospects, business, results of operations and financial condition can be negatively impacted if the freshly-made beverage industry experiences a slower growth.

We may be unable to receive compensation from suppliers for defective raw materials or ingredients used in our self-operated stores and franchised stores and indemnity provisions in our supply contracts may be insufficient.

In the event that we become subject to food safety claims caused by defective ingredients or raw materials from our suppliers, we can attempt to seek compensation from the relevant suppliers. However, warranties or indemnities provided by suppliers may be limited and the claims against suppliers may be subject to certain conditions precedent which may not be satisfied. Further, our supply contracts usually do not have provisions to cover lost profits and indirect or consequential losses. If no claim can be asserted against a supplier, or amounts that we claim cannot be recovered from the supplier, to the extent that such amounts cannot be covered by insurance coverage, if any, we may be required to bear such losses at our own costs. This could have a material and adverse effect on our business, financial condition and results of operations.

Our manufacturing operations are subject to a variety of environmental protection, health, fire safety and other safety laws and regulations.

We are subject to a variety of laws and regulations imposed by the Chinese government relating to environmental protection, health, fire safety and other safety. Compliance with existing and future environmental protection, health, fire safety and other safety laws could subject us to costs or liabilities, which may result in significant capital expenditure including monetary damages and fines, impact our production capabilities, result in suspension of our business operations and impact our financial performance. We currently do not carry any insurance relating to environmental protection. If we are held liable for damages in the event of any pollution, injury or other violation of applicable environmental protection, health, fire safety or other safety laws, we may also be subject to adverse publicity and our financial condition and results of operations could be materially and adversely affected.

Further, there is no assurance that the Chinese government will not impose additional or more stringent laws or regulations on environmental protection or otherwise related to our business in the future, the compliance of which may require us to incur significant capital expenditure. For example, with the increase in environmental awareness, we may need to comply with more stringent environmental protection regulations on various aspects of our operations such as the use of paper cups, which may increase our environmental protection compliance cost.

Business interruptions at our current production facility could adversely affect our business.

Our production facility utilizes automated machinery and equipment to optimize production flow and enhance the efficiency of our workforce. Any significant downtime associated with the maintenance and repair of machinery and equipment used in our production facility will result in temporary interruption of our production. Although we have an in-house maintenance and repair team for our machinery and equipment, the failure of equipment manufacturers or our team to conduct timely repairs on our machinery and equipment could interrupt the operation of our production facility for extended periods of time. Any extended downtime could result in a loss of production and therefore adversely affect our sales.

Furthermore, our production and operations depend on a continuous and adequate supply of utilities, such as electricity, water and gas. If there are any shortages of power, water, gas or other utilities, the local authorities may require our production facility to be shut down periodically. Any disruption in the supply of electricity, water, gas or other utilities at our production plants may disrupt our production. This may adversely affect our ability to fulfill our sales orders and consequently may have an adverse effect on our business, results of operations and financial condition.

In addition, our production facility and operations are subject to various risks. Fire, earthquakes, natural disasters, pandemic or extreme weather, including droughts, floods, excessive cold or heat, typhoons or other storms, causing power outages, damage to our production facility or disruption of transportation channels, among other events, may interfere with our operations and cause disruption to the production activities of our suppliers, resulting in delays in delivery of raw materials and packaging materials. We cannot assure that we will be able to take adequate steps to mitigate the potential impact of such unforeseeable events, or to effectively respond to them, which may adversely affect our business, results of operations and financial condition.

During the Track Record Period, we built our Haiyan Facility. We plan to expand our production capacity depending on market demand. We cannot guarantee that the construction of the new production lines will be completed in a timely manner or at all, and any failure to do so may materially and adversely affect our ability to capitalize on new business opportunities, which in turn may have a material and adverse effect on our business and financial performance.

We are subject to risks in relation to leased properties.

Our factories, warehousing facilities, self-operated stores, office spaces and almost all of franchised stores are located on leased premises. Therefore, we are subject to a number of risks in relation to the leased properties in the ordinary course of our business, including but not limited to the following:

- There might be defects in the leasehold interest of our leased properties: (i) certain lessors fail to provide the ownership certificates and/or construction project planning permits for our leased properties; (ii) certain lessors did not provide authorizations from the property owners for the lessors to sublease the properties; and (iii) two leased properties are used in a manner inconsistent with the respective planned land usage. See "Business — Properties — Leased Properties." Our use of the leased properties with title defects may be affected by third parties' claims or challenges against the lease. As a result, the relevant lease agreements may be deemed unenforceable in accordance with the relevant laws and regulations, and we may be required to vacate from such properties. For the leased properties without construction project planning permits, the relevant leased agreements may be deemed invalid and the premises on the relevant leased properties may be ordered to be demolished by the competent authorities and we may not be able to continue using such premises. In addition, our occupation and usage of properties listed under (i) and (iii) above may face challenges from the government authorities. We might incur additional costs and resources to relocate relevant properties into new locations.

- Certain of our lease agreements have not been registered and filed with the relevant real estate administration bureaus in the PRC. The relevant government authorities may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. See "Business — Properties — Leased Properties — Lease Registration and Filing."

- Because the lease agreements for stores generally have short lease terms, the ability to renew existing lease agreements at reasonable commercial terms is crucial to the stores' continuous operations and profitability, especially for those in locations with high volume of consumer traffic. At the end of each lease term, we and our franchisees may not be able to negotiate an extension of the lease with the landlord and may therefore be forced to vacate the leased premises and move to a less favorable location.

- We and our franchisees may also be exposed to risks of unexpected early lease termination at the request of the lessors or other reasons out of our control, and the relevant stores need to be temporarily closed if we and our franchisees are not able to identify suitable premises on acceptable terms to relocate in a timely manner.

Due to the above reasons, we and our franchisees may need to find alternative locations for stores with equal or similar commercial attractiveness as the original locations, and at commercially favorable terms in a timely manner. Failure to do so would have adverse impacts on the operation of such stores and our results of operations.

Macro-economic factors have had and may continue to have a material adverse effect upon our business, financial condition and results of operations.

Our business, financial condition, results of operations and development prospects are affected, to a significant extent, by the macroeconomic conditions in China and across the globe as well as by the economic conditions specific to our business. The activity level of the global economy, markets, consumers and business are influenced by many factors beyond our control. We generated substantially all of our revenue from our operations in China during the Track Record Period, the performance of which is closely related to the macroeconomic conditions of China. An economic downturn, whether actual or perceived, a decrease in the economic growth rates or an uncertainty in the economic outlook in China may have a material adverse impact on consumer expenditure. Any deterioration of China's economy, contraction of consumer expenditure on food, fear of a recession and decrease in consumer confidence may lead to reduction in the number of orders placed at stores in our network and through online channels and the average sales value per transaction, which could materially and adversely affect our business, financial condition and results of operations. Furthermore, inflation could materially impact our business, results of operations and financial condition by significantly increasing the cost of raw materials, labor, and other operating expenses, which may, in turn, put pressure on our profitability.

Laws and regulations related to online and offline transactions may impose more stringent requirements and obligations on our operations in our sales channels. Our business is also subject to risks associated with the online payment through third-party payment platforms and other payment methods.

Consumers may purchase products at stores in our network using a variety of payment methods through third-party payment channels, including Weixin Pay and Alipay, and there are certain risks in relation to the foregoing payment methods, including but not limited to the following:

- the service fees paid to payment service providers may increase over time;
- there might be incidents of fraud, security breaches and other illegal activities in those payment methods; and
- there might be fines, increased expenses or the loss of ability to use payment methods if stores in our network fail to comply with rules, regulations and requirements governing electronic funds transfers.

In addition, we do not have control over the security measures of third-party online payment platform service providers. Security breaches of the online payment platforms could result in litigation and possible liability for failing to secure confidential user information and could damage our reputation. Any leak of confidential information, breach of network security or other misappropriation or misuse of personal information could cause interruptions in the business operation of stores in our network and subject them to increased costs, litigation and other liabilities, which could negatively affect our financial and operating results and damage our reputation.

We, our Directors, management and employees may be subject to litigation, arbitration and regulatory investigations and proceedings, such as claiming in relation to food safety and quality, commercial, labor, employment, antitrust or securities matters, and may not always be successful in defending ourselves against such claims or proceedings.

We face potential liability, expenses for legal claims and harm due to our business nature. For example, consumers could assert legal claims against us in connection with personal injuries related to food poisoning. The PRC government, media outlets and public advocacy groups have been increasingly focused on consumer protection in recent years. See "Regulatory Overview — Regulations on Product Quality and Consumer Rights Protections." Sale of defective food and beverages may expose us to liabilities associated with consumer protection laws. Sellers are generally responsible for compensation on consumers' loss even if the contamination of food is not caused by the sellers. Thus, we may also be held liable if our franchisees, suppliers or other business partners fail to comply with applicable food-safety related rules and regulations. Though we can ask the responsible parties for indemnity after that, our reputation could still be adversely affected. In addition, our Directors, management, franchisees and employees may from time to time be subject to litigation and regulatory investigations and proceedings or otherwise face potential liability and expense in relation to food safety, commercial, labor, employment, antitrust or securities matters, which could adversely affect our reputation and results of operations.

After we become a publicly listed company, we may face additional exposure to claims and lawsuits. These claims could divert management time and attention away from our business and result in significant costs to investigate and defend, regardless of the merits of the claims. In some instances, we may elect or be forced to pay substantial damages if we are unsuccessful in our efforts to defend against these claims, which could harm our business, financial condition and results of operations.

Our success depends on the continuous efforts of our key management and experienced and capable personnel as well as our ability to recruit new talents. If we fail to hire, train, retain or motivate our staff, our business and results of operations may be adversely affected.

Our future success is significantly dependent upon the continued service of our key management as well as experienced and capable personnel generally. If we lose the services of any member of key management, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth. If any of our key management joins a competitor or forms a competing business, we may lose customers, know-how and key professionals and staff members.

Our rapid growth also requires us to hire, train and retain a wide range of talents who can adapt to a dynamic, competitive and challenging business environment and are capable of helping us conduct effective marketing, create creative new products and develop technological capabilities. We will need to continue to attract, train and retain talents at all levels, such as skillful tea barista, as we expand our business and operations. We may need to offer attractive compensation and other benefits package, including share-based compensation, to attract and retain them. We also need to provide our employees with sufficient training to help them to realize their career development and grow with us. Any failure to attract, train, retain or motivate key management and experienced and capable personnel could severely disrupt our business and growth.

Developments in the labor market, increases in labor costs or any possible labor unrest may adversely affect our business and results of operations.

Our business requires a substantial number of personnel. Any failure to retain stable and dedicated labor by us may lead to disruption to our business operations. Although we have not experienced any labor shortage to date, we have observed an overall tightening and increasingly competitive labor market. We have experienced, and expect to continue to experience, increases in labor costs due to increases in salary, social benefits and employee headcount. Our employee benefit expense was RMB266.5 million, RMB391.9 million and RMB434.0 million in 2022, 2023 and 2024. We compete with other companies in our industry and labor-intensive industries for labor, and we may not be able to offer competitive remuneration and benefits compared to them. If we are unable to manage and control our labor costs, our business and results of operations may be materially and adversely affected.

Our insurance policies may not provide adequate coverage for all claims associated with our business operations, which may have a material adverse effect on our reputation, business, financial condition and results of operations.

We have purchased property insurance policies which comprehensively covered major business interruptions and accidental loss, such as fire, water and malicious damage.

Although we require our franchisees to obtain the requisite insurance coverage through our franchisees management, we cannot guarantee that our franchisees will adhere to such requirements. In particular, there are inherent risks of accidents or injuries in stores. In the future, we may be unable to renew our insurance policies or obtain new insurance policies without increases in cost or decreases in coverage levels. We may also encounter disputes with insurance providers regarding payments of claims that we believe are covered under our policies. Furthermore, if we are held liable for amounts and claims exceeding the limits of our insurance coverage or outside the scope of our insurance coverage, our reputation, business, financial condition and results of operations may be materially and adversely affected.

We are subject to various risks relating to third-party payment arrangement.

During the Track Record Period, certain of our franchisees (individual or collectively, the "**Third-party Payment Customer(s)**") settled their payments with our Group's certain entities ("**our Third-party Payment Entities**") through the accounts of third parties designated by these Third-party Payment Customers (the "**Third-party Payment Arrangement**"). Our Group had ceased the Third-party Payment Arrangement by December 19, 2023.

In 2022 and 2023, the aggregate amount of payment from designated third parties to our Group was RMB205.6 million and RMB33.2 million, respectively, representing approximately 8.9% and 0.9% of the total payments received from all customers, respectively. During the Track Record Period, no individual Third-party Payment Customer had made material contribution to our revenue. See "Business — Risk Management and Internal Control Systems — Third-party Payment Arrangement."

We were subject to various risks relating to such Third-party Payment Arrangement during the Track Record Period, such as (i) possible claims from third-party payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors and (ii) potential money laundering risks as we have limited knowledge about the source and purpose of the funds utilized by the third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us to demand return of the relevant payment or for violation or noncompliance of laws and regulations, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and we may be forced to comply with the court ruling and return the payment for the products that we sold and services that we provided.

Fair value changes for our financial assets at fair value through profit or loss and valuation uncertainties due to the use of unobservable inputs may materially and adversely affect our results of operations and financial performance.

As of December 31, 2022, 2023 and 2024, we recorded financial assets at fair value through profit or loss of RMB260.9 million, RMB431.3 million and RMB948.1 million, respectively. Historically, our financial assets at fair value through profit or loss primarily represent low-risk wealth management products and structured deposits that we purchased from creditworthy banks in the PRC. The wealth management products and structured deposits issued by banks are subject to the overall market conditions. Any volatility in the market or fluctuations in the interest rates may affect the fair value of our financial assets at fair value through profit or loss. We may also record other financial assets of which the fair value is determined with higher level of judgment and/or more susceptible to market conditions. Changes in fair value are recognized in profit or loss and such treatment of gain or loss may cause volatility in or materially and adversely affect our period-to-period earnings, results of operations and financial performance.

Any failure to comply with data privacy, protection and information security laws could damage our reputation and we could suffer a loss of revenue, incur substantial additional costs and become subject to litigation and regulatory scrutiny.

Our business processes subject us to risks inherent to handling and protecting a large volume of data, especially consumers' personal data. In particular, we face a number of challenges relating to data security and privacy, including but not limited to:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties, data leakage or fraudulent behavior or improper use by our employees or business partners;

- addressing concerns, challenges, negative publicity and litigation related to data security and privacy, collection, use and actual or perceived sharing (including sharing among our own businesses, with business partners or regulators), safety, security and other factors that may arise from our existing businesses or new businesses or new technologies; and

- complying with applicable laws and regulations relating to the collection, use, storage, transfer, disclosure and security of personal data, including requests from data subjects and compliance requirements in accordance with applicable laws and regulations.

We have adopted internal guidelines for the protection of personal data of our members, and to ensure our compliance with relevant PRC laws and regulations with respect to privacy and personal data protection. Nevertheless, the efforts that we take to protect our members' personal information may not always be sufficient or effective. Any improper handling of our consumers' personal information as a result of any misconduct by our employees or any information leakage due to external factors, such as unauthorized access to our consumer database by hackers, could result in civil or regulatory liabilities which may subject us to significant legal, financial and operational consequences.

We are subject to laws and regulations relating to the collection, storage, use, processing, transmission, retention, security and transfer of personal information and other data. See "Regulatory Overview — Regulations on Cybersecurity," "Regulatory Overview — Regulation on Personal Information and Data Protection" and "Business — User Privacy and Data Security." The interpretation and application of laws, regulations and standards on data protection and privacy shall be in compliance with the then effective laws and regulations. We cannot assure you that our data privacy and protection measures are, and will be, always considered sufficient under applicable laws and regulations. We may be subject to investigations and inspections by government authorities regarding our compliance with laws and regulations on data privacy, and we cannot assure you that our practices will always fully comply with all applicable rules and regulatory requirements. In addition, laws, regulations and standards on data protection and privacy continue to develop and may vary from jurisdiction to jurisdiction. Complying with emerging and changing international requirements may cause us to incur substantial costs or require us to change our business practices. Additionally, the integrity of our data privacy and protection measures is also subject to risks of systemic failure, interruption, inadequacy, security breaches or cyberattacks. If we are unable to comply with the then applicable laws and regulations, or to address any data privacy and protection concerns, such actual or alleged failures could damage our reputation, impact our ability to manage digital operations and could subject us to significant legal, financial and operational consequences.

Information technology system failures or breaches of our network security could interrupt our operations and adversely affect our business and results of operations.

We rely on our computer systems and network infrastructure across our operations to monitor the daily operations of stores in our network and to collect accurate up-to-date financial and operating data for business analysis. Any damage or failure of our computer systems or network infrastructure that causes an interruption in our operations could have a material adverse effect on our business and results of operations.

We also receive and maintain certain personal information about our customers when accepting credit cards or smart cards for payment. If our network security is compromised and such information is stolen or obtained by unauthorized persons or used inappropriately, we may become subject to litigation or other proceedings brought by cardholders and financial institutions that issue cards. Any such proceedings could distract our management from running our business and cause us to incur significant unplanned losses and expenses. Consumer perception of our brand could also be negatively affected by these events, which could further adversely affect our business and results of operations.

We may not be able to adequately protect our intellectual property, which could harm the value of our brands and adversely affect our business and results of operations.

The success of our business depends in part upon our continued ability to use our brands, trade names and trademarks to increase brand awareness and to further develop our products. The unauthorized reproduction of our trademarks could diminish the value of our brand and market acceptance, competitive advantages or goodwill. In addition, we consider our proprietary information systems and operational system to be key components of our competitive advantage and our growth strategy.

Monitoring and preventing the unauthorized use of our intellectual property is difficult. The measures we take to protect our brand, trade names, trademarks and other intellectual property rights may not be adequate to prevent their unauthorized use by third parties. If we are unable to adequately protect our brand image, trade names, trademarks and other intellectual property rights, we may lose these rights and our business may suffer materially.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate intellectual property rights held by third parties. We may be subject to legal proceedings and claims relating to the intellectual property rights of others in the future. There could also be existing intellectual property of which we are not aware that our products may inadvertently infringe. We cannot assure you that holders of intellectual property purportedly relating to some aspect of our technology platform, software and other applications or business in general, if any such holders exist, would not seek to enforce such intellectual property against us in mainland China, Hong Kong SAR or any other jurisdictions. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses, and may be forced to divert management's time and other resources from our business and operations to defend against these infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial position and results of operations could be materially and adversely affected.

We have granted and may continue to grant awards under our share incentive plan, which may result in increased share-based compensation expenses and cause shareholding dilution to our existing Shareholders.

We have share incentive plan in place to attract and retain qualified employees, provide incentives to our directors and employees and promote the success of our business. For the years ended December 31, 2022, 2023 and 2024, we recorded RMB4.8 million, RMB14.5 million and RMB57.8 million in share-based payment expenses, respectively. We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations. Issuance of additional Shares with respect to such share-based payment may also dilute the shareholding percentage of our existing Shareholders.

We may be required to pay the outstanding amount of contributions of social insurance and housing provident funds and subject to late payments and fines imposed by relevant governmental authorities or other legal sanctions.

Pursuant to relevant PRC laws and regulations, employers are obligated to directly and duly contribute to the social insurance and housing provident funds for their employees. During the Track Record Period, we had not made social insurance and housing provident funds for some of our employees in full in accordance with the relevant PRC laws and regulations. According to the applicable laws and regulations, the competent government authorities may demand us to take rectification measures. If we fail to take the measures as demanded, we may be subject to fines. See "Business — Our Employees — Social Insurance and Housing Provident Funds."

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), for the shortfall of social insurance, we may be subject to the following legal consequences: (i) to compensate for the shortfall within a prescribed period and to pay a daily overdue charge of 0.05% of the delayed payment amount, and (ii) to pay a fine of one to three times of the overdue amount if such payment is not made within the stipulated period. Under the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), for the shortfall of housing provident funds, we may be subject to the following legal consequences: (i) to compensate for the shortfall within a prescribed period, and (ii) an application may be made to the courts for compulsory enforcement if the payment is not made within such time limit.

We cannot assure you that the relevant governmental authorities will not require us to pay the outstanding amount and impose late fees or fines, pecuniary penalties or other administrative actions on us. If we are otherwise subject to investigations related to such incidents related to labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our results of operations, financial performance and business prospects may be materially and adversely affected.

We may be subject to liability for placing advertisements with content that is deemed inappropriate or misleading under PRC laws.

PRC laws and regulations prohibit advertising companies from producing, distributing or publishing any advertisement with content that violates PRC laws and regulations. We may be subject to claims by customers misled by information in our advertisements. We may not be able to recover our losses from advertisers by enforcing the indemnification provisions in the contracts, which may result us in diverting management's time and other resources from our business and operations to defend against these infringement claims. As a result, our business, financial condition and results of operations could be materially and adversely affected.

We require a significant amount of capital to fund our operations and respond to business opportunities. If we cannot obtain sufficient capital on acceptable terms, our business, financial condition and prospects may be materially and adversely affected.

Taking into account the net proceeds from the Global Offering, cash generated from our operating activities and bank facilities available to us, our Directors believe that we will have available sufficient working capital to meet our present requirements and for at least the next 12 months from the date of this prospectus. We may, however, require additional cash resources to finance our continued growth or other future developments, including any investments or acquisitions we may decide to pursue. To the extent that our funding requirements exceed our financial resources, we will be required to seek additional financing or to defer planned expenditures. There can be no assurance that we can obtain additional funds on terms acceptable to us, or at all. In addition, our ability to raise additional funds in the future is subject to a variety of uncertainties, including, but not limited to:

- our future financial condition, results of operations and cash flows;
- general market conditions for capital raising and debt financing activities; and
- economic, political and other conditions in China and elsewhere.

Furthermore, if we raise additional funds through equity or equity-linked financings, your equity interest in us may be diluted. Alternatively, if we raise additional funds by incurring debt obligations, we may be subject to various covenants under the relevant debt instruments that may, among other things, restrict our ability to pay dividends or obtain additional financing. If we cannot obtain sufficient capital on acceptable terms, our business, financial condition and prospects may be materially and adversely affected.

We may not be able to fulfill our obligations in respect of contract liabilities, which may have a material and adverse impact on our business, reputation and liquidity position.

As of December 31, 2022, 2023 and 2024, we recorded contract liabilities of RMB94.2 million, RMB104.3 million and RMB57.9 million, respectively, which mainly represent the advance payments received from franchisees for the sales of products and the franchise services. For details, see "Financial Information — Selected Balance Sheet Items — Contract Liabilities."

Our ability to fulfill our contractual obligations to our customers can be affected by various factors, many of which are beyond our control, including those listed in this section. If we fail to provide satisfactory products and services to our customers in time, we may not be able to honor our obligations in respect of our contract liabilities, which may have a material and adverse impact on our business, reputation and liquidity position.

Our financial and results of operations may be adversely affected by epidemics, adverse weather conditions, natural disasters and other catastrophes.

Our financial and operating performance may be adversely affected by epidemics, adverse weather conditions, natural disasters and other catastrophes, particularly in locations where we operate a large store count. For instance, our business could be materially and adversely affected by the outbreak of swine influenza, avian influenza, severe acute respiratory syndrome or epidemics. Since the stores in our network are mainly located in various locations in China, if any of such event occurs, our ability to operate our business may be restricted. As a result, we may have to incur substantial additional expenses and our financial and operating performance may be adversely affected.

We enjoy certain governmental grants and preferential tax treatments from the government of PRC. Expiration of, or changes to theses preferential tax treatments and government grants may negatively impact our business.

During the Track Record Period, we had benefited from certain government grants and preferential tax treatments. See "Financial Information — Period-to-Period Comparison of Results of Operations — Other Income and Gains, Net." In addition, we also recognized other income from government grants of RMB24.1 million, RMB54.3 million and RMB24.2 million in 2022, 2023 and 2024, respectively. We cannot assure you that we will continue to receive government grants or preferential tax treatments at the same level or at all, in which case our business, financial condition and result of operations may be materially and adversely affected.

We may make acquisitions, establish joint ventures and conduct other strategic investments, which may not be successful.

To expand our business and strengthen our market position, we may seek to invest in other business of the upstream in the value chain of our business by forming strategic alliances or making strategic investments and acquisitions. Acquisitions involve numerous risks, including (i) difficulties in integrating the operations and personnel of the acquired companies, distraction of management from overseeing our existing operations, (ii) difficulties in executing new business initiatives, entering markets or lines of business in which we do not have or have limited direct prior experience, (iii) the possible loss of key employees and consumers, and (iv) difficulties in achieving the synergies we anticipated or levels of revenue, profitability, productivity or other benefits we expected. These transactions may also incur significantly increase in our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition or investment, issue common stock that would dilute our current shareholders' percentage ownership, or incur asset write-offs and restructuring costs and other related expenses. Acquisitions, joint ventures and strategic investments involve numerous other risks, including potential exposure to unknown liabilities of acquired or investee companies. No assurance can be given that our acquisitions, joint ventures and other strategic investments will be successful and will not materially adversely affect our business, financial condition or results of operations. We have not identified any material acquisition or investment target as of the Latest Practicable Date.

Changes in economic, political or social conditions could have a material adverse effect on our business and results of operations.

The major substantial of our operations are currently located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but there may be uncertainties that those measures will have a negative effect on us. In addition, the global macroeconomic environment is facing challenges. For example, the public health event has caused significant downward pressure for the global economy, and many major economies have lowered their expected growth rate. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

We may be subject to the approval or other requirements of governmental authorities in connection with future capital raising activities.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with certain regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by those regulatory authorities for failure to seek such government authorization, or perform filing procedures, for the Global Offering or our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the proceeds from the Global Offering into the PRC or take other actions to restrict our financing activities, which could have a material adverse effect on our business.

We may be subject to regulatory requirements under new laws and regulations on overseas offerings and listings issued by government authorities.

On July 6, 2021, the relevant PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. See "Regulatory Overview — Regulations on Securities and Overseas Listing" for details.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券

和上市相關保密和檔案管理工作的規定》) (the "**Archives Rules**," which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, failure to comply with which may materially affect our business, results of operations or financial conditions. Given that the Archives Rules were promulgated, their interpretation, application and enforcement are still evolving and subject to change. We will closely monitor how they will affect our operations and our future financing.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for this Global Offering or our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the proceeds from the Global Offering into the PRC or take other actions to restrict our financing activities, which could have a material adverse effect on our business.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for the Global Offering or our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the proceeds from the Global Offering into the PRC or take other actions to restrict our financing activities, which could have a material and adverse effect on our financial conditions and business prospects.

It would be prudent for you to weigh the scope and extent of legal protections available to you under the PRC legal system.

Our operations in China are subject to PRC laws and regulations. We and all of our material subsidiaries are organized under the laws of the PRC. The PRC legal system is based on written statutes. The PRC government has promulgated laws and regulations dealing with such economic matters as securities, shareholders' rights, foreign investment, corporate organization and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. As a result, it would be prudent for you to weigh the scope and extent of legal protections available to you under the PRC legal system.

Our operations are subject to PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. The PRC tax laws and regulations might be subject to interpretations and adjustments by relevant authorities from time to time. Although we believe that in the past, we have acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could materially and adversely affect our results of operations, financial performance and business prospects.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the ITT Law and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprises with foreign investment are exempted from individual income tax for the time being. In addition, under the ITT Law and its implementation regulations, non-PRC resident individual holders of H shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H shares. However, pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions had expressly provided that whether individual income tax shall be levied from non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《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》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10%. Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities shall be in accordance with the then effective laws and regulations, and new taxes may be imposed which may adversely affect the value of your investment in our H Shares.

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

We are a company incorporated under the laws of the PRC, and a substantial portion of our business, assets and operations are located in mainland China. In addition, to the best knowledge of the Company, a majority of our Directors, Supervisors or members of our senior management reside in mainland China, and a substantial portion of the assets of such Directors, Supervisors or members of our senior management are located in mainland China. As a result, it may be cumbersome, and time-consuming to effect service of process outside mainland China upon us or such Directors, Supervisors or members of our senior management.

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

Regulations on currency exchange or outbound capital flows may limit our ability to utilize our revenue effectively.

The conversion of RMB is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, capitalize our capital expenditure plans, and even our business, operating results and financial condition, may be affected.

We are subject to present or future environmental, safety and occupational health laws and regulations may have a material adverse effect on our business, financial condition and results of operations.

Certain of our business is subject to certain laws and regulations relating to environmental and safety matters. Under these laws and regulations, we are required to maintain safe production conditions and to protect the occupational health of our employees. We cannot assure you that we will not experience any material accidents or work injuries in the course of our manufacturing process in the future. In addition, our manufacturing process produces pollutants such as wastewater, noise, smoke and dust. Notwithstanding the existing controls, the discharge of pollutants from our manufacturing operations into the environment may give rise to liabilities that may require us to incur costs to remedy such discharge.

We cannot assure you that all situations that will give rise to material environmental liabilities will be discovered or any environmental laws adopted in the future will not materially increase our operating costs and other expenses. Should stricter environmental protection standards and regulations be imposed in the future, we cannot assure you that we will be able to comply with such new regulations at reasonable costs, or at all. Any increase in production costs resulting from the implementation of additional environmental protection measures and/or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, financial condition or results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares. An active trading market may not develop, especially taking into account that certain existing Shareholders may be subject to a lock-up period, and the liquidity of our H shares may be limited, and the price and trading volume of our H Shares may be volatile.

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 be sustained following the completion of Global Offering. Certain portion of H Shares to be converted upon conversion of Unlisted Shares into H Shares or to be issued to Cornerstone Investors will be subject to a lock-up period from the Listing Date, which may significantly affect the liquidity and trade volume of our H Shares in the short term following the Global Offering. A listing on the Hong Kong Stock Exchange does not guarantee that an active and liquid trading market for our H Shares will develop, especially during the period when certain portion of our H Shares may be subjected to lock-up, or if it does develop, that it will sustain following the Global Offering, or that market price of the H Shares will rise following the Global Offering. If an active public market for our H Shares does not develop following the completion of Global Offering, the market price and liquidity of our H Shares could be materially and adversely affected. In addition, the Offer Price of our H Shares is expected to be fixed by agreement between the Underwriters and us, and may not be an indication of the market price of our H Shares following the completion of the Global Offering. If an active public market for our H Shares does not develop following the completion of Global Offering, the market price and liquidity of our H Shares could be materially and adversely affected.

The price and trading volume of our H Shares may be highly volatile. Several factors, some of which are beyond our control, such as variations in our results of operations, changes in our pricing policy, the emergence of new technologies, strategic alliances or acquisitions, the addition or departure of key personnel, changes in profit forecast or recommendations by financial analysts, changes in ratings by credit rating agencies, litigation or the removal of the restrictions on share transactions, could cause large and sudden changes to the volume and price at which our H Shares will trade.

In addition, the Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and volume volatility that is not related to the operating performance of any particular company.

Substantial future sales or the expectation of substantial sales of our H Shares in the public market could cause the price of our H Shares to decline.

Although our Controlling Shareholders are subject to restrictions on their sales of Shares within 12 months from the Listing Date as described in "Underwriting" in this prospectus, future sales of a significant number of our H Shares by our Controlling Shareholders or other existing shareholders in the public market after the Global Offering, or the perception that these sales could occur, could cause the market price of our H Shares to decline and could materially impair our future ability to raise capital through offerings of our H Shares. We cannot assure you that our Controlling Shareholders, or other existing shareholders will not dispose of H Shares held by them or that we will not issue H Shares pursuant to the general mandate to issue shares granted to our Directors upon the expiration of restrictions set out above. We are currently applying for part of the Company's Domestic Unlisted Shares to circulate on the Hong Kong Stock Exchange after the completion of the Global Offering. According to the PRC Company Law, the Shares issued by the Company prior to the Global Offering are restricted from trading within one year from the Listing Date. Such restriction from trading will limit the number of H Shares to be circulated on the market, which will in turn adversely affect the liquidity of the H Shares during such restriction period. If our application for the circulation of our relevant

Domestic Unlisted Shares on the Hong Kong Stock Exchange after the completion of the Global Offering is successful, any future sales (after the expiration of the restrictions set out above) of Domestic Unlisted Shares by relevant Shareholders in the public market may affect the market price of the H Shares. Moreover, if we convert a substantial number of domestic unlisted shares into H shares to be listed and traded in the future at the Hong Kong Stock Exchange, it may further increase the supply of the H shares in the market, which may affect the market price of the H Shares. We cannot predict the effect, if any, that any future sales of Shares by our Controlling Shareholders or other existing Shareholders, or the Shares available for sale by our Controlling Shareholders or other existing Shareholders, or the issuance of Shares by our Company may have on the market price of the H Shares. Sale or issuance of a substantial number of Shares by our Controlling Shareholders or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing market price of the H Shares.

We may need additional capital, and the sale or issue of additional Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net proceeds from the Global Offering, we may require additional cash resources to finance our continued growth or other future developments. We cannot assure you that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell additional equity securities, which could result in additional dilution to our Shareholders.

As the Offer Price of our H Shares is higher than our consolidated net tangible book value per Share, purchasers of our H Shares in the Global Offering may experience immediate dilution upon such purchases.

As the Offer Price of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the Global Offering, purchasers of our H Shares in the Global Offering may experience an immediate dilution. Our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per Share of their H Shares. In addition, holders of our H Shares may experience further dilution of their interest if the Underwriters exercise the Over-allotment Option or if we issue additional H Shares in the future to raise additional capital.

Future sale or major divestment of Shares by our Controlling Shareholders may materially and adversely affect the prevailing market price of our H Shares.

The future sale of a significant number of our Shares in the public market after the Global Offering, or the possibility of such sales, by our Controlling Shareholders or strategic investors could materially and adversely affect the market price of our Shares and could materially impair our future ability to raise capital through offerings of our Shares. Although our Controlling Shareholders and financial investors have agreed to a lock-up on their Shares, any major disposal of our Shares by any of our Controlling Shareholders and financial investors upon expiry of the relevant lock-up periods (or the perception that these disposals may occur) may cause the prevailing market price of our Shares to fall which could negatively impact our ability to raise equity capital in the future.

Our Controlling Shareholders may have substantial influence over our Company and their interests may not be aligned with the interests of other Shareholders.

Immediately following the completion of the Global Offering (assuming the Over-allotment Option are not exercised), our Controlling Shareholders will be entitled to exercise or control the exercise of an aggregate of approximately 78.78% of the voting power at shareholders' meeting of our Company. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the approval of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our H Shares.

We cannot assure you whether and when we will declare and pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the shareholders' meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS (whichever is lower), our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC laws and regulations, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to distribute dividend to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. See "Financial Information — Dividend."

Under existing foreign exchange regulations, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, we cannot assure you that there will be no future changes to these foreign exchange policies regarding payment of dividends in foreign currencies.

Certain facts and statistics contained in this prospectus are derived from publicly available official sources and they may not be reliable.

Certain statistics contained in this prospectus relating to, among other things, the industry in which we operate have been derived from various official government publications. However, we cannot assure you of the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Underwriters, any of our and their respective directors, supervisors, officers, representatives, employees or advisors, or any other persons or parties involved in the Global Offering and, therefore, we make no representation as to the accuracy of such statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this prospectus may be inaccurate or may not be comparable to statistics produced with respect to other economies. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts.

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

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

Investors should read the entire prospectus carefully and should not consider any particular statements in this prospectus or in published media reports without carefully considering the risks and other information contained in this prospectus.

Prior to the publication of this prospectus, there has been coverage in the media regarding us and the Global Offering, which contained among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this prospectus. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including any proposed director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the 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 inquiries, 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 the CSRC has issued the filing notice dated January 10, 2025, confirming our completion of the filing pursuant to the new filing regime introduced by the Overseas Listing Trial Measures for the Global Offering, for the conversion of certain Domestic Unlisted Shares into H Shares and the application for listing of the H Shares on the Stock Exchange.

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 initially 241,140 Offer Shares and the International Offering of initially 2,170,200 Offer Shares (subject to reallocation on the basis as set out in the section headed "Structure of the Global Offering").

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

For details of the structure of the Global Offering, including its conditions and the arrangements relating to the Over-allotment Option and stabilization, see "Structure of the Global Offering."

INFORMATION ON THE CONVERSION OF DOMESTIC UNLISTED SHARES INTO H SHARES

Our Company has applied for the conversion of an aggregate of 56,653,706 Domestic Unlisted Shares into H Shares. For details, see the section headed "History, Development and Corporate Structure" and "Share Capital." Such H Shares to be converted from Domestic Unlisted Shares are restricted from trading for a period of one year after the Listing.

The relevant filing procedure in relation to the conversion of Domestic Unlisted Shares into H Shares has been completed on January 10, 2025.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares."

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

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

No action has been taken to permit a public offering of the H Shares outside Hong Kong or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation 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 Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not associates of any of our Directors, Supervisors or existing Shareholder or a nominee of any of the foregoing.

UNDERWRITING

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters. For further details on the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting."

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the 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 Over-allotment Option) and the H Shares to be converted from Domestic Unlisted Shares. Dealings in the H Shares on the Stock Exchange are expected to commence on Thursday, May 8, 2025. Except as otherwise disclosed in this prospectus, no part of our Shares is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future.

Under Section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any 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 our Company by or on behalf of the Stock Exchange.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between 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 for the H Shares to be admitted in to CCASS. Investors should seek the advice of their stockbrokers or other professional advisors for the details of the settlement arrangements as such arrangements may affect their rights and interests.

REGISTER OF MEMBERS AND STAMP DUTY

All H Shares issued pursuant to applications made in the Global Offering and converted from Domestic Unlisted Shares will be registered on our H Share register to be maintained in Hong Kong by our H Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained by us at our headquarters in the PRC.

Dealings in the H Shares registered in our H Share register will be subject to Hong Kong stamp duty. Hong Kong stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares transferred. In other words, a total of 0.2% will be payable on a typical sale and purchase transaction of the H Shares. In addition, a fixed stamp duty of HK$5.00 is currently payable on each instrument of transfer of H Shares. For further details on Hong Kong stamp duty, please seek professional tax advice.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

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

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposal of, or dealing in, or the exercise of any rights in relation to, our H Shares. None of our Company, 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 our or their affiliates or any of their respective directors, officers, employees, advisors, agents or representatives, or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal of, or dealing in, or the exercise of any rights in relation to, our H Shares.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. For ease of reference, the names of the Chinese laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages. In the event of any inconsistency, the Chinese version shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figure preceding them. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

CURRENCY TRANSLATION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars at specified rates.

Unless otherwise specified, the translation of Renminbi into Hong Kong dollars, of Renminbi into U.S. dollars and of Hong Kong dollars into U.S. dollars, and vice versa, in this prospectus was made at the following rates:

RMB0.92831 to HK$1

RMB7.2069 to US$1

HK$7.7635 to US$1

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

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Shan Weijun (單衛鈞先生)	Room 2801, No. 2 Lane 168, Xingye Road Huangpu District Shanghai, PRC	Chinese
Ms. Zhou Rongrong (周蓉蓉女士)	Room 2801, No. 2 Lane 168, Xingye Road Huangpu District Shanghai, PRC	Chinese
Mr. Zhou Tianmu (周天牧先生)	Room 1102, No. 3 Lane 558, Tianbao Road Hongkou District Shanghai, PRC	Chinese
Mr. Wang Jiaxing (汪加興先生)	Room 1601, Building 11 Lot B, Jincheng Mansion No. 469 Nanfeihe Road Baohe District, Hefei Anhui Province, PRC	Chinese
Independent Non-Executive Directors		
Mr. Han Ding-Gwo (韓定國先生)	Room 2202, Building 2 Jiahua Binjiang Yuan, Lane 1188 Pu Ming Road Pudong New Area Shanghai, PRC	Chinese (Taiwan)
Mr. Chung Chong Sun (鍾創新先生)	Flat D, 15/F Ho Kwan Building 48-54 Jordan Road Yau Ma Tei, Kowloon Hong Kong	Chinese (Hong Kong)
Ms. Yu Fang Jing (郁昉瑾女士)	12A Water Street Wahroonga New South Wales 2076 Australia	Australian

SUPERVISORS

Name	Address	Nationality
Mr. Gu Liang (顧亮先生)	No. 1506, Xiejin Village Sanxing Town Chongming District Shanghai, PRC	Chinese
Ms. Xu Na (許娜女士)	Room 804, Building 8 Lane 435, Yantietang Road Minhang District Shanghai, PRC	Chinese
Ms. Chen Fangfang (陳芳芳女士)	Room 1001, No. 3 Lane 880, East Tiyuhui Road Hongkou District Shanghai, PRC	Chinese

For details with respect to our Directors and Supervisors, see the section headed "Directors, Supervisors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors *(in alphabetical order)*	**CITIC Securities (Hong Kong) Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
	Haitong International Capital Limited Suites 3001-3006 and 3015-3016 One International Finance Centre No. 1 Harbour View Street Central, Hong Kong
	Orient Capital (Hong Kong) Limited 28/F-29/F 100 Queen's Road Central Central, Hong Kong
Overall Coordinators, Sponsor-Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Capital Market Intermediaries *(in alphabetical order)*	**CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong

Haitong International Securities Company Limited
22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Orient Securities (Hong Kong) Limited
28/F-29/F
100 Queen's Road Central
Central, Hong Kong

Joint Bookrunners, Joint Lead Managers and Capital Market Intermediaries	**ICBC International Securities Limited** 37/F, ICBC Tower 3 Garden Road Hong Kong
	China Merchants Securities (HK) Co., Limited 48/F, One Exchange Square 8 Connaught Place Central, Hong Kong
	CMBC Securities Company Limited 45/F, One Exchange Square 8 Connaught Place Central, Hong Kong
	Morton Securities Limited 1804-05, 18/F, Allied Kajima Building 138 Gloucester Road Wanchai, Hong Kong
	Soochow Securities International Brokerage Limited 17F, Three Pacific Place 1 Queen's Road East Hong Kong
	Tiger Brokers (HK) Global Limited 1/F, No. 308 Des Voeux Road Central Sheung Wan, Hong Kong
Legal Advisors to our Company	*As to Hong Kong law and U.S. law*
	Clifford Chance 27th Floor, Jardine House 1 Connaught Place Hong Kong

	As to PRC law **Zhong Lun Law Firm** 22-31/F, South Tower of CP Center 20 Jin He East Avenue Chaoyang District Beijing, PRC
Legal Advisors to the Joint Sponsors and the Underwriters	*As to Hong Kong law and U.S. law* **Freshfields** 55th Floor, One Island East Taikoo Place, Quarry Bay Hong Kong *As to PRC law* **JunHe LLP** 26/F, HKRI Centre One HKRI Taikoo Hui 288 Shimen Road (No. 1) Shanghai, PRC
Reporting Accountants and Independent Auditor	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road, Quarry Bay Hong Kong
Industry Consultant	**China Insights Industry Consultancy Limited** 10/F, Block B, Jing'an International Center 88 Puji Road, Jing'an District Shanghai, PRC
Receiving Bank	**CMB Wing Lung Bank Limited** 45 Des Voeux Road Central Hong Kong

Registered Office	Room 124, 1/F No. 28 Shenpujing Road Zhujing Town, Jinshan District Shanghai, PRC
Headquarters and Principal Place of Business in the PRC	5/F, Building A Helen Center, Financial Street 440 Helen Road, Hongkou District Shanghai, PRC
Principal Place of Business in Hong Kong	40th Floor, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
Company's Website	www.hsay.com *(The information contained in this website does not form part of this prospectus)*
Joint Company Secretaries	Ms. Wang Juan (王娟女士) 5/F, Building A Helen Center, Financial Street 440 Helen Road, Hongkou District Shanghai, PRC Ms. Yu Anne (余安妮女士) *(member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Authorized Representatives	Mr. Shan Weijun (單衛鈞先生) Room 2801, No. 2 Lane 168, Xingye Road Huangpu District Shanghai, PRC Ms. Yu Anne (余安妮女士) 40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong

Audit Committee	Mr. Chung Chong Sun (鍾創新先生) *(Chairperson)* Mr. Han Ding-Gwo (韓定國先生) Ms. Yu Fang Jing (郁昉瑾女士)
Remuneration Committee	Mr. Han Ding-Gwo (韓定國先生) *(Chairperson)* Ms. Yu Fang Jing (郁昉瑾女士) Mr. Shan Weijun (單衛鈞先生)
Nomination Committee	Mr. Shan Weijun (單衛鈞先生) *(Chairperson)* Mr. Chung Chong Sun (鍾創新先生) Ms. Yu Fang Jing (郁昉瑾女士)
Compliance Advisor	Haitong International Capital Limited
H Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal Banks	**China Construction Bank** **Shanghai Linping Road Branch** No.12 North Linping Road Hongkou District Shanghai, PRC **China Merchants Bank** **Shanghai North Bund Branch** No. 501 Dongdaming Road Hongkou District Shanghai, PRC

OVERVIEW

We are a leading and fast-growing freshly-made beverage company, operating the fifth and fourth largest network of freshly-made tea shops in China as of December 31, 2022 and 2023, respectively, according to CIC, with extensive reach into the lower-tier markets. Our history can be traced back to 2013 when Mr. Shan and Ms. Zhou, our co-founders, launched the first *Auntea Jenny* store in Shanghai. In 2023, our Company was converted into a joint stock company with limited liability and was renamed as Auntea Jenny (Shanghai) Industrial Co., Ltd. (滬上阿姨(上海)實業股份有限公司).

BUSINESS DEVELOPMENT MILESTONES

The following table summarizes the key milestones in our business development:

Year	Milestone
2013	Our first *Auntea Jenny* store was launched in Shanghai with "grainy milk tea" (五穀奶茶)
2015	The number of our *Auntea Jenny* stores exceeded 200
2019	We began to offer fresh fruit tea
2020	We completed Series A Financing
2021	We completed Series A+ Financing
2022	The number of our *Auntea Jenny* stores exceeded 5,000
	We were awarded 2022 Consumer Favorite Brand (2022年度消費者喜愛品牌) issued by China Brand Boao Summit (中國品牌博鰲峰會)
	We ranked Top 3 Catering Brand Store Growth for 2021-2022 (年度餐飲品牌門店增長Top 3) by Canyandata (窄門餐眼)
	We expanded our product offerings to launch stores under the *Jenny x Coffee*
2023	The number of our *Auntea Jenny* stores exceeded 7,200
	We ranked fourth in China's freshly-made tea shop market in terms of total store count as of December 31, 2023 and fifth in China's freshly-made tea shops market in terms of GMV in 2023 according to CIC
	We expanded our product offerings to launch stores under the *Version Lite*

Year	Milestone
	We completed Series B Financing
	We were awarded the most influential brand of the year (年度最具影響力品牌獎) issued by Meituan (美團)
2024	We completed Series C Financing

ESTABLISHMENT AND DEVELOPMENT OF OUR COMPANY

(1) Establishment of our Company

On November 8, 2013, our Company was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB500,000 held by Ms. Zhou and Mr. Shan as to 51.00% and 49.00%, respectively.

Upon completion of a series of registered capital increases and equity transfers between Mr. Shan and Ms. Zhou from February 2015 to July 2018, the shareholding structure of our Company was as follows:

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	*(%)*
Ms. Zhou	8,000,000	80.00
Mr. Shan	2,000,000	20.00
Total	**10,000,000**	**100.00**

(2) Equity Transfers in October 2018 and April 2020

In October 2018, Mr. Shan transferred the registered capital of our Company of RMB1,500,000 (representing 15.00% of the shareholding of the Company) to Shanghai Yuchao, an employee incentive platform which has been ultimately controlled by Mr. Shan, at nil consideration as the respective registered capital of our Company was not paid as of the date of such transfer.

In October 2018, Ms. Zhou transferred the registered capital of our Company of RMB5,500,000 and RMB500,000 (representing 55.00% and 5.00% of the shareholding of the Company) to Shanghai Puhai and Shanghai Senrui at nil consideration, respectively, as the respective registered capital of our Company was not paid as of the date of such transfer.

In April 2020, Mr. Shan further transferred the registered capital of our Company of RMB500,000 to Shanghai Yuchao at a consideration of RMB100,000, which was determined corresponding to the then paid-up capital of the Company, and Ms. Zhou transferred the registered capital of our Company of RMB2,000,000 to Shanghai Senrui at nil consideration, as the respective registered capital of our Company was not paid as of the date of such transfer.

Shanghai Puhai is a shareholding platform of the Company which was owned by Mr. Shan and Ms. Zhou as to 20.00% and 80.00% as of the Latest Practicable Date.

Shanghai Senrui was owned as to 51.00% by Mr. Shan and 49.00% by Ms. Zhou at the time of its establishment. In August 2018, in order to reward the historical contribution of Mr. Chen Zhixin (陳志新) ("**Mr. Chen**") to the Group as a consultant as of August 2018, where the consultancy services provided by Mr. Chen since August 2016 include providing professional advice to the Group on corporate culture enhancement, brand marketing, employee training system upgrading to nurture talents and improve professional competency, as well as leveraging his industry insights to assist the Group in expanding channels of business partners, the Company agreed to grant Mr. Chen share options, pursuant to which Mr. Chen is entitled to acquire 5.00% of the shareholding (equivalent to RMB500,000.000 registered share capital) of the Company at a consideration of RMB500,000 from Mr. Shan. Mr. Chen has been our consultant during the Track Record Period and is expected to be our consultant after Listing. Save as disclosed in this section, we have no other relationship with Mr. Chen. From September 2021 to December 2021, Mr. Chen fully exercised such share options through Shanghai Senrui by acquiring 20% partnership interest in Shanghai Senrui, equivalent to RMB500,000.000 registered share capital of the Company, from Mr. Shan at a consideration of RMB500,000.

Upon completion of above equity transfers, the shareholding structure of our Company was as follows:

Shareholders	**Registered capital subscribed for**	**Percentage of shareholding**
	(RMB)	*(%)*
Shanghai Puhai	5,500,000	55.00
Shanghai Senrui	2,500,000	25.00
Shanghai Yuchao	2,000,000	20.00
Total	**10,000,000**	**100.00**

(3) Series A Financing and Series A+ Financing

We have completed Series A Financing and Series A+ Financing in November 2020 and October 2021 through capital increases, pursuant to which Suzhou Yizhong Venture Capital Partnership (Limited Partnership) (蘇州宜仲創業投資合夥企業(有限合夥)) ("**Suzhou Yizhong**", the "**Series A Investor**" and "**the Series A+ Investor**") subscribed for an increased registered capital of RMB689,869 and RMB206,248 at a consideration of RMB75,000,000 and RMB53,000,000 respectively. For further details, see "— Pre-IPO Investments" below. As a result, the registered capital of our Company was increased to RMB10,896,117.

Upon completion of the Series A Financing and Series A+ Financing, the shareholding structure of our Company was as follows:

Shareholders	**Registered capital subscribed for**	**Percentage of shareholding**
	(RMB)	*(%)*
Shanghai Puhai	5,500,000	50.48
Shanghai Senrui	2,500,000	22.94
Shanghai Yuchao	2,000,000	18.36
Suzhou Yizhong	896,117	8.22
Total	**10,896,117**	**100.00**

(4) Capital Increase and Equity Transfer in July 2023 and Series B Financing

In July 2023, each of Shanghai Yuhong Enterprise Management Partnership (Limited Partnership) (上海禹翃企業管理合夥企業(有限合夥)) ("**Shanghai Yuhong**") and Shanghai Yuyun Enterprise Management Partnership (Limited Partnership) (上海禹鋆企業管理合夥企業(有限合夥)) ("**Shanghai Yuyun**"), as an employee incentive platform, each subscribed for an increased registered capital of our Company of RMB168,497 at a consideration of RMB168,497, respectively, which was determined after arms' length negotiations among the parties with reference to the par value of the registered capital increased.

On the even date, to maintain the shareholding percentage of Suzhou Yizhong in our Company immediately before and after the completion of capital increases by Shanghai Yuyun and Shanghai Yuhong as described above, Suzhou Yizhong acquired the registered capital of our Company of RMB27,715 from Shanghai Puhai at nil consideration.

We have also completed the Series B Financing in July 2023 through capital increases and equity transfers with investors as detailed below (the "**Series B Investors**"). The considerations were determined between the Series B Investors and the Group after arm's length negotiation, taking into consideration of the Group's financial position, business position and prospects, the relative valuation indicators of comparable companies as well as the then market conditions at the time of the Series B Financing. For further details, see "— Pre-IPO Investments" below. As a result, the registered capital of our Company was increased to RMB11,620,661.

Subscribers	Registered capital subscribed for/acquired	Transferor	Consideration
	(RMB)		*(RMB)*
Series B Financing			
Zhuhai Jinyiming Equity Investment Fund Partnership (Limited Partnership) (珠海金鎰銘股權投資基金合夥企業(有限合夥)) ("**Jinyi Capital**")	168,500 162,689	N/A Shanghai Senrui	58,000,000 42,000,000
Suzhou Xiangzhong Venture Capital Partnership (Limited Partnership) (蘇州祥仲創業投資合夥企業(有限合夥)) ("**Suzhou Xiangzhong**")	67,400 65,076	N/A Shanghai Senrui	23,200,000 16,800,000
Zhuhai Hengqin Zhiyi Qianrui Investment Partnership (Limited Partnership) (珠海橫琴知壹乾睿投資合夥企業(有限合夥)) ("**InnoVision Capital**")	50,550 48,807	N/A Shanghai Senrui	17,400,000 12,600,000
Beijing Desai Innovation Equity Investment Center (Limited Partnership) (北京德賽創新股權投資中心(有限合夥)) ("**Desai Innovation**")	50,550 48,807	N/A Shanghai Senrui	17,400,000 12,600,000
Shanghai Shibei Hi-tech Venture Capital Partnership (Limited Partnership) (上海市北高新創業投資合夥企業(有限合夥)) ("**Shibei Hi-tech**")	31,172 30,098	N/A Shanghai Senrui	10,730,000 7,770,000
Nanjing Xiangzhong Venture Capital Partnership (Limited Partnership) (南京祥仲創業投資合夥企業(有限合夥)) ("**Nanjing Xiangzhong**")	16,850 16,269	N/A Shanghai Senrui	5,800,000 4,200,000
Shanghai Yiyu Investment Consulting Co., Ltd. (上海頤玉投資諮詢有限責任公司) ("**Yiyu Consulting**")	2,528 2,440	N/A Shanghai Senrui	870,000 630,000

Upon completion of above capital increases, equity transfers and the Series B Financing, our shareholding structure was as follows:

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	*(%)*
Shanghai Puhai	5,472,285	47.09
Shanghai Senrui	2,125,814	18.29
Shanghai Yuchao	2,000,000	17.21
Suzhou Yizhong	923,832	7.95
Jinyi Capital	331,189	2.85
Shanghai Yuhong	168,497	1.45
Shanghai Yuyun	168,497	1.45
Suzhou Xiangzhong	132,476	1.14
InnoVision Capital	99,357	0.86
Desai Innovation	99,357	0.86
Shibei Hi-tech	61,270	0.53
Nanjing Xiangzhong	33,119	0.29
Yiyu Consulting	4,968	0.04
Total	**11,620,661**	**100.00**

(5) Conversion into a Joint Stock Limited Company in November 2023

On November 3, 2023, our Shareholders' resolutions approved, among other matters, the conversion of our Company from a limited liability company into a joint stock limited company and the change of name of our Company from Shanghai Zhenjing Industrial Co., Ltd. (上海臻敬實業有限公司) to Auntea Jenny (Shanghai) Industrial Co., Ltd. (滬上阿姨(上海)實業股份有限公司). Pursuant to the promoters' agreement dated November 3, 2023 entered into by all the then Shareholders, all promoters approved the conversion of the net assets value of our Company as of July 31, 2023 into 100,000,000 Shares of our Company with a nominal value of RMB1.00 each.

On November 8, 2023 our Company convened the inaugural meeting and passed relevant resolutions approving the conversion of our Company into a joint stock limited company, the articles of association of the Company and the relevant procedures. Upon completion of the conversion, the registered capital of our Company became RMB100,000,000 divided into 100,000,000 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company before the conversion. The conversion was completed on November 24, 2023 when our Company obtained a new business license. Immediately following the conversion, our shareholding structure was as follows:

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	*(%)*
Shanghai Puhai	47,090,996	47.09
Shanghai Senrui	18,293,400	18.29
Shanghai Yuchao	17,210,725	17.21
Suzhou Yizhong	7,949,909	7.95
Jinyi Capital	2,850,001	2.85
Shanghai Yuhong	1,449,978	1.45
Shanghai Yuyun	1,449,978	1.45
Suzhou Xiangzhong	1,140,004	1.14
InnoVision Capital	855,003	0.86
Desai Innovation	855,003	0.86
Shibei Hi-tech	527,251	0.53
Nanjing Xiangzhong	285,001	0.29
Yiyu Consulting	42,751	0.04
Total	**100,000,000**	**100.00**

(6) Series C Financing

We completed the Series C Financing in February 2024 through capital increases, pursuant to which Guangzhou Hanshuai Venture Capital Partnership (Limited Partnership) (廣州瀚率創業投資合夥企業(有限合夥)) ("**Hanshuai Investment**"), Gongqingcheng Jinxiao Venture Capital Partnership (Limited Partnership) (共青城金鴞創業投資合夥企業(有限合夥)) ("**Jinxiao Investment**"), Shanghai Yipu Enterprise Management Co., Ltd. (上海一僕企業管理有限公司) ("**Shanghai Yipu**") and Xiamen Yinlin Equity Investment Partnership (Limited Partnership) (廈門銀麟股權投資合夥企業(有限合夥)) ("**Yinlin Investment**", together with Hanshuai Investment, Jinxiao Investment and Shanghai Yipu, the "**Series C Investors**") subscribed for an increased registered capital of RMB1,000,000, RMB770,000, RMB500,000 and RMB160,000 of the Company at a consideration of RMB50 million, RMB38.50 million, RMB25 million and RMB8 million, respectively. For further details, see "— Pre-IPO Investments" below. As a result, the share capital of our Company was increased to RMB102,430,000. Upon completion of the Series C Financing, the shareholding structure was as follows:

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	*(%)*
Shanghai Puhai	47,090,996	45.97
Shanghai Senrui	18,293,400	17.86
Shanghai Yuchao	17,210,725	16.80
Suzhou Yizhong	7,949,909	7.76
Jinyi Capital	2,850,001	2.78
Shanghai Yuhong	1,449,978	1.42
Shanghai Yuyun	1,449,978	1.42
Suzhou Xiangzhong	1,140,004	1.11
Hanshuai Investment	1,000,000	0.98
InnoVision Capital	855,003	0.83
Desai Innovation	855,003	0.83
Jinxiao Investment	770,000	0.75
Shibei Hi-tech	527,251	0.51
Shanghai Yipu	500,000	0.49
Nanjing Xianghzong	285,001	0.28
Yinlin Investment	160,000	0.16
Yiyu Consulting	42,751	0.04
Total	**102,430,000**	**100.00**

THE CONCERT PARTY GROUP

On September 25, 2023, Mr. Shan and Ms. Zhou entered into a concert party agreement, pursuant to which Mr. Shan and Ms. Zhou have agreed and confirmed that the Company have been jointly controlled by them since its establishment and they have acted in concert since the establishment of the Company and will continue, and shall procure entities under their control which directly hold Shares in our Company, to act in concert in respect of the management and operations of our Company. Pursuant to the act in concert arrangements, Mr. Shan and Ms. Zhou have consulted and would consult with each other to reach a unanimous consensus among themselves at the shareholders' meeting of the Company. In the event that they are unable to reach consensus on any matter presented, they have aligned and will continue to align their votes in accordance with Mr. Shan's decisions at the shareholders' meeting of the Company.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, our Company carried out our business through our Company and our operating subsidiaries in the PRC. Set out below is the corporate information of our major subsidiaries that made a material contribution to our performance during the Track Record Period:

Name of subsidiary	Principal business	Date of establishment	Place of establishment	Share Capital	Percentage of equity interest held by our Company
Shanghai Senying ...	Catering management	June 8, 2017	PRC	RMB15 million	100%
Shanghai Pangjia ...	Supply chain management and e-commerce retail	April 9, 2021	PRC	RMB1 million	100%
Shanghai Ruizhong ..	Supply chain management	December 29, 2020	PRC	RMB20 million	100%
Zhejiang Senyi	Raw material production	June 23, 2021	PRC	RMB50 million	100%

PRE-IPO INVESTMENTS

Overview

Our Company conducted several rounds of financing with the Pre-IPO Investors. For further details, see the subsection headed "Establishment and Development of Our Company" in this section.

The following table summarizes the key terms of the Pre-IPO Investments to our Company made by the Pre-IPO Investors:

	Series A	Series A+	Series B	Series C
Amount of registered capital subscribed for/acquired *(RMB)*	689,869	206,248	761,736	2,430,000
Amount of consideration paid *(RMB)*	75,000,000	53,000,000	230,000,000[(3)]	121,500,000
Date of agreements	September 29, 2020	September 9, 2021	July 25, 2023	January 29, 2024
Date of payment in full ...	September 29, 2020	September 10, 2021	July 28, 2023	February 9, 2024
Consideration Cost per Share[(1)] *(RMB)*	11.96	28.28	34.26	50.00
Discount to the Offer Price (approximation)[(2)]	87.53%	70.53%	64.30%	47.89%

Notes:

(1) Having taken into account our conversion into a joint stock limited company in November 2023.

(2) Calculated based on the assumption that the Offer Price is HK$103.37 per H Share (being the mid-point of the indicative Offer Price range of HK$95.57 to HK$113.12).

(3) The amount of consideration paid under Series B Financing comprises of capital increases and equity transfers.

Principal terms of the Pre-IPO Investments and Pre-IPO Investors' Rights

The table below sets forth the other principal terms of the Pre-IPO Investments:

Use of proceeds from the Pre-IPO Investments	We utilized the proceeds from the Pre-IPO Investments for the principal business of our Group, including but not limited to growth and expansion of our Group's business and supply chain and the general working capital purposes. As of the Latest Practicable Date, all funds raised from the Pre-IPO Investments have been fully utilized.

Basis of determination of the consideration	The considerations for each round of Pre-IPO Investments were determined based on arm's length negotiation amongst the respective Pre-IPO Investors and our Group after taking into consideration of the timing of the investments, the status of our business operations and the prospects of the Company.
Lock-up Period	The Pre-IPO Investors are not subject to any contractual lock-up arrangement pursuant to the terms of respective Pre-IPO Investments. Pursuant to the applicable PRC law, within the 12 months following the Listing Date, all existing Shareholders (including the Pre-IPO Investors) cannot dispose of any of the Shares held by them.(1)
Special Rights of the Pre-IPO Investors	In connection with the pre-IPO investments, certain Pre-IPO Investors had been granted certain special rights against our Company including, among others, (i) pre-emptive right, (ii) information rights, and (iii) most favorable treatment; and certain special rights against our Controlling Shareholders, including, among others, (i) anti-dilution rights, (ii) redemption rights, (iii) pre-emptive right, (iv) right of first refusal and co-sale, (v) most favorable treatment, and (vi) liquidation preferences. Pursuant to the supplemental agreement to the shareholders' agreement entered into among our Company, our Controlling Shareholders, the Series A Investor, the Series A+ Investor and the Series B Investors dated October 10, 2023 and the shareholders' agreement entered into among our Company, our controlling shareholders and the Pre-IPO Investors dated February 9, 2024, the redemption rights against our Controlling Shareholders were terminated upon our Company's submission of listing application to the Stock Exchange for its listing of H Shares on the Stock Exchange, provided that the rights so terminated shall resume automatically in certain circumstances, including: (i) the Company fails to complete the Listing within 24 months after the submission of the listing application to the Stock Exchange or before March 31, 2026, and (ii) the withdrawal of the listing application or the Stock Exchange, SFC or CSRC (if applicable) rejecting the Company's listing application and the Company fails to re-file its listing application to the Stock Exchange within six months afterwards. The other special rights shall cease to be effective and be discontinued upon Listing.

Note:

(1) Assuming an Offer Price of HK$95.57 per Offer Share, being the low-end of the indicative Offer Price range set out in this prospectus, the free float of the Company is approximately 1.59%, taking into account of the lock-up arrangements under the Cornerstone Investment Agreements (assuming the Over-allotment Option is not exercised).

Strategic Benefits from Pre-IPO Investments

At the time of the Pre-IPO Investments, our Directors were of the view that our Company would benefit from the additional capital provided by the Pre-IPO Investors' investments in our Company, insights for industry, advice on business expansion or strategic direction that the Pre-IPO Investors may bring to our Company.

Our Directors are also of the view that the Pre-IPO Investors' investments in our Company demonstrated their confidence in our Group's operations and served as an endorsement of our Company's performance, strengths and prospects.

Joint Sponsors' Confirmation

On the basis that (i) the consideration for the Pre-IPO Investments was irrevocably settled no less than 120 clear days before the Listing Date; and (ii) the special rights granted to the Pre-IPO Investors shall cease to be effective and be discontinued upon the Listing (save for the redemption rights against the Controlling Shareholders as described above), the Joint Sponsors confirm that the Pre-IPO Investments are in compliance with the guidance in chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange effective from January 1, 2024.

Information about our Pre-IPO Investors

Set out below is a description of our Pre-IPO Investors as of date of the prospectus, most of them being private equity funds and strategic investment corporations, which have made meaningful investments in our Company. Each of the following Pre-IPO Investors is an Independent Third Party.

Suzhou Yizhong

Suzhou Yizhong is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Suzhou Yizhong is owned as to (i) 0.55% by Suzhou Hongwei Xinli Investment Management Co., Ltd. (蘇州宏維新力投資管理有限公司) ("**Suzhou Hongwei Xinli**"), which is owned as to 70% by Ms. Chen Meilin and 30% by Mr. Zhu Hailong, each an Independent Third Party, as its general partner; (ii) 34.48% by Hangzhou Yuzhong Venture Capital Partnership (Limited Partnership) (杭州宇仲創業投資合夥企業(有限合夥)) ("**Hangzhou Yuzhong**"), the general partner of which is Suzhou Hongwei Xinli; and (iii) 64.97% by 18 Independent Third Parties as its limited partners and none of which held one-third or more interest therein. Suzhou Yizhong is managed by Suzhou Weitelixin Venture Capital Management Co., Ltd. (蘇州維特力新創業投資管理有限公司) ("**Suzhou Weitelixin**"), which is ultimately controlled by Mr. Wei Zhe, an Independent Third Party.

Suzhou Xiangzhong

Suzhou Xiangzhong is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Suzhou Xiangzhong is owned as to i) 2.19% by Taicang Weizhong Investment Management Co., Ltd. (太倉維仲投資管理有限公司)

("**Taicang Weizhong**"), which is owned as to 60% by Ms. Chen Meilin and 40% by Mr. Zhu Hailong, each an Independent Third Party, as its general partner, ii) 0.68% by Shanghai Pangzhen Enterprise Management Partnership (Limited Partnership) (上海龐臻企業管理合夥企業(有限合夥)), a shareholding platform which is wholly owned by our co-founders, as its limited partner, and iii) 97.12% by 34 Independent Third Parties as its limited partners and none of which held one-third or more interest therein. Suzhou Xiangzhong is managed by Suzhou Weitelixin, which is ultimately controlled by Mr. Wei Zhe, an Independent Third Party. Portfolio companies held under Suzhou Xiangzhong include Chengdu Yummy Snack Commercial Management Co., Ltd. (成都零食有鳴商業管理有限公司), Nanjing Borderless Catering Management Co., Ltd. (南京無邊界餐飲管理有限公司), Evirth (Shanghai) Industrial Co., Ltd. (恩喜村(上海)實業有限公司) and Enoulite Holding Group Co., Ltd. (英氏控股集團股份有限公司).

Nanjing Xiangzhong

Nanjing Xiangzhong is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Nanjing Xiangzhong is owned as to 4.11% by Taicang Weizhong as its general partner and 95.89% by 14 Independent Third Parties as its limited partners and none of which held one-third or more interest therein. Nanjing Xiangzhong is managed by Suzhou Weitelixin, which is ultimately controlled by Mr. Wei Zhe, an Independent Third Party.

Jinyi Capital

Jinyi Capital is a private equity investment fund limited partnership established under the laws of the PRC and its general partner is Zhuhai Jinyiheng Enterprise Management Partnership (Limited Partnership) (珠海金鎰衡企業管理合夥企業(有限合夥)) ("**Zhuhai Jinyiheng**"). The general partner of Zhuhai Jinyiheng is Zhuhai Jinyifeng Enterprise Management Co., Ltd. (珠海金鎰豐企業管理有限公司), which is a wholly-owned subsidiary of Jinyi (Zhuhai) Equity Investment Management Co., Ltd. (金鎰(珠海)股權投資管理有限公司) ("**Jinyi Zhuhai**"). Jinyi Zhuhai, being the fund manager of Jinyi Capital and a registered private fund manager under the relevant PRC laws, is ultimately controlled by Mr. Song Xiaowei (宋曉威) and Mr. Li Shuai (李帥), each of whom is an Independent Third Party. None of the limited partners of Jinyi Capital hold more than one-third partnership interest. Jinyi Zhuhai primarily invests in growth enterprises in the area of "technological innovation" and "technology-driven lifestyle" in the PRC.

InnoVision Capital

InnoVision Capital is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. InnoVision Capital is owned as to (i) 3.94% by Zhuhai Zhiyi Huaxin Private Equity Fund Management Co., Ltd. (珠海知一華新私募基金管理有限公司) ("**Zhiyi Huaxin**") as its general partner, which in turn is ultimately controlled by Mr. Zhao Fu (趙福); (ii) 73.77% by Zhuhai Derui Huaxin Investment Partnership (Limited Partnership) (珠海得睿華新投資合夥企業(有限合夥)) as its limited partner and (iii) 22.29% by (Tianjin Zeshengyi Investment Partnership (Limited

Partnership)) (天津澤晟奕投資合夥企業(有限合夥)) as the other limited partner. Each of them is an Independent Third Party.

Desai Innovation

Desai Innovation is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Desai Innovation is owned as to 0.125% by Beijing Desai Innovation Enterprise Management Center (Limited Partnership) (北京德賽創新企業管理中心(有限合夥)) ("**Beijing Desai**"), an Independent Third Party, as its general partner, and 99.875% by Peking University Education Foundation (北京大學教育基金會), an Independent Third Party. Beijing Desai is managed by Shanghai Yimei Private Equity Fund Management Partnership (Limited Partnership) (上海熠美私募基金管理合夥企業(有限合夥)) ("**Shanghai Yimei**") which engages in primary and direct investments, covering healthcare, consumer, education, TMT and advanced manufacturing. Portfolio companies held under Shanghai Yimei include GDS Holdings Limited (萬國數據控股有限公司) (stock ticker/code: GDS (NASDAQ), 9698 (HKSE)) and Wuxi Lead Intelligent Equipment Co., Ltd. (無錫先導智能裝備股份有限公司) (stock code: 300450).

Shibei Hi-tech

Shibei Hi-tech is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Shibei Hi-tech is owned as to approximately (i) 0.89% by Shanghai Yibei Venture Capital Investment Management Partnership (Limited Partnership) (上海熠北創業投資管理合夥企業(有限合夥)) ("**Yibei Venture Capital**") (with Ms. Pan Longyu, an Independent Third Party, as its ultimate beneficial owner) as its general partner; (ii) 38.19% by Shanghai Shibei Hi-tech Co., Ltd. (上海市北高新股份有限公司) as its limited partner, a company listed on Shanghai Stock Exchange (stock code: 600604); and (iii) 60.92% by the other five limited partners and none of which held over one-third partnership interest. Shibei Hi-tech is managed by Shanghai Yimei. Each of them is an Independent Third Party.

Yiyu Consulting

Yiyu Consulting is a limited liability company established under the laws of the PRC and is principally engaged in equity investment. Yiyu Consulting is owned by Weng Jinghua (翁菁華) and Hong Yuchen (洪雨辰) as to 90% and 10%, respectively. Each of Weng Jinghua and Hong Yuchen is an Independent Third Party.

Hanshuai Investment

Hanshuai Investment is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Hanshuai Investment is owned as to approximately 0.10% by Guangzhou Hanhui Investment Management Co., Ltd. (廣州市瀚暉創業投資管理有限公司) as its general partner, which is ultimately controlled by Lai Chuankun (賴傳錕), and 99.90% by Ji'an Huixin Management Consulting Co., Ltd. (吉安市匯鑫管理諮詢有限公司) (formerly known as Tibet Wuseshui Venture Capital Management Co., Ltd. (西藏五色水創業投資管理有限公司)), which is owned by Liu Xinrong (柳新榮) and Tang Zhengqing (唐正青) as to 80% and 20%, as its limited partners. Liu Xinrong and Tang Zhengqing are the controlling shareholders of Jiahe Foods. Each of them is an Independent Third Party.

Jinxiao Investment

Jinxiao Investment is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Jinxiao Investment is owned as to approximately (i) 2.41% by Beijing Fangyuan Jinding Investment Management Co., Ltd. (北京方圓金鼎投資管理有限公司) ("**Jinding Investment**") as its general partner which in turn is ultimately controlled by He Fuchang (何富昌); (ii) 36.14% by Luo Haiyan (羅海岩) as its limited partner; and (iii) 61.45% by the other 11 limited partners and none of which held over one-third partnership interest. Each of them is an Independent Third Party.

Yinlin Investment

Yinlin Investment is a limited partnership established under the laws of the PRC and is principally engaged in equity investment. Yinlin Investment is owned as to approximately (i) 1% by Jinding Investment as its general partner, which in turn is ultimately controlled by He Fuchang (何富昌); and (ii) 99% by 28 limited partners and none of them holds more than one-third of its partnership interest. Each of them is an Independent Third Party. Portfolio companies held under Yinlin Investment include Xiamen Wanpisi Food Technology Co., Ltd. (廈門萬皮思食品科技有限公司), Nanjing Wanzhongdao E-commerce Co., Ltd. (南京萬眾島電子商務有限公司), Shanghai Yuanxing Enterprise Management Co., Ltd. (上海元星企業管理有限公司).

Shanghai Yipu

Shanghai Yipu is a limited liability company established under the laws of PRC and is principally engaged in equity investment. Shanghai Yipu is wholly owned by Shanghai Hi-Road Food Technology Co., Ltd. (上海海融食品科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300915), an Independent Third Party.

Our Company currently engages in or historically engaged in business with certain Pre-IPO Investors, and/or their respective ultimate beneficial owners or investment managers, which are/were carried out in our ordinary course of business, on an arm's length basis and with normal commercial terms. Apart from the foregoing, to the best knowledge of the Company, there exists no other past or present relationships (business, employment, trust, family, financing or otherwise) between each of the Pre-IPO investors and/or their respective ultimate beneficial owners or investment managers, on the one hand, and the Company and its subsidiaries, their shareholders, directors or senior management, or any of their respective associates, on the other hand, during the Track Record Period.

POST-TRACK RECORD PERIOD ACQUISITION

Jiahe Foods Acquisition

We subscribed for approximately 1.40% of the total issued shares of Jiahe Foods Industry Co., Ltd. (佳禾食品工業股份有限公司) ("**Jiahe Foods**") (a company incorporated in the PRC and listed on the Shanghai Stock Exchange (stock code: 605300)), an Independent Third Party, through participation in the private placing by Jiahe Foods with a total consideration of approximately RMB85 million which was determined with reference to the prevailing trading price of Jiahe Foods, and such consideration was fully settled on March 4, 2025 (the "**Jiahe Foods Acquisition**"). The consideration of the Jiahe Foods Acquisition was paid by our internal funds. The Jiahe Foods Acquisition is in line with our investment policy to make equity investments in the publicly listed companies engaged in provision of food and beverage that are synergistic to our strategies to further strengthen our supply chain capabilities and expand product offerings as well as support our long-term business development. The Directors are of view that the terms of the transaction are fair and reasonable and in the interests of our Shareholders as a whole.

Jiahe Foods is a company incorporated in the PRC and listed on the Shanghai Stock Exchange (stock code: 605300), principally engaged in the provision of various food and beverage solutions and one of our major supplier. According to the public available information, the total assets of Jiahe Foods amounted to approximately RMB3,111,083 thousands as of December 31, 2022, RMB3,199,888 thousands as of December 31, 2023 and RMB2,591,509 thousands as of June 30, 2024, and the revenue for the two years ended December 31, 2023 amounted to approximately RMB2,474,640 thousands and RMB2,841,275 thousands, net profit before tax for the two years ended December 31, 2023 amounted to approximately RMB152,625 thousands and RMB344,622 thousands, and the net profits after taxation for the two years ended December 31, 2023 amounted to RMB115,379 thousands and RMB256,703 thousands, respectively.

Our Company's investment in Jiahe Foods through participation in the private placing adheres to the business strategy of our Company, including but not limited to strengthening our supply chain capabilities and expanding product offerings through cooperating with Jiahe Foods. To the best of the information, knowledge and belief of the Directors having made all reasonable enquiries, Jiahe Foods and their ultimate beneficial owners are the Independent Third Parties of the Company and our connected persons.

PUBLIC FLOAT

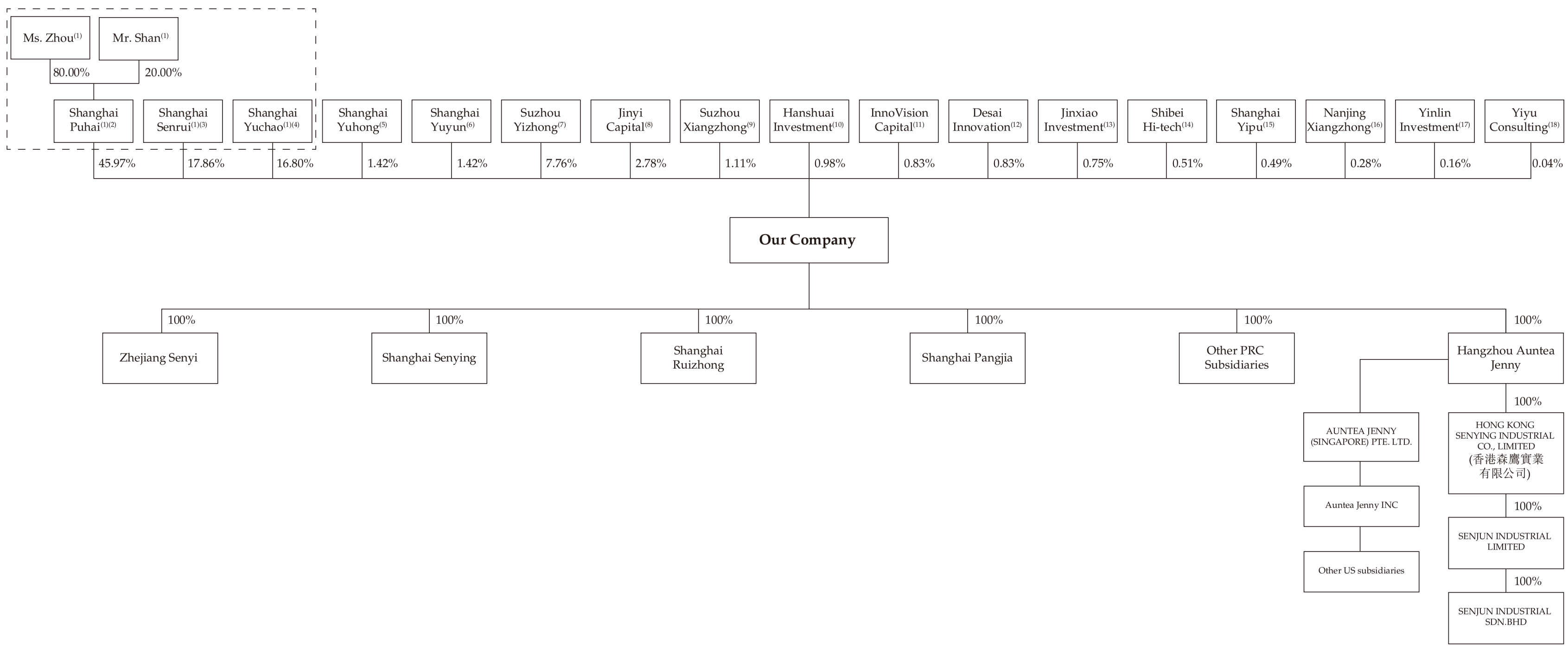
To the best knowledge, information and belief of our Directors, none of the Pre-IPO Investors is a core connected person (as defined under the Listing Rules) of our Company. The 13,332,526 H Shares to be held by Pre-IPO Investors which have filed for conversion of their Domestic Unlisted Shares to H Shares, representing approximately 13.02% of our total issued share capital immediately before completion of the Global Offering, or approximately 12.72% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised) will be counted towards the public float upon Listing. Taking into consideration of the H Shares to be issued pursuant to the Global Offering, the public float of the Company will be 15.02% upon Listing (assuming the Over-allotment Option is not exercised).

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisor has confirmed that the aforesaid capital increases and equity transfers have complied with all applicable PRC laws and regulations in all material respects.

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE GLOBAL OFFERING

The chart below sets out the simplified shareholding structure of our Company immediately before completion of the Global Offering:



Notes:

(1) On September 25, 2023, Mr. Shan and Ms. Zhou entered into a concert party agreement, pursuant to which Mr. Shan and Ms. Zhou have agreed and confirmed that the Company have been jointly controlled by them since its establishment and they have acted in concert since the establishment of the Company and will continue, and shall procure entities under their control which directly hold Shares in our Company, to act in concert in respect of the management and operations of our Company. Pursuant to the act in concert arrangements, Mr. Shan and Ms. Zhou have consulted and would consult with each other to reach a unanimous consensus among themselves at the shareholders' meeting of the Company. In the event that they are unable to reach consensus on any matter presented, they have aligned and will continue to align their votes in accordance with Mr. Shan's decisions at the shareholders' meeting of the Company. See "Relationship with Our Controlling shareholders" for further details.

(2) As of the Latest Practicable Date, Shanghai Puhai was owned as to 80.00% by Ms. Zhou and 20.00% by Mr. Shan.

(3) As of the Latest Practicable Date, Shanghai Senrui was owned as to i) 44.67% by Mr. Shan as its sole general partner and ii) 45.49% and 9.84% by Ms. Zhou and Mr. Chen as its limited partners.

(4) As of the Latest Practicable Date, Shanghai Yuchao, an employee incentive platform, was owned as to approximately i) 38.57% by Mr. Shan as its sole general partner; ii) 41.63% by Ms. Zhou as its limited partner and iii) 19.80% by 33 individuals who are current employees of our Company as its limited partners. As of the Latest Practicable Date, other than Mr. Shan, Ms. Zhou, Zhou Tianmu (周天牧), Wang Jiaxing (汪加興), Gu Liang (顧亮), Xu Na (許娜) and Chen Fangfang (陳芳芳), each of the partners of Shanghai Yuchao is an Independent Third Party.

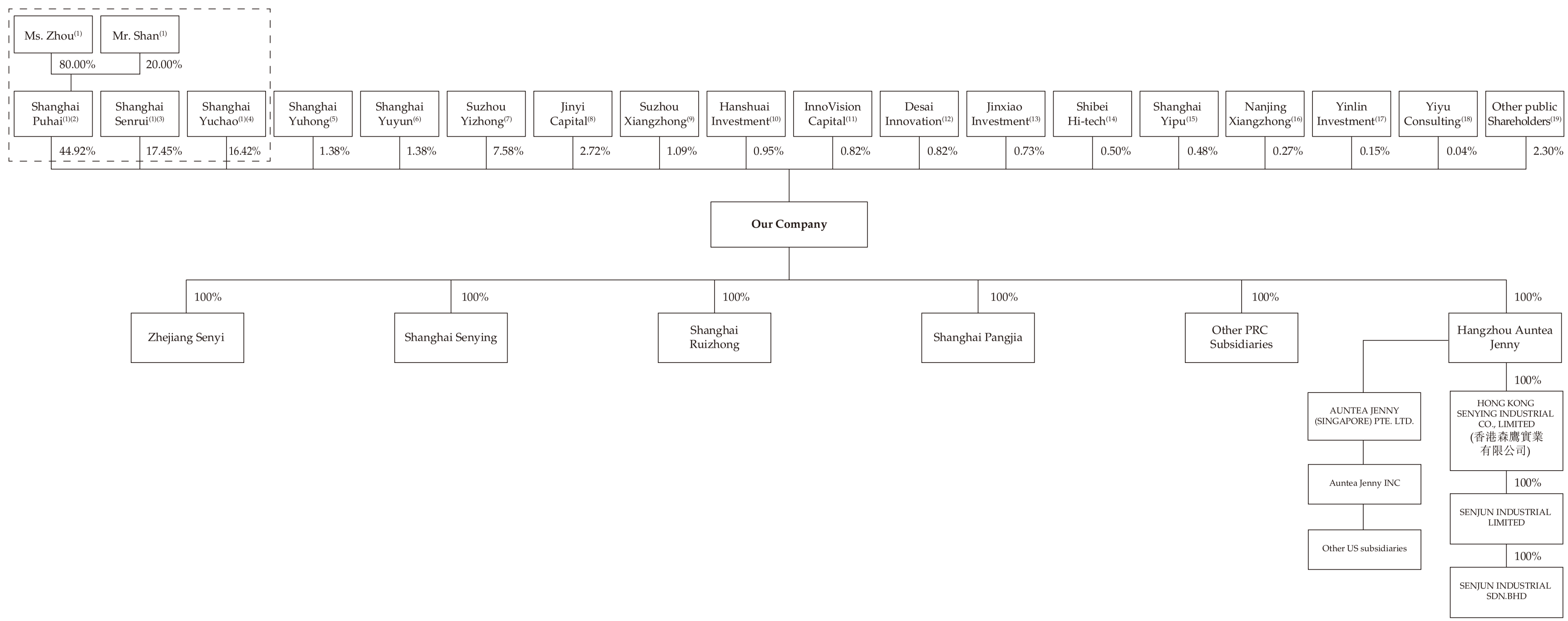
(5) As of the Latest Practicable Date, Shanghai Yuhong, an employee incentive platform, was owned as to i) 13.93% by Wang Hong (王泓) as its sole general partner and ii) 86.07% by 44 individuals as its limited partners. Each of the partners of Shanghai Yuhong is currently an employee of the Group and an Independent Third Party.

(6) As of the Latest Practicable Date, Shanghai Yuyun, an employee incentive platform, was owned as to i) 18.40% by Chen Qin (陳琴) as its sole general partner and ii) 81.60% by 34 individuals as its limited partners. Each of the partners of Shanghai Yuyun is currently an employee of the Group and an Independent Third Party.

(7)-(18) See "History, Development and Corporate Structure — Pre-IPO Investments" for further details.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE GLOBAL OFFERING

The chart below sets out the simplified shareholding structure of our Company immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised):



Notes:

(1)-(18) Please refer to the notes under Corporate Structure Immediately Before Completion of the Global Offering.

(19) The Shares held by these other public Shareholders are H Shares, which will be counted towards the public float together with 13,332,526 H Shares to be converted from Domestic Unlisted Shares. See "Share Capital" for further details of the conversion of Domestic Unlisted Shares into H Shares.

The information and statistics presented in this section and other sections of this prospectus, unless otherwise indicated, were extracted from different official government publications and other publications, and from the industry report prepared by CIC, an independent market research and consulting company that was commissioned by us, in connection with this Global Offering. The information from official government sources has not been independently verified by us, the Joint Global Coordinators, Joint Sponsors, Joint Bookrunners, Joint Lead Managers, any of the Underwriters, any of our and their respective directors, supervisors, officers, representatives, employees and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

SOURCE OF INFORMATION

China Insights Consultancy was commissioned to conduct research, provide an analysis of, and to produce a report on the freshly-made beverage market in China, and other related economic data. The commissioned report has been prepared by China Insights Consultancy independent of the influence of the Company and other interested parties. We have agreed to pay a fee of RMB720,800 to CIC in connection with the preparation of the CIC Report.

China Insights Consultancy provides industry consulting services, commercial due diligence, strategic consulting and so on. Its consultant team has been tracking the latest market trends in consumer goods and services, agriculture, chemicals, marketing and advertising, culture and entertainment, energy and industry, finance and services, healthcare, TMT, transportation, etc., and possesses the most relevant and insightful market intelligence regarding these industries.

CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics. The market projections in the commissioned report are based on the following key assumptions: (i) the overall social, economic and political environment in China is expected to remain stable during the forecast period; (ii) China's economic and industrial development is likely to maintain a steady growth trajectory during the forecast period as China's GDP is expected to grow from RMB126.1 trillion in 2023 to RMB166.9 trillion in 2028 which will further boost freshly-made tea beverage consumption, supported by sustained market demand as the per capita disposable income in China is expected to grow from RMB39.2 thousand in 2023 to RMB51.6 thousand in 2028, technological advancements, and ongoing initiatives promoting infrastructure development; (iii) key industry drivers are likely to propel the freshly-made beverage market in China forward during the forecast period, including expansion of the consumer base China's freshly-made tea consumers is expected to increase from 320.0 million in 2023 to 482.7 million in 2028, increased consumption frequency as annual consumption of freshly-made tea beverage per capita in China is projected to increase at a CAGR of 18.3% to reach 25.7 cups in 2028, growth in catering consumer spending which is expected to increase from RMB5,289.0 billion in 2023 to RMB8,671.6 billion in 2028 and enhanced store standardization; and (iv) the market will not be dramatically or fundamentally affected by any extreme force majeure events or unforeseen industry regulations.

CHINA'S FRESHLY-MADE BEVERAGE MARKET

Definition and Categorization of Freshly-Made Beverage

Freshly-made beverage refers to a beverage that is made on-site and offered directly to consumers for immediate consumption. Freshly-made beverage encompasses a range of options, including freshly-made tea beverage, freshly-brewed coffee and other freshly-made beverage such as freshly-made yogurt and fresh juice.

Category	Definition
Freshly-made tea beverage	• A type of beverage prepared on-site combining tea with other ingredients such as dairy products, fruits, grains and toppings
Freshly-brewed coffee	• A type of beverage prepared on-site using ground coffee, coffee extracts or other coffee-centric ingredients
Other freshly-made beverages	• Drinks that use bases other than tea and coffee and are prepared and sold on-site, such as freshly-made yogurt and fresh juice

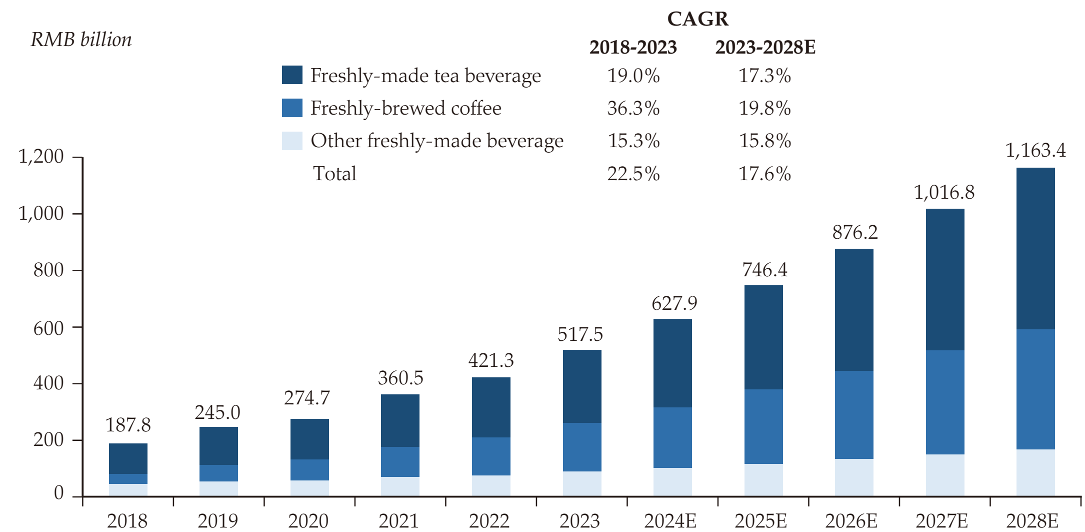
Market Size of Freshly-Made Beverage Market in China

The per capita disposable income in China has increased alongside economic growth in recent years and has reached RMB39.2 thousand in 2023 and is expected to grow to RMB52.1 thousand in 2028. Consequently, the demand for personalized and diverse consumption has grown steadily. This has resulted in the expansion of high-quality consumer goods, including freshly-made beverages. China's freshly-made beverage market has maintained a rapid growth over the past five years with the market size in terms of GMV expanding from RMB187.8 billion in 2018 to RMB517.5 billion in 2023, representing a CAGR of 22.5%. In the next five years, the market size is projected to further grow at a CAGR of 17.6%, reaching RMB1,163.4 billion in 2028.

Among the segments within China's freshly-made beverage market, the freshly-made tea beverage market holds the largest share of 50.0% in terms of GMV in 2023. This is attributable to China's rich tea culture, the innovative applications of tea and its various consumption scenarios. China's freshly-made tea beverage market grew from RMB108.5 billion in 2018 to RMB258.5 billion in 2023, and is expected to further increase at a CAGR of 17.3% to reach RMB573.2 billion in 2028. Freshly-made tea shops are the predominant sales channel for freshly-made tea beverage in China.

Emerging as the fastest-growing segment in terms of GMV over the past five years, the freshly-brewed coffee market has witnessed remarkable expansion in China. Characterized by innovation and a variety of flavors, China's freshly-brewed coffee market has increased rapidly from RMB36.6 billion in 2018 to RMB172.1 billion in 2023, and is expected to further increase at a CAGR of 19.8% to reach RMB424.2 billion in 2028.

Market size of freshly-made beverage in terms of GMV, by category, China, 2018-2028E



	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Freshly-made tea beverage	108.5	133.0	144.8	185.8	213.7	258.5	312.7	368.9	431.7	500.6	573.2
Freshly-brewed coffee	36.6	60.0	73.8	106.8	134.8	172.1	215.1	262.5	313.3	368.4	424.2
Other freshly-made beverage	42.7	52.0	56.1	67.9	72.8	86.9	100.1	115.0	131.2	147.8	166.0
Total	**187.8**	**245.0**	**274.7**	**360.5**	**421.3**	**517.5**	**627.9**	**746.4**	**876.2**	**1,016.8**	**1,163.4**

Sources: China Insights Consultancy

Market Drivers and Ongoing Trends of China's Freshly-Made Beverage Market

Expansion of chain shops and store standardization: The expansion of chain shops brings standardization of store operations, increasing the average GMV per store. Chain shops facilitate the attainment of economies of scale, cost reduction and profit increment through streamlined supply chain management and procurement practices. The standardization of store operations ensures product quality consistency, enhancing the consumer purchase experience.

Formation of a habit to consume freshly-made beverage: Several interrelated factors have stimulated the consumption of freshly-made beverages: (i) it has become more convenient for consumers to enjoy freshly-made beverage, with a steady increase in the number of freshly-made beverage shops; (ii) young people, who are the main consumers of freshly-made beverage in China, have seen their purchasing power increase, and have increasingly accepted the consumption of freshly-made beverage as a pleasant, relaxing, and indispensable part of their daily lives, with the expectation that such consumption will continue as they grow older. As a result, the frequency of consumption of freshly-made beverage is expected to increase.

Growth in the catering consumer spending: China's considerable consumer market continues to foster the dynamic growth of the catering industry. The market size of China's catering industry increased from RMB4,271.6 billion in 2018 to RMB5,289.0 billion in 2023, and is expected to reach RMB8,671.6 billion in 2028 to further grow at a CAGR of 10.4%. Due to evolving consumer demands and constant innovation by market participants, the catering industry is expected to sustain its rapid expansion, which also promotes the expansion in freshly-made beverage industry.

Supportive policies: In February 2023, the State Council issued the "Outline for Building a Quality Powerhouse" to promote the upgrade of the quality of living services and vigorously develop mass catering services including freshly-made tea shops. Furthermore, The National Development and Reform Commission published the "Measures for Restoring and Expanding Consumption" in July 2023, which proposes expanding catering consumer services, steadily promoting the construction of cold-chain facilities and improving consumer service standards to further drive up demand for consumer goods and services. Adequate support and guidance from policies can speed up the rapid expansion of the catering industry while enabling the cultivation of leading enterprises including freshly-made tea shop brands that offer diverse product offering based on innovation and consumer insights.

Digitalized and convenient delivery services: Given the prevalent adoption of information technology, functions and services such as streamlined customer management, mini program ordering and delivery services are leading to the seamless convergence of online and offline realms. Compared with offline channels, online channels, including delivery services generate a wealth of consumer insights, enabling brands to gain understanding into consumer preferences and behaviors, thereby facilitating precise marketing activities and new product launches to improve store performance. Brands that have embraced digital transformation are better positioned to conduct prompt, efficient and accurate analyses of consumption trends and store operations.

CHINA'S FRESHLY-MADE TEA SHOPS MARKET

Definition and Categorization of Freshly-Made Tea Shops

Freshly-made tea shops are tea shops that primarily serve freshly-made tea beverage and remain the main sales channels for freshly-made tea beverage in China. Freshly-made tea beverage can also be offered by coffee shops, bakeries and restaurants. In 2023, approximately 75% of the GMV in China's freshly-made tea beverage market came from freshly-made tea shops. Based on the average selling price of freshly-made tea beverage, tea shop brands in China can be classified as high-priced, mid-priced and low-priced tea shop brands.

Category	Definition
High-priced tea shop brands	• The average selling price* of freshly-made tea beverage is not lower than RMB20
Mid-priced tea shop brands	• The average selling price of freshly-made tea beverage is lower than RMB20, meanwhile higher than RMB10
Low-priced tea shop brands	• The average selling price of freshly-made tea beverage is not higher than RMB10

Note: The average selling price is calculated as the GMV generated from freshly-made tea beverage in 2023 divided by the total volume of freshly-made tea beverage sold in 2023.

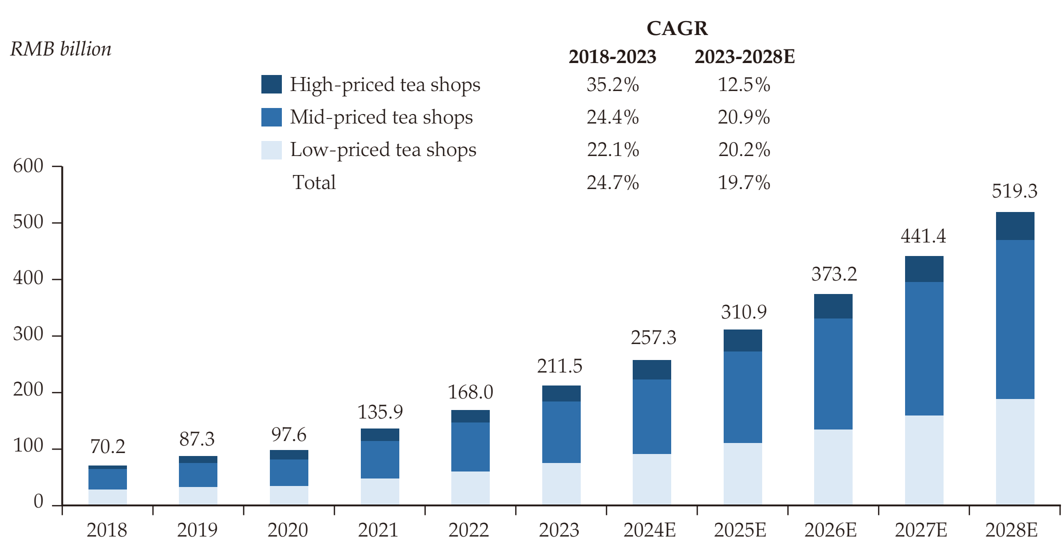
Sources: China Insights Consultancy

Market Size of Freshly-Made Tea Shops Market in China

China's total market size of freshly-made tea shops in terms of GMV was RMB211.5 billion in 2023, of which mid-priced tea shops accounted for the largest share of 51.3%. With the increasing prevalence of freshly-made beverages in China, mid-priced freshly-made tea beverage are emerging to support higher consumption frequency. Influenced by the macro environment, consumers' primary considerations for purchasing have gradually shifted in recent years. Their attention has now shifted towards the overall cost-effectiveness and health attributes of products. Positioned as "mass consumer goods", mid-priced freshly-made tea beverage have entered a period of rapid development, as mid-priced freshly-made tea shops are expected to achieve the fastest future growth from 2023 to 2028 among China's freshly-made tea shops market, with a CAGR of 20.9%. Mid-priced freshly-made tea shop brands that strike the balance of product quality and price have gained increasing popularity among consumers.

By enhancing their capabilities in areas such as product development, supply chain management and franchisee supervision, these mid-priced brands have significantly elevated the taste of their freshly-made tea offerings while upholding consistent quality standards. Total GMV generated by mid-priced freshly-made tea shops in China expanded from RMB36.4 billion in 2018 to RMB108.6 billion in 2023, registering a CAGR of 24.4%. In the next five years, mid-priced freshly-made tea shops are expected to be the largest and fastest-growing category in China's freshly-made tea shops market in terms of GMV. The total GMV generated by mid-priced freshly-made tea shops in China is expected to grow at a CAGR of 20.9% between 2023 and 2028.

Market size of freshly-made tea shops in terms of GMV, China, 2018-2028E

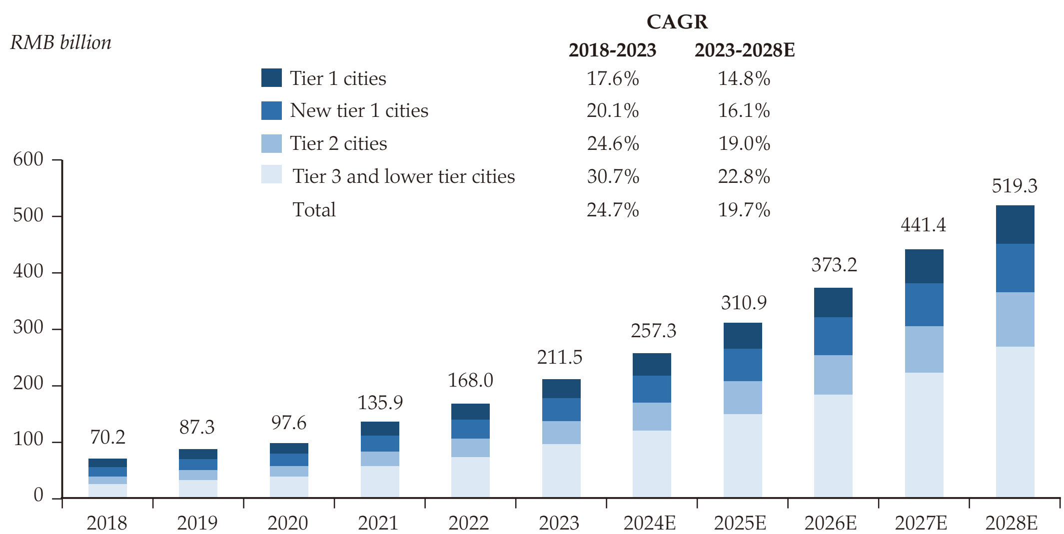


	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
High-priced tea shops	6.2	13.1	17.4	22.3	21.7	28.0	35.2	38.8	42.6	46.4	50.4
Mid-priced tea shops	36.4	42.1	46.2	66.6	86.5	108.6	131.7	161.5	196.9	236.3	280.9
Low-priced tea shops	27.6	32.1	34.0	47.0	59.8	74.9	90.4	110.6	133.7	158.7	188.0
Total	**70.2**	**87.3**	**97.6**	**135.9**	**168.0**	**211.5**	**257.3**	**310.9**	**373.2**	**441.4**	**519.3**

Sources: China Insights Consultancy

Based on economic development, population size and commercial resources, Chinese cities can be categorized into different tiers, namely first-tier, new first-tier, second-tier and third and lower-tier cities. In 2023, the GMV of the freshly-made tea shops market in these city tiers recorded RMB34.0 billion, RMB41.0 billion, RMB40.5 billion and RMB96.0 billion, respectively. Among these tiers, third and lower-tier cities, which have a substantial population, accounted for 45.4% of China's freshly-made tea shops market in 2023 in terms of GMV, and are expected to be the fastest-growing segment within China's freshly-made tea shops market in terms of GMV with a CAGR of 22.8% between 2023 and 2028.

Market size of freshly-made tea shops in terms of GMV, by city tier, China, 2018-2028E



	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Tier 1 cities	15.1	17.9	18.7	24.3	28.8	34.0	39.4	45.9	52.8	60.0	67.7
New tier 1 cities	16.4	19.9	21.7	28.3	33.7	41.0	48.6	57.3	66.5	76.4	86.6
Tier 2 cities	13.5	16.9	18.8	26.3	32.3	40.5	49.1	58.8	70.2	82.7	96.8
Tier 3 and lower tier cities	25.2	32.6	38.4	57.0	73.2	96.0	120.2	148.9	183.7	222.3	268.2
Total	**70.2**	**87.3**	**97.6**	**135.9**	**168.0**	**211.5**	**257.3**	**310.9**	**373.2**	**441.4**	**519.3**

Sources: China Insights Consultancy

In 2024, the growth of China's freshly-made tea shops market slowed down compared with 2023. The intensifying competition in the market affecting some brands' average GMV per store. Specifically: (i) Multiple competitors have launched low-priced products. More brands are entering the low-end product sector to capture the market, resulting in an intensifying competition and affecting the store performance; (ii) Leading market players are competing for prime locations, franchisees, and consumers while expanding their store networks. Especially, the increase in stores of multiple brands around high-quality locations has expanded consumer choices, leading to customer traffic dispersion and reduced the output per store.

Even so, along with the expected growth of China's economy and consumer spending, the market size is expected to further increase at CAGR of 19.2% between 2024 and 2028, considering that (i) per capita annual consumption of freshly-made tea beverages in mainland China was 11 cups in 2023, compared to over 50 cups in Hong Kong and Taiwan, both of which share a similar long-standing tea drinking culture. By 2028, per capita annual consumption of freshly-made tea beverages in mainland China is expected to more than double to 26 cups, presenting significant growth prospects; (ii) per capita annual consumption of freshly-made tea beverages in Tier 1 cities of China was 27 cups in 2023, compared to less than 10 cups in Tier 2 and below cities, leaving great potential in lower-tier markets; (iii) the number of freshly-made tea chain shops as a percentage of the total number of freshly-made tea shops in China is expected to increase from 56.1% in 2023 to 72.0% in 2028. The increase is expected to lead to higher average store-level performance in China's freshly-made tea store market and thus a larger market size overall; and (iv) in the medium to long term, both the economy in general and consumer spending in China are expected to show steady growth. Going forward, the market competition is expected to become more rational, with a more stable competitive landscape.

Market Drivers of China's Freshly-Made Tea Shops Market

Increasing purchasing power: Chinese consumers are showing growing interest in high-quality products, and their consumption habits are gradually shifting to more upscale offerings. As a result, there is a significant increase in demand for high-quality, freshly-made tea beverage. With the continuous ascent of China's per capita disposable income and residents' purchasing power, the number of freshly-made tea beverages consumers and annual consumption are projected to keep rising in the next five years. China's urbanization rate has reached 66.2% in 2023, and is expected to reach 70.6% in 2028 which will further boost freshly-made tea beverage consumption. Meanwhile, broadening of consumption scenario and the widening age group of freshly-made tea consumers will continue to drive up the number of consumers of freshly-made tea beverages. China's freshly-made tea consumers has increased from 224.8 million in 2018 to 320.0 million in 2023, with a CAGR of 7.3%, and is expected to reach 482.7 million in 2028, presenting a CAGR of 8.6% from 2023 to 2028. Freshly-made beverage consumption volume as a percentage of total fluid intake and per capita annual consumption of freshly-made beverage in China are substantially lower than those of developed markets, indicating vast potential. Among freshly-made beverage, freshly-made tea beverage is expected to remain as the largest component in China. Annual consumption of freshly-made tea beverage per capita in China has increased from 5.0 cups in 2018 to 11.1 cups in 2023, and is projected to increase at a CAGR of 18.3% to reach 25.7 cups in 2028.

Continuous evolvement in categories, quality and drinking experience of freshly-made tea beverage: In the face of growing competitiveness within the freshly-made tea beverage industry, brands of freshly-made tea shops have embarked on a journey of product diversification and innovation, which will potentially appeal to a wider consumer base, and also create new experiences and further stimulate consumption for existing consumers. This extends to areas like tea base extraction techniques, scents and distinctive fruit combinations. Simultaneously, these brands are dedicated to elevating product quality to maintain cost-efficiency and the loyalty of their customer base. Additionally, freshly-made tea shop brands are focused on enriching the consumer experiences by creating warm in-store atmospheres, intricate product design and the facilitation of seamless sales channels.

Steady growth in the number of freshly-made tea shops, especially chain shops: Increasing number of freshly-made tea shops can raise the availability and accessibility for consumers. In contrast to independent tea shops, chain tea shops capitalize on economies of scale, enabling rapid expansion and fueling the overall surge in the number of freshly-made tea shops across China. This subsequently bolsters the accessibility of these products for consumers. Chain tea shops as a percentage of total freshly-made tea shops increased from 39.0% in 2018 to 56.1% in 2023, and is expected to reach 72.0% by 2028. The large proportion of chain tea shops holds the potential to standardize store operations and elevate the quality of product and service in freshly-made tea shop industry. Offering value-for-price products with unwavering quality can magnetize a larger customer base, foster repeat purchases and cultivate robust customer loyalty. This in turn amplifies average GMV per store and a faster industry growth.

Development of online channels and delivery services: Online channels bring multiple advantages to the freshly-made tea shop industry, such as ease of purchase and delivery, multi-channel availability and innovative marketing, helping brands expand their influence and market share. Consumers can access freshly-made tea beverage through numerous channels, including physical storefronts, delivery services and online platforms. With the proliferation of mobile Internet and mobile payment, along with the ongoing digitization of China's catering industry, food delivery accounts for a growing percentage of the total GMV of freshly-made tea shops, from 16.8% in 2018 to 45.0% in 2023, and projected to reach 51.1% in 2028. Meanwhile, online channels brands to gain insights of consumer preferences, thereby enhancing marketing outcomes.

The idea of mass entrepreneurship prevails: The "Mass Entrepreneurship, Mass Innovation" aspiration catalyzes a surge of innovation and entrepreneurship across China. Franchise entrepreneurship offers the advantage of brand recognition with a wealth of operational experience. The catering industry has low entry barrier with high market potential, making it a popular choice among the would-be entrepreneurs. Compared with other categories of catering establishments, the initial investment needed for freshly-made tea shops are significantly lower, which can attract more potential franchisees. The growing number of potential franchisees can further boost growth in China's freshly-made tea shop industry.

Ongoing Trends of China's Freshly-Made Tea Shops Market

Product upgrades: The evolving preference towards healthier and superior quality options is propelling the refinement of freshly-made tea beverage, and inventive tea shops can better adapt to the shifting consumer demand, especially in lower-tier markets. The consistent evolution of tea product assortments ensures more stable sales. Furthermore, prominent brands are also venturing beyond traditional tea beverage offerings, diversifying their product range to align with evolving demand and widening consumption scenarios, such as developing innovative flavors and ingredients of freshly-made tea beverage. Such a proactive approach to new product releases can drive up repeat purchases and customer commitment.

Enhanced upstream supply chain management: Consumers' demand for raw materials quality and product development prompts freshly-made tea shop brands to upgrade their supply chain, including raw materials procurement, production and processing, warehousing and logistics. Direct sourcing from the place of origin or self-established production bases, along with standardized quality control protocols for raw materials, facilitates a reliable raw material supply with stringent quality standards. Meanwhile, establishing warehousing and distribution hubs in key regions across the country reduces the transportation time and distance between raw materials and stores. Careful management of incoming raw material storage also guarantees optimal freshness.

Brand awareness: A freshly-made tea shop brand with a stable brand image is more easily recognized and chosen in the market, and consumers are more inclined to purchase products from brands they are familiar with and trust. In a fiercely competitive market, distinguishable branding can help freshly-made tea shop brands stand out among competitors, creating a unique competitive advantage. The increasing significance and efforts in brand and community building could benefit freshly-made tea shop brands to enhance customers experiences and thus stickiness. Non-branded freshly-made tea shops will be at a competitive disadvantage.

COMPETITIVE LANDSCAPE OF CHINA'S FRESHLY-MADE TEA SHOPS MARKET

Competitive Landscape of China's Freshly-Made Tea Shops Market

China's freshly-made tea shops market is highly competitive, with the total number of freshly-made tea shops reaching roughly 464 thousand by the end of 2023. The market was historically fragmented and has continued to consolidate. As of December 31, 2023, the Group ranked fourth in terms of total store count of 7,789; fourth in China's freshly-made tea shop market in terms of number of cups sold of 0.6 billion cups, with a market share of 4.5%; and fifth in China's freshly-made tea shop market in terms of GMV amounting to RMB9.7 billion in 2023, with a market share of 4.6%. The Group is the fastest-growing freshly-made tea shop brand in terms of the growth rates of total store count and GMV among the five largest freshly-made tea shop brands in China in terms of total store count in 2022 and 2023 according to CIC. The Group's total store count increased by 40.5% from 3,776 stores as of December 31, 2021 to 5,307 stores as of December 31, 2022, and increased by 46.8% from 5,307 stores as of December 31, 2022 to 7,789 stores as of December 31, 2023. The Group's GMV increased by 45.8% from RMB4,161.1 million in 2021 to RMB6,068.0 million in 2022, and by 60.4% from RMB6,068.0 million in 2022 to RMB9,731.8 million in 2023.

Ranking of top five freshly-made tea shop brands in terms of GMV, China, 2023

Rank	Brand	List price range of major products	GMV, 2023	Market share in terms of GMV
			(RMB billion)	
1	Brand A	2-8	42.7	20.2%
2	Brand B	10-18	19.2	9.1%
3	Brand C	10-22	16.9	8.0%
4	Brand D	15-24	10.5	5.0%
5	**The Group**	**7-22**	**9.7**	**4.6%**

Note:

Brand A is operated by a Hong Kong listed multi-brand freshly-made tea beverage company, founded in 1999 headquartered in Zhengzhou Henan, China.

Brand B is operated by a Hong Kong listed freshly-made tea beverage company, founded in 2010 headquartered in Hangzhou Zhejiang, China.

Brand C is operated by a Hong Kong listed freshly-made tea beverage company, founded in 2008 headquartered in Chengdu Sichuan, China.

Brand D is operated by a private freshly-made tea beverage company, founded in 2017 and headquartered in Chengdu Sichuan, China.

In terms of total store count, the Group ranked third among China's mid-priced freshly-made tea shop brands as of December 31, 2023. As of December 31, 2023, there are approximately 198 thousand mid-priced freshly-made tea shops in China, of which 56 thousand are located in northern China. During the same period, The Group ranked first in terms of total store count in northern China among China's mid-priced freshly-made tea shop brands. Also, the Group has the most extensive store network in China in terms of the number of cities covered, among mid-priced freshly-made tea shop brands in China as of December 31, 2023, indicating strong penetration than other mid-priced freshly-made tea shop brands. The Group ranked fourth in China's mid-priced freshly-made tea shop market in terms of GMV, with a market share of approximately 8.9% in 2023.

As of December 31, 2023, approximately 49.4% of The Group's stores are located in third and lower-tier cities, higher than the average of the top five mid-priced freshly-made tea shop brands.

Ranking of top five mid-priced freshly-made tea shop brands in China, in terms of total store count, as of December 31, 2023

Rank	Brand	List price range of major products	Approximate total store count, December 31, 2023	Approximate total store count in Northern China[1], December 31, 2023	Number of covered cities, 2023	GMV, 2023	Percentage of stores located in third-tier and below cities, December 31, 2023
						(RMB billion)	
1	Brand B	10-18	~9,000	~570	~200	19.2	~49%
2	Brand C	10-22	7,801	~2,100	344	16.9	41.6%
3	**The Group**	**7-22**	**7,789**	**3,995**	**344**	**9.7**	**49.4%**
4	Brand E	10-20	~7,000	~1,600	~315	7.0	~54%
5	Brand F	10-20	~4,300	~1,000	~220	8.7	~30%

Note:

(1) Northern China refers to provinces located in the north of Qinling-Huaihe Line, and the provinces with more than 50% of the area located in the north of this line.

(2) Brand E is operated by a private freshly-made tea beverage company, founded in 2007 headquartered in Chengdu Sichuan, China.

Brand F is operated by a private freshly-made tea beverage company, founded in 1997 and headquartered in Taiwan, China, which entered the mainland China market in 2007.

Sources: China Insights Consultancy

As of December 31, 2022, in terms of total store count, the Group ranked fifth in China's freshly-made tea shops market and fourth in China's mid-priced freshly-made tea shops market. In 2022, in terms of GMV, the Group ranked sixth in China's freshly-made tea shops market and fifth in China's mid-priced freshly-made tea shops market.

Key Success Factors of China's Freshly-made Tea Shops Market:

- **Capabilities of store expansion and penetration into third and lower-tiers cities:** Opening new stores is a direct factor to promote the GMV and revenue of freshly-made tea shop brands. In China, cities categorized as third and lower-tier collectively have a population of nearly 0.9 billion, but the prevalence of freshly-made tea shops remain comparatively modest than that in high-tiers cities. As the purchasing powers of consumers in third and lower-tiers cities increase, the freshly-made tea shops market will show great potential in third and lower-tier cities, and the capability to penetrate into third and lower-tier cities is a pivotal for freshly-made tea shop brands' enduring growth and development.

- **Product development:** Sustaining consumer interest relies on product development. Brands must simultaneously update their classic products and introduce new offerings to meet consumers' evolving tastes and preferences. Failure to do so will result in losing their appeal and novelty to existing consumers.

- **Efficient selection and management of franchisees:** It is essential for brands that use the franchise model to carefully choose franchisees based on their capability and cultural alignment with the brand. Once franchisees join the brand, it is crucial to maintain strict control over their operations as high-performing franchisees can enhance sales figures and promote the brand's reputation, whereas under-performing franchisees can undermine the brand's reputation.

- **Established and sophisticated in nationwide warehousing and logistics:** The logistics of leading freshly-made tea shop brands encompass high frequency, small batch, rapid and multi-point distribution, posing high demands on warehousing, logistics and freshness preservation technology. A well-developed logistics and warehousing system directly affect the geographical coverage, market response time and operational strength of freshly-made tea shop brands.

- **High-level digitalization:** Freshly-made tea shop brands with strong consumer insights can improve their membership program to incentivize more consumers to join. Digital operations have become essential for shop productivity, guiding product launches and pricing strategies towards consumer preferences and improving sales performance. Digital strength such as digital store inspections can also streamline business processes and increase efficiency.

Entry Barriers of China's Freshly-made Tea Shops Market

- **The ability to continuously create high-value and popular products at attractive price point:** Intense competition in the freshly-made tea shops market motivates consumers' pursuit of products with better value for affordable prices. Leading freshly-made tea shop brands that can offer products with better value-for-price will see rapid growth, and new entrants face high demands on the product development strength and supply chain operation strength.

- **Capabilities of product quality control and standardization:** When selecting freshly-made tea beverage from various freshly-made tea shop brands, consumers are becoming more cautious and selective towards safety and taste. Therefore, brands need to enforce rigorous internal quality standards and operational procedures. New market entrants may struggle to maintain product quality while expanding stores, resulting in low customer retention and gradual erosion of their market positions.

Challenges of China's Freshly-made Tea Shops Market

- **Stable supply of ingredients:** In the midst of the highly competitive freshly-made tea shop market, maintaining a stable supply of essential raw materials and offering distinguishable product poses a challenge for freshly-made tea shop brands. This is especially true for the freshly-made fruit tea beverage, where the perishable fruits with limited sourcing range pose significant seasonal constraints. Overcoming this challenge and guaranteeing a year-round supply of top-notch fruit is crucial for industry advancement.

- **Food safety and hygiene compliance risks:** The freshly-made tea shop industry faces the typical food safety and hygiene compliance risks prevailing in the catering sector. Freshly-made tea shop brands must proactively manage food safety by controlling aspects such as beverage production, store environment and personnel to avert food safety incidents and negative public opinion risks in all stores.

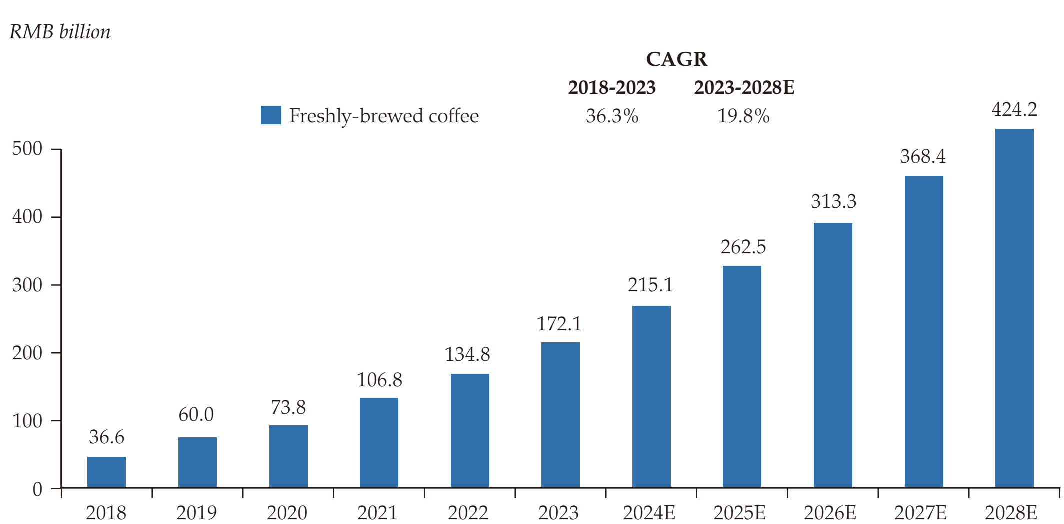
CHINA'S FRESHLY-BREWED COFFEE MARKET

Market Size of Freshly-Brewed Coffee Market in China

Freshly-brewed coffee is a a type of beverage prepared on-site using ground coffee, coffee extracts or other coffee-centric ingredients.

The freshly-brewed coffee market in China is still in the early stages of development compared to more established markets, but has significant growth potential. The total size of China's freshly-brewed coffee market, as measured by GMV, surged from approximately RMB36.6 billion in 2018 to approximately RMB172.1 billion in 2023, with a remarkable CAGR of 36.3%. The market size of the freshly-brewed coffee industry in China is expected to continue expanding at a CAGR of 19.8%, reaching approximately RMB424.2 billion by 2028, powered mainly by innovative flavored coffee.

Market size of freshly-brewed coffee in terms of GMV, China, 2018-2028E



Market Drivers, Opportunities and Ongoing Trends of China's Freshly-Brewed Coffee Market

Increasing consumption base and frequency: Freshly-brewed coffee is increasingly gaining acceptance among consumers in China, leading to a surge in its consumer base and annual consumption. The number of freshly-brewed coffee drinkers grew from 41.4 million people in 2018 to 131.9 million people in 2023, representing a CAGR of 26.1% during this period, and is projected to reach 257.0 million people in 2028. Meanwhile, the average annual freshly-brewed coffee consumption per capita is also rising, projected to grow from 5.5 cups in 2023 to 13.4 cups in 2028, with a CAGR of 19.5%.

Vast market potential in lower-tier markets: The penetration of freshly-brewed coffee in lower-tier markets are significantly lower than that of higher-tier cities. Meanwhile, the continuous expansion of chain freshly-brewed coffee brands as well as the development of specialty coffee beverages which can be easily adopted by vast consumers allow room for development. Thus, there are vast underlying market potential for freshly-brewed coffee industry in lower-tier cities.

Cross-selling opportunities: More and more brands of freshly-brewed coffee and freshly-made tea beverage are entering each other's fields to seize cross-selling opportunities and enhance operating efficiency. Most existing freshly-brewed coffee shops and freshly-made tea shops choose to introduce supplementary tea and coffee products to complement their existing product categories rather than establishing standalone stores, as the launch of new categories means an expansion in revenue streams and profits.

Competitive Landscape of China's Freshly-Brewed Coffee Market

The freshly-brewed coffee market in China is competitive as there are approximately 120 thousand freshly-brewed coffee shops by the end of 2023, and freshly-brewed coffee can also be offered by freshly-made tea shops, bakeries, and restaurants. The total market share of five largest freshly-brewed coffee shop brands held 44.9% in terms of GMV and 52.4% in terms of number of cups sold in 2023. The Group sold 11.9 million cups of freshly-brewed coffee, reaching a market share of 0.2% and achieved RMB192 million in GMV, reaching a market share of 0.1% in China's freshly-brewed coffee industry in 2023. The price per cup in the market generally ranges from RMB5 to RMB40, and the Group's price range for key coffee products is typically RMB13 to RMB23 per item.

Entry Barriers of China's Freshly-Brewed Coffee Market

Strong branding capabilities: Brand image is an important factor in the freshly-brewed coffee industry as it can have an impact on consumer choice. Freshly-brewed coffee brands with effective branding strategies have the potential to appeal to new customers while also strengthening the brand identity of existing ones. This can lead to increased customer loyalty and repeat purchases. This strategic approach can also provide a competitive advantage for the brand.

Operational standardization: Leading companies have successfully implemented a standardized and comprehensive operational system from procurement to in-store beverage preparation, enhancing efficiency and supporting sustained long-term store network expansion. While small and new entrants in the freshly-brewed coffee market may face challenges in achieving operational standardization quickly, it is important to prioritize the establishment of such systems as they are crucial for long-term success.

Threats of China's Freshly-Brewed Coffee Market

Raw materials and labor costs: Freshly-brewed coffee brands face major cost components, including raw materials and labor costs. Food commodities are subject to market pricing, and labor costs are consistently increasing. These fluctuations and trends may pose challenges to the development and profitability of freshly-brewed coffee brands.

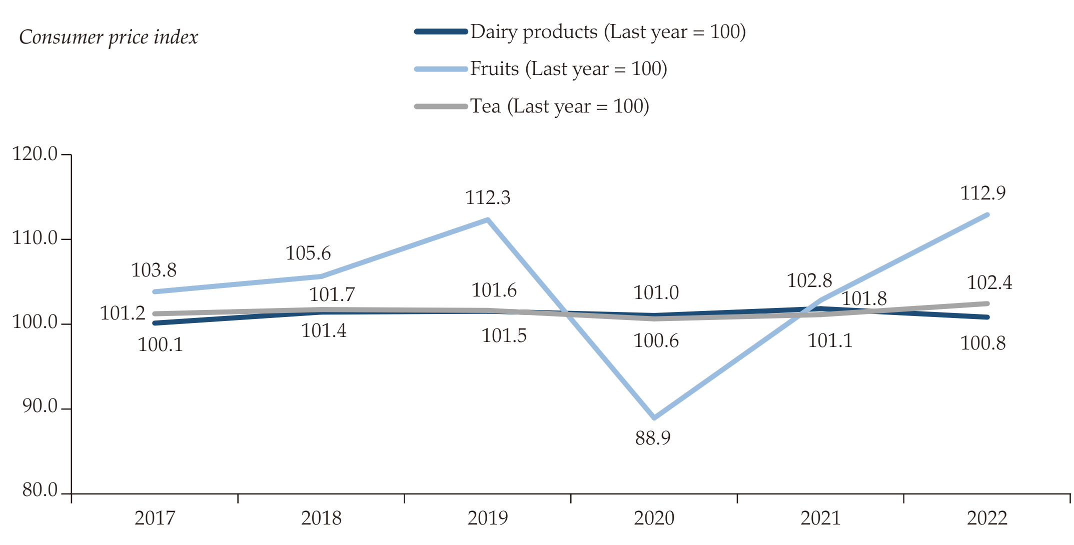
Food safety: Managing food safety and hygiene compliance is a challenge that can be effectively addressed in the freshly-brewed coffee market. Companies in this market must proactively control key aspects, as non-compliance with food safety requirements can result in loss of customers, harm to brand reputation, and legal and regulatory risks.

Intense competition: The competition in the freshly-brewed coffee market in China is becoming increasingly fierce. With the expansion of the store network, leading market participants are competing for prime locations, franchisees, and consumers. The intense competition for key resources may limit the ability of different companies to gain advantageous positions and partnerships, thereby potentially affecting operational efficiency and market share.

COST ANALYSIS OF FRESHLY-MADE BEVERAGE MARKET IN CHINA

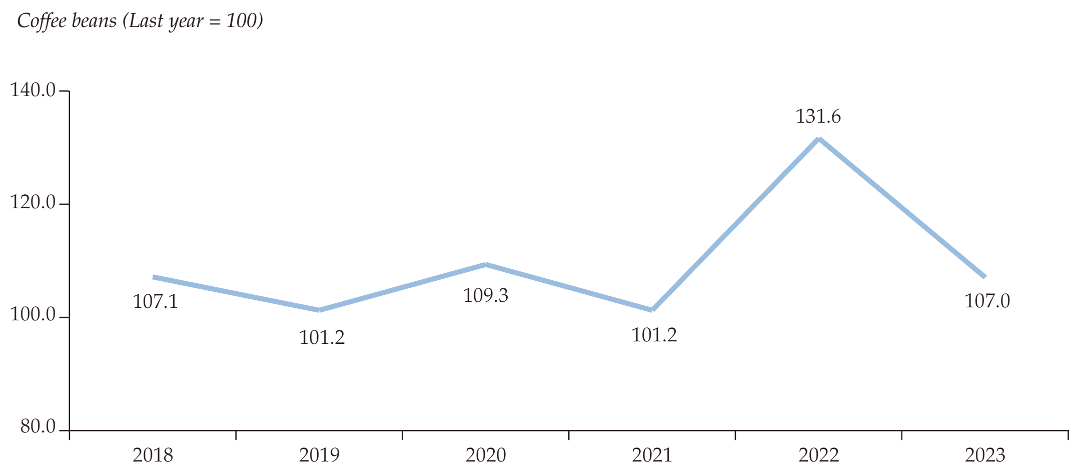
Raw materials cost has been a significant cost component for freshly-made beverage industry in China. The consumer price index ("CPI") of fruits, which are extensively utilized in tea shops, has displayed fluctuations, but overall has indicated rising tendency from 103.8 in 2017 to 112.9 in 2022. On the other hand, the CPI of dairy products and tea, other crucial ingredients, has remained relatively steady, experiencing a gradual increase from 100.1 and 101.2 in 2017 to 100.8 and 102.4 in 2022, respectively. The import unit value index for coffee beans in China remained relatively stable from 2018 to 2021, increased significantly in 2022, but subsequently declined in 2023.

Consumer price index for dairy products, fruits and tea, China, 2017-2022



Sources: NBS, China Insights Consultancy

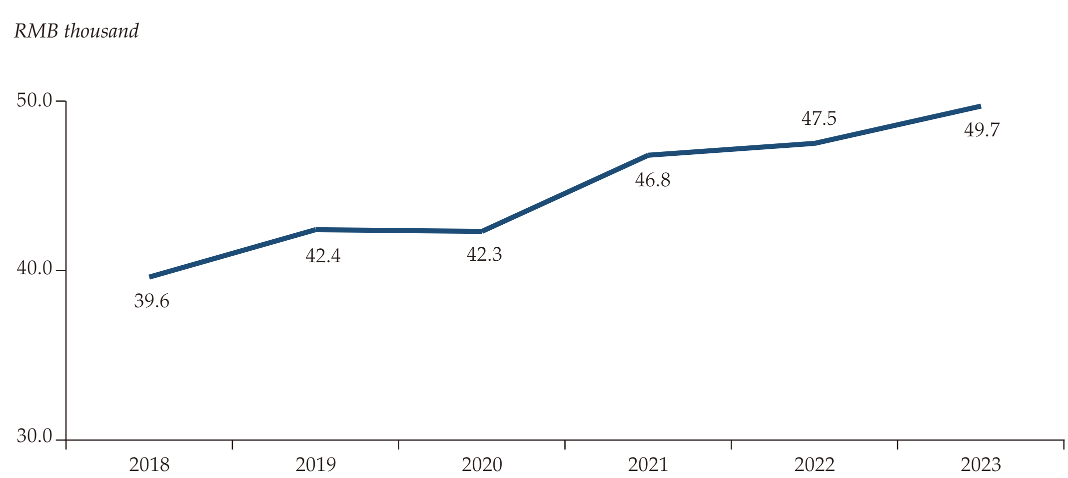
Import unit value index for coffee beans, China, 2018-2023



Sources: General Administration of Customs of the PRC, China Insights Consultancy

With the advancement of China's economy, the average annual salary of employees in the private sector of the catering industry escalated from RMB39,632 in 2018 to RMB49,681 in 2023, demonstrating a CAGR of 4.6%. This upward trajectory is projected to persist owing to economic progress, urban expansion and inflation.

Average annual salary of employees in the private sector* of the catering industry, China, 2018-2023



Note: Private sector is defined as the sector which is running by private individuals or groups, usually as a means of enterprise for profit, and is not controlled by the state.

Sources: NBS, China Insights Consultancy

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

PRC REGULATIONS

REGULATIONS ON CORPORATION

The establishment, operation and management of corporate entities in the PRC are governed by the PRC Company Law (《中華人民共和國公司法》) (the "**PRC Company Law**"), which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") in December 1993 and further amended in December 1999, August 2004, October 2005, December 2013, October 2018 and December 2023, respectively. The latest amendment is effective since July 2024. According to the PRC Company Law, companies are generally classified into two categories: limited liability companies and companies limited by shares. The PRC Company Law also applies to foreign-invested limited liability companies and companies limited by shares. According to the PRC Company Law, where laws on foreign investment have other stipulations, such stipulations shall prevail.

General

A "joint stock limited company" is an incorporated enterprise in China under the PRC Company Law with independent legal person properties and entitlements to such legal person properties and with its registered capital divided into shares of equal par value. The liability of the company for its debts is limited to all the properties it owns and the liability of its shareholders for the company is limited to the extent of the shares they subscribe for.

Shareholders' Meetings

According to the PRC Company Law, a shareholders' meeting for a company limited by shares is constituted by all shareholders, functioning as the company's authoritative body.

A shareholders' meeting is required to be held once every year. An extraordinary meeting is required to be held within two months in case of certain events specified in the PRC Company Law.

Shareholders present at a shareholders' meeting have one vote for each share they hold, save that the company's shares held by the company are not entitled to any voting rights.

Resolutions of the shareholders' meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, except matters relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by at least two-thirds of the voting rights held by the shareholders present at the meeting.

The shareholders may appoint the entrusted representative to attend a shareholders' meeting; the entrusted representative shall submit a power of attorney to the company and exercise the voting rights within the scope of authorization.

Transfer of Shares

Share transfers are permissible under the PRC Company Law, either on a stock exchange or through other methods as required by the State Council. Registered shares may be transferred following shareholder endorsement or by methods specified in laws and regulations. After transfer, the company updates its share register. No changes of registration in the share register described above shall be effected during a period of 20 days prior to convening a shareholders' meeting or 5 days prior to the record date for the purpose of determining entitlements to dividend distributions, unless otherwise stipulated by laws on the registration of changes in the share register of listed companies.

Certain restrictions apply to share transfers: shares issued before public issuance may not be transferred within one year of the company's listing on a stock exchange. Directors, supervisors and senior management must declare their shareholdings and may transfer up to 25% annually during their terms, with additional restrictions outlined in the PRC Company law. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and senior management.

REGULATIONS ON FOOD SERVICE INDUSTRY

Food Safety

The regulatory framework is anchored in the Food Safety Law of the PRC (《中華人民共和國食品安全法》), initially promulgated on February 28, 2009 and last amended on April 29, 2021. Under this law the State Council implemented a licensing system for food production and trading activities, any person or entity that engages in food production, food selling or catering services shall obtain the license in accordance with the Food Safety Law.

The Implementation Rules of the Food Safety Law (《中華人民共和國食品安全法實施條例》), initially promulgated by the State Council on July 20, 2009 and last amended on October 11, 2019, further clarifies specific measures and penalties for food producers and food business operators who fail to comply with required measures.

According to the Administrative Measures of Food Production Licensing (《食品生產經營監督檢查管理辦法》) promulgated by the SAMR on December 24, 2021 and effective on March 15, 2022, the SAMR is responsible for supervising and guiding the supervision and inspection of food production and business operation nationwide and may organize supervision and inspection when necessary.

The Measures for Investigation and Punishment of Illegal Acts concerning the Safety of Food Sold Online (《網絡食品安全違法行為查處辦法》), which were promulgated by China Food and Drug Administration (now merged into SAMR) on July 13, 2016 and last amended on April 2, 2021, stipulate the rules for investigation and punishment of violations of food safety laws, regulations or rules or food safety standards committed by the providers of third-party online food trading platforms and the food producers and traders engaging in trade through the third-party platforms or self-built websites within the territory of the PRC.

Food Production Licensing

According to the Administrative Measures of Food Production Licensing (《食品生產許可管理辦法》) promulgated by the SAMR on January 2, 2020 and effective on March 1, 2020, entities that engage in food production activities within the territory of PRC shall obtain the food production license. The food production licensing is subject to the "one entity, one license" principle, that is, to engage in food production activities, one food producer shall obtain one food production license.

Food producers shall display their original food operation licenses prominently at their sites of production. Where the licensed items specified in the food production license need to be changed, the food producer shall, within 10 business days after the changes take place, file an application for such change with the market regulatory authority which originally issued the license. If the production site of the food producer is relocated, the food production licensing shall be reapplied.

Operating without a proper food production license by food producers or food business operators, including where the food produced by food producers does not fall into the food categories specified in the food production license, may lead to severe penalties as outlined in Article 122 of the Food Safety Law, under which their illegal income, foods or food additives from the illegal food production or business activities, tools, equipment, raw materials used in the illegal production or business activities shall be confiscated by the authorities; where the value of the food or food additives from the illegal manufacturing or business activities is less than RMB10,000, a fine ranging from RMB50,000 to RMB100,000 shall be imposed; where the value of the food or food additives is RMB10,000 or more, a fine ranging from 10 to 20 times the value of the food or food additives shall be imposed.

Food Operation Licensing

According to the Administrative Measures for Food Operation Licensing and Record-filing (《食品經營許可和備案管理辦法》), which was recently promulgated on June 15, 2023 by SAMR and became effective on December 1, 2023, entities involved in food selling and catering services within the territory of PRC shall obtain the food operation license which is valid for 5 years. Applications of food operation licenses shall be filed according to food operators' types of operation and classification of operation projects. Food operators shall display their original food operation licenses prominently at their sites of operation. If the licensing items which are indicated on a food operation license change, the food operator shall, within 10 business days after the changes take place, apply with the SAMR which originally issued the license for alteration of the operation license. Engaging in food operation activities without a valid food operation license incurs penalties made by local market regulatory authorities at or above the county level according to Article 122 of the Food Safety Law.

Online Catering Services

According to Measures for the Supervision and Administration of the Safety of Food Offered through Online Catering Services (《網絡餐飲服務食品安全監督管理辦法》) promulgated by China Food and Drug Administration (now merged into SAMR) on November 6, 2017 and amended on October 23, 2020, online catering service providers shall have physical stores and obtain food operation license in accordance with the law, and engage in operations on the basis of the business forms and operation items specified on food operation license, and shall not operate beyond the business scope specified on food operation license. If the online catering service providers operate their business without any physical stores, or fail to obtain the food operation licenses in accordance with the law shall be punished by the local market regulatory authorities at or above the county level according to Article 122 of the Food Safety Law.

Food Recall

The Administrative Measures for Food Recall (《食品召回管理辦法》) was promulgated by China Food and Drug Administration (now merged into SAMR) on March 11, 2015 and was most recently amended on October 23, 2020, according to which food producers and dealers shall be the primary persons responsible for food safety, establish and improve the relevant management rules, collect and analyse food safety information, and perform the obligations to cease the food production and business operation, recall and disposal of unsafe foods in accordance with the law. Where a food producer becomes aware that any food it produced and distributed is unsafe by such means as self-examination, complaints and reporting of the general public, and notification of dealers and regulatory authorities, it shall voluntarily recall such food. Where a food business operator caused the food unsafe due to its own reason within its business scope, it shall voluntarily recall such food in accordance with the provisions of relevant laws and regulations.

REGULATIONS ON PRODUCT QUALITY AND CONSUMER RIGHTS PROTECTIONS

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and last amended on December 29, 2018, the seller shall be responsible for the repair, replacement or return of the product sold if (i) the product sold does not have the function for use that it is supposed to have, and no prior indication is given of such a situation; (ii) the product sold does not conform to the applied product standard as carried on the product or its packaging; or (iii) the product sold does not conform to the quality indicated by such means as a product description or physical sample. If a consumer incurs losses because of purchased product, the seller shall compensate for such losses.

On May 28, 2020, the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**") was adopted by the NPC, which became effective on January 1, 2021, according to which, a manufacturer or a commercial seller is subject to liability for harm to persons or property caused by the product defects. The infringed may seek compensation from the manufacturer or the commercial seller. Where the infringed seeks compensation from the commercial seller, the commercial seller shall have the right to make a claim against the liable manufacturer after it has made compensation.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) (the "**Customer Protection Law**") was promulgated by the SCNPC on October 31, 1993 and was amended on August 27, 2009 and October 25, 2013. This law serves to safeguard consumers' rights during the purchase or use of goods and services. According to the Customer Protection Law, business operators must ensure that the commodities they sell meet safety requirements for personal or property safety, provide customers with authentic information about the commodities and guarantee the quality, function, usage and term of validity of the commodities. Non-compliance with the Customer Protection Law may result in civil liabilities for business operators, include refunding purchase prices and compensation, administrative penalties such as confiscation of illegal income, fines, orders to suspend business for rectification, and revocation of business licenses. In severe cases where business operators commit crimes by infringing upon the legitimate rights and interests of customers, criminal penalties may be imposed.

REGULATIONS ON FRANCHISED COMMERCIAL OPERATION

Franchised operation is subject to the supervision and administration of the Ministry of Commerce and its local competent commercial departments. These activities are currently regulated by the Regulations on the Administration of Commercial Franchised Operation (《商業特許經營管理條例》) promulgated by the State Council on February 6, 2007 and effective on May 1, 2007. This regulation is later supplemented by the Administrative Measures for the Record-filing of Commercial Franchises (《商業特許經營備案管理辦法》) promulgated by the Ministry of Commerce on December 12, 2011 and effective on February 1, 2012, and the Administrative Measures for the Information Disclosure of Commercial Franchise (《商業特許經營信息披露管理辦法》) promulgated by the Ministry of Commerce on February 23, 2012 and effective on April 1, 2012.

According to these regulations, franchisers may engage in franchised operation activities on conditions that they shall have a mature operation model and be able to provide long-term operation guidance, technical support, training services and other service support for franchisees, as well as owning at least two direct-sale stores in China with the operation period being more than one year. Where franchisers fail to conduct franchised activities in accordance with the above provisions, punishment may be imposed, such as confiscating the illegal proceeds and imposing a fine of above RMB100,000 but less than RMB500,000, and an announcement will be made by the Ministry of Commerce or the local competent department of commerce. The franchise contract itself must include specific provisions covering terms, termination rights and payment details.

Franchisers shall, within 15 days after having concluded a franchise contract for the first time, report it to the commercial administrative department for archival filing. Where a franchiser engages in franchised activities within the scope of two or more provincial areas, it shall file with the Ministry of Commerce. Filing shall be performed by the franchisers complying with the above applicable regulations through the information management system for commerce franchises established by the Ministry of Commerce. In addition, franchisors shall, prior to March 31 of each year, report to the archival filing authority the information regarding the franchise contracts concluded, revoked, terminated and renewed during the previous year.

In case of any changes to franchisers' filing information, such changes shall also be filed with the relevant commercial department after occurrence. Where franchisers fail to file in accordance with such regulations, relevant commercial departments may order the franchiser to file within a stipulated period and impose a fine ranging from RMB10,000 to RMB50,000. Failure to file within the stipulated period may render a fine ranging from RMB50,000 to RMB100,000, and a public announcement.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Trademarks

Trademarks are protected by the PRC Trademark Law (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and effective on November 1, 2019, as well as the Implementation Regulations of the PRC Trademark Law (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002 and amended on April 29, 2014, pursuant to which, the Trademark Office of National Intellectual Property Administration, or the Trademark Office, is responsible for trademark registrations and administration, and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the first or any renewed ten-year term. In addition, the Trademark Office shall have the right to investigate infringement of exclusive rights to use registered trademarks pursuant to the law; where the case constitutes a criminal offence, the case shall be promptly forwarded to the judicial authorities for handling pursuant to the law.

Copyrights

Pursuant to the PRC Copyright Law (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990 and last amended on November 11, 2020, as well as the Implementing Regulations of the PRC Copyright Law (《中華人民共和國著作權法實施條例》) promulgated by the State Council on August 2, 2002 and last amended on January 30, 2013, the PRC citizens, legal persons or other organizations shall, enjoy copyright in their works, whether published or not. Works shall refer to original intellectual achievements in the fields of literature, art and science which can be expressed in a certain form, including works of literature, art, natural science, social science, engineering technology and computer software. Where the copyright or copyright-related rights are infringed, the infringer shall make compensation based on the actual losses suffered by the holder of rights or the illegal income of the infringer; where it is difficult to compute the actual losses of the holder of rights or the illegal income of the infringer, compensation may be made with reference to the royalties for such rights. In the case of intentional infringement of copyright or copyright-related rights, where the case is serious, compensation may be paid ranging from one to five times the amount determined pursuant to the aforesaid method.

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 last amended on October 17, 2020, as well as the Detailed Rules for the Implementation 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 January 9, 2010 and last amended on December 11, 2023, the National Intellectual Property Administration is responsible for administering patents in the PRC. The rules provide for three types of patents, "invention", "utility model" and "design." The duration of patent rights for an invention shall be 20 years, the duration of patent rights for a utility model shall be 10 years and the duration of patent rights for a design shall be 15 years, commencing from the filing date.

Domain Names

According to Internet domain name registration and related matters are primarily regulated by the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology (the "**MIIT**") on August 24, 2017 and effective on November 1, 2017, the MIIT is in charge of the administration of PRC Internet domain names. According to and the Implementing Rules of Registration of Country Code Top-level Domain Name (《國家頂級域名註冊實施細則》) (the "**ccTLD Registration Rules**"), promulgated by the China Internet Network Information Center (the "**CNNIC**") on June 18, 2019 and effective on the same day, pursuant to which, the CNNIC is responsible for the daily administration of CN domain names and Chinese domain names. Use of domain name by providers of Internet information services shall comply with laws and regulations and the relevant provisions of the telecommunication administrative authorities, and shall not use a domain name to carry out illegal acts.

REGULATIONS ON THE SANITATION OF THE PUBLIC ASSEMBLY VENUE

The Regulation on the Administration of Sanitation in Public Places (《公共場所衛生管理條例》) effective on April 1, 1987 and last amended on December 6, 2024, and the Implementation Rules of the Regulation on the Administration of Sanitation in Public Places (《公共場所衛生管理條例實施細則》) effective on May 1, 2011 and last amended on December 26, 2017, were promulgated by the State Council and the Ministry of Health (later known as National Health Commission of the PRC), respectively. The adoption of these regulations aims to establish favorable and hygienic conditions in public assembly venues, mitigating the risk of disease transmission and ensuring the well-being of the public. In accordance with the guidelines set by local health and family planning administrations, operators of public assembly venues, including restaurants, must acquire hygiene permits issued by the local health authority.

The Decision of the State Council on the Integration of Sanitary Permits and Food Operation Licenses in Public Places for Restaurant Services (《國務院關於整合調整餐飲服務場所的公共場所衛生許可證和食品經營許可證的決定》), which was promulgated by the State Council on February 3, 2016, cancels the hygiene permits issued by the local health authorities for four kinds of public places, including restaurants, cafes, bars and teahouses. The relevant food safety licenses are integrated into the food operation licenses issued by the food and drug regulatory authorities, which are licensed and unified by the food and drug regulatory authorities.

REGULATIONS ON REAL ESTATE LEASING

In line with the Civil Code, individuals owning either real or movable property have the legal entitlement to possess, utilize, generate income from and dispose of their property as per legal provisions. With the lessor's approval, the lessee is permitted to sublease the rented premises to a third party, and in such cases, the original lease agreement between the lessee and the lessor remains valid. However, if the lessee subleases the premises without the lessor's consent, the lessor reserves the right to terminate the lease. According to the Interpretation of Supreme People's Court on Several Issues Concerning the Specific Application of Law in the Trial of Cases Involving Disputes over Contracts for Lease of Urban Houses (Amended in 2020) (《最高人民法院關於審理城鎮房屋租賃合約糾紛案件具體應用法律若干問題的解釋》(2020年修正)) promulgated on 2020.12.29, the lease contract concluded between a lessor and a lessee for a property that has not obtained the construction project planning permits or has not been constructed in accordance with the construction project planning permits shall be invalid.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to the Administrative Measures on Leasing of Commodity Housing, both the lessor and the lessee are obligated to complete property leasing registration and filing procedures within 30 days from the execution of the property lease agreement. This must be done with the development authorities or real estate authorities of the municipality or county where the leased property is situated. Failure to comply may result in a corrective order within a specified timeframe, and if not rectified, a fine ranging from RMB1,000 to RMB10,000 may be imposed for each lease agreement by the relevant authorities.

REGULATIONS ON FIRE PREVENTION

The Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) (the "**Fire Prevention Law**") was promulgated by the SCNPC on April 29, 1998 and was last amended on April 29, 2021. In accordance with the Fire Prevention Law, before a public gathering place is put into use or opens for business, the constructing entity or the entity utilizing the facility shall apply to the fire and rescue department of the local people's government at or above the county level at the place where the place is located for fire safety inspection. Any public gathering place put into use or operated without passing the fire safety inspection or without satisfying the fire safety requirements, will result in an order to cease construction, utilization, production or operation. Furthermore, a fine ranging from RMB30,000 to RMB300,000 may be imposed.

According to the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and last amended on August 21, 2023, special construction projects is required to be filed for an application for fire protection final inspection, while construction projects other than special construction projects requiring fire protection designs in accordance with the national technical standards of fire protection for construction projects shall go through the fire safety acceptance filing, and the competent housing and urban-rural development authorities shall conduct random inspections on the fire safety acceptance of other construction projects filed. According to the Fire Prevention Law and the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects, any special construction projects put into use without passing the fire protection acceptance check, or failure to suspend the use of any construction projects other than special construction projects which fail to pass the random inspection on fire safety acceptance, shall be ordered to discontinue the construction, use, production or operation and be fined ranging from RMB30,000 to RMB300,000. Any constructing entity fails to go through the fire safety acceptance filing for any construction projects other than special construction projects shall be ordered to make corrections and imposed a fine of not more than RMB5,000 by the competent housing and urban-rural development authorities.

REGULATIONS ON ENVIRONMENTAL PROTECTION

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the "**Environmental Protection Law**"), was promulgated by the SCNPC on December 26, 1989 and last amended on April 24, 2014. The Environmental Protection Law has been formulated for the purposes of environmental protection and improvement, prevention and treatment of pollution and other hazards, protection of public health, promoting development of ecological civilization, promoting sustainable economic and social development. According to the provisions of the Environmental Protection Law, all organizations and individuals shall bear the obligation for environmental protection. Pursuant to the Environmental Protection Law, construction projects that have environmental impact shall be subject to an environmental impacts assessment. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Such installations shall comply with the requirements of the approved environmental impact assessment documents and shall not be arbitrarily removed or left idle. Consequences of violations of the Environmental Protection Law include warnings, fines, rectification within a time limit, forced shutdown or criminal punishment.

Under the Law of the PRC 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 and last amended on December 29, 2018, the State Council has instituted an environmental impact assessment (the "**EIA**") system, categorizing construction projects based on their environmental impact. Constructing entities shall prepare an environmental impact report (the "**EIR**"), or an environmental impact statement (the "**EIS**"), or fill out the EIR Form according to the following rules: (i) for projects with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive assessment of their environmental impacts;

(ii) for projects with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialized assessment of the environmental impacts; and (iii) for projects with very small environmental impacts, an EIS is not required but an EIR form shall be completed.

According to the Classified Administration Catalog of Environmental Impact Assessments for Construction Projects (2021 version) (《建設項目環境影響評價分類管理名錄(2021年版)》), which was promulgated by the Ministry of Ecology and Environment of the PRC On November 30, 2020 and became effective on January 1, 2021, food and beverage services are not included in the scope of environmental impact assessment in the management of construction projects.

REGULATIONS ON WORK SAFETY

Under relevant construction safety laws and regulations, including the PRC Work Safety Law (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002, last amended on June 10, 2021, and effective on September 1, 2021, production and operating business entities must establish the all-staff work safety responsibility system and work safety rules and regulations, and improve the working environment and conditions for workers in a planned and systematic way. Producers and business operators shall provide their employees with education and training on work safety to ensure that the employees acquire the necessary knowledge about work safety, are familiar with the relevant rules for work safety and safe operating procedures, master the safety operating skills for the posts, understand the emergency handling measures for accidents and are aware of their rights and obligations in respect of work safety. No employee who fails to pass the examination after receiving education and training on work safety may be assigned to work. The emergency administration under the State Council and its local counterparts are responsible for supervision and control over work safety.

REGULATIONS ON CYBERSECURITY

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), which became effective on June 1, 2017. According to the Cybersecurity Law, no individual or organization may steal or otherwise unlawfully obtain any personal information, or sell or unlawfully provide any personal information to others. Network operators must comply with applicable laws and regulations and fulfill their obligations to safeguard network security in conducting business and providing services. Network service providers must take technical and other necessary measures as required by laws to safeguard the operation of networks, respond to network security events effectively, prevent illegal and criminal activities and maintain the integrity, confidentiality and usability of network data.

On December 28, 2021, Measures for Cybersecurity Review (《網絡安全審查辦法》) was issued by CAC jointly with other governmental authorities, which took effect on February 15, 2022. Under the Measures for Cybersecurity Review, the procurement of network products and services by critical information infrastructure operators and the data processing activities conducted by network platform operators which affect or may affect national security shall be subject to cybersecurity review. Besides, according to Article 7 of the Measures for Cybersecurity Review, a network platform operator who processes the personal information of more than one million users and is seeking for listing in a foreign country must apply for a cybersecurity review. In addition, according to Article 16 of the Measures for Cybersecurity Review, member organizations of the cybersecurity review working mechanism may initiate cybersecurity review towards network products, network services and data processing activities ex officio. The Cyber Security Review Office may voluntarily conduct a cyber security review if any network products and services, activities of data process or listing of companies overseas affects or may affect national security. Pursuant to the Cyber Security Review, any violation shall be punished in accordance with the Cyber Security Law and the Data Security Law, the sanctions under which include, among others, government enforcement actions and investigations, fines, penalties and suspension of our noncompliant operations.

On September 24, 2024, the State Council promulgated the Network Data Security Management Regulation (《網絡數據安全管理條例》), which has come into force on January 1, 2025. The Network Data Security Management Regulation is not only the first at the administrative regulation level specifically for network data security, but it also serves as a comprehensive implementing regulation for the compliance requirements set out by the Cybersecurity Law, the PRC Data Security Law, and the Personal Information Protection Law. The Network Data Security Management Regulation introduces several key obligations, including requiring network data handlers to specify the purpose and method of personal information processing, as well as the types of personal information involved, before any personal information is handled. It also outlines the obligations of those handling important data, establishes broader contractual requirements for data sharing between data handlers, and introduces a new exemption for regulatory obligations regarding cross-border data transfers. We further reaffirm our commitment to conducting data processing activities in accordance with applicable laws and regulations following the implementation of the Network Data Security Management Regulation. For example, as a network data handler processing personal information of more than 10 million people, we shall comply with some of the obligations of important data processors, specify the person in charge of network data security and the network data security management body, and perform the various responsibilities for network data security protection. Overall, we and our PRC Legal Advisor do not identify any material impediment for us to be in compliance.

REGULATIONS ON PERSONAL INFORMATION AND DATA PROTECTION

The Cybersecurity Law stipulates the following: (i) when collecting and using personal information, network operators must adhere to the principles of legitimacy, appropriateness and necessity. They are required to disclose rules regarding data collection and use, clearly articulate the purposes, methods, and scope of collecting and using information, and obtain consent from the individuals whose data is being collected; (ii) network operators are prohibited from collecting personal information unrelated to the services they provide, and they must not violate laws, administrative regulations or the consent given by individuals in terms of data collection and usage. Furthermore, they are obligated to handle saved personal information in accordance with laws, administrative regulations, and agreements made with the individuals; (iii) personal information collected should not be disclosed, tampered with or destroyed without the prior consent of the individuals concerned. Exceptions exist when the information has been processed to prevent the identification of specific individuals and cannot be restored.

The Data Security Law of the PRC (《中華人民共和國數據安全法》), which was promulgated by the SCNPC on June 10, 2021 and took effect on September 1, 2021, provides that China shall establish a data classification and grading protection system, formulate the important data catalogs to enhance the protection of important data and establish national core data management system to provide stricter protection of national core data. The law requires that data processing activities adhere to the provisions of laws and administrative regulations. Establishing and completing a data security management system for the entire workflow is crucial. Organizations must conduct data security education and training, employ appropriate technical measures and take necessary steps to ensure data security. This includes reinforcing risk monitoring, implementing immediate disposition measures and promptly reporting to relevant authorities in case of data security incidents. Furthermore, any organization or individual engaging in data collection must use lawful and proper means, and the acquisition of data by theft or other illegal means is strictly prohibited. Processors of important data are obliged to designate a person responsible for data security and management agencies. They must implement data security protection responsibilities, conduct periodic risk assessments for data processing activities and submit risk assessment reports to the relevant authorities as specified by the law.

Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), which was issued by the SCNPC on August 20, 2021 and effective on November 1, 2021, provides detailed rules on processing personal information and legal responsibilities, including but not limited to the general principles of processing personal information, the legal bases for processing personal information, the individuals' rights and the handlers' obligations in the processing of personal information, the requirements on data localization and cross-border data transfer, and the requirements on processing of sensitive personal information. Critical information infrastructure operators and personal information handlers, particularly those processing personal information beyond the threshold amount set by the CAC, are mandated to store personal information collected and generated within the territory of the People's Republic of China. If there is a need to transfer such information abroad, a security assessment organized by the CAC must be successfully completed. Personal information handlers must implement various measures to ensure that their processing of personal information complies with applicable laws and administrative regulations, and to prevent unauthorized access, as well as the unauthorized disclosure, alteration or loss of personal information. These measures include: (1) establishment of internal management rules and operational procedures, (2) implementation of classified management for personal information, (3) adoption of security technical measures such as encryption and de-identification, (4) reasonable determination of operational privileges related to personal information processing, coupled with regular security education and training for employees, (5) development and organization of emergency plans for handling incidents related to the security of personal information, and (6) implementation of any other measures mandated by laws and administrative regulations.

Company violates the Personal Information Protection Law in processing personal information may face penalties, fines, suspension of relevant business or revocation of the business license.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Labor Contract Law

According to the Labour Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994 and last amended on December 29, 2018, enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, educate labourers in labour safety and sanitation in the PRC. Labour safety and sanitation facilities shall comply with state-fixed standards. Enterprises and institutions shall provide labourers with a safe workplace and sanitation conditions which are in compliance with state stipulations and the relevant articles of labour protection. The PRC Labour Contract Law (《中華人民共和國勞動合同法》, which was promulgated by the SCNPC on June 29, 2007 and amended on December 28, 2012, is primarily aimed at regulating employee/employer rights and obligations, including matters with respect to the establishment, performance and termination of labour contracts. Pursuant to the PRC Labour Contract Law, labour contracts shall be concluded in writing if labour relationships are to be or have been established between enterprises or institutions and the labourers. Enterprises and institutions are forbidden to force labourers to work beyond the time limit and employers shall pay labourers for overtime work in accordance with the laws and regulations. In addition, labour wages shall not be lower than local standards on minimum wages and shall be paid to labourers in a timely manner.

Social Insurance

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. In accordance with the Social Security Law of the PRC (《中華人民共和國社會保險法》) which was last amended on December 29, 2018 and other applicable laws and regulations, employers who fail to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times of the amount in arrears.

According to the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilising the Collection of Social Security Contributions (《人力資源和社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) issued on September 21, 2018, local authorities at all levels responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises in a centralized manner. The Notice of the State Administration of Taxation on Implementing Measures to Further Support and Serve the Development of Private Economy (《國家税務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》) issued on November 16, 2018 and the Notice on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《關於印發〈降低社會保險費率綜合方案〉的通知》), promulgated by the General Office of the State Council on April 1, 2019, also emphasize that the historical unpaid arrears of enterprises shall be properly treated, or in the process of the reform of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises in a centralized manner.

Housing Provident Fund

In accordance with the Regulations on the Management of Housing Funds (《住房公積金管理條例》) which was promulgated by the State Council on April 3, 1999 and last amended on March 24, 2019, employers shall register at the competent managing center for housing provident funds and upon the examination by such managing center of housing provident funds, these enterprises shall complete procedures for opening an account at the relevant bank for the deposit of employees' housing provident funds. Employers are also required to pay and deposit housing provident funds on behalf of their employees in full and in a timely manner. With respect to employers who violate the above regulations and fail to complete housing provident fund contribution registration or open housing provident fund accounts for their employees, such employers shall be ordered by the competent managing center of housing provident funds to complete such procedures within the prescribed period. Those who do not fulfill these procedures within the specified timeframe will be liable to a fine ranging from RMB10,000 to RMB50,000. In cases of overdue or insufficient payment of the housing provident fund in contravention of the regulations, the housing provident fund managing center is authorized to instruct pertinent employers to make contributions within the designated period. Failure to comply may result in an application to a people's court for compulsory enforcement.

REGULATIONS ON TAXATION

Principal Taxation of Our Company In the PRC

Enterprise Income Tax

According to the Law of the PRC on Enterprise Income Tax (《中華人民共和國企業所得稅法》) (the "**Enterprise Income Tax Law**") that was last amended and came into effect on December 29, 2018, a resident enterprise refers to an enterprise that is established within the PRC, or which is established under the law of a foreign country (region) but whose de-facto management body is within the PRC. A resident enterprise is obligated to pay enterprise income tax on its earnings originating from both within and outside the PRC at a fixed rate of 25%.

According to Notice on Implementation of Inclusive Tax Relief Policy for Small Low-profit Enterprises (《關於實施小微企業普惠性稅收減免政策的通知》) effective on January 1, 2019, Announcement on Implementation of Income Tax Incentives for Micro and Small Enterprises and Individually-owned Businesses (《關於實施小微企業和個體工商戶所得稅優惠政策的公告》) effective on January 1, 2021, Announcement on Further Implementation of Income Tax Incentives for Small Enterprises with Meager Profits (《關於進一步實施小微企業所得稅優惠政策的公告》) effective on January 1, 2022, Announcement on Preferential Income Tax Policies for Small Enterprises with Meager Profit and Individually-owned Businesses (《關於小微企業和個體工商戶所得稅優惠政策的公告》) effective on January 1, 2023, and Announcement on Relevant Tax Policies for Further Supporting the Development of Micro and Small-sized Enterprises and Individually Owned Businesses (《關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》) effective on January 1, 2023, micro and small-sized enterprises are able to enjoy additional incentive policies regarding enterprise income tax.

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》) which were promulgated by the State Council on December 13, 1993, last amended and became effective on November 19, 2017, and the Implementing Rules for the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) which were promulgated by the MOF on December 25, 1993, last amended on October 28, 2011 and became effective on November 1, 2011, all enterprises and individuals involved in the sale of goods, provision of processing, repair and replacement services, sale of services, intangible assets or immovable properties, as well as the importation of goods within the territory of PRC, are obligated to pay value-added tax (VAT). The standard VAT tax rates are generally simplified to 17%, 11%, 6% and 3%. Small-scale taxpayers are subject to a reduced VAT tax rate of 3%.

Pursuant to Notice on Adjusting Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) that was promulgated by the MOF and the SAT on April 4, 2018 and came into effect on May 1, 2018, for taxpayers engaging in taxable sales or import of goods, the previously applicable VAT rates of 17% and 11% are adjusted to 16% and 10%, respectively.

Pursuant to the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) that was promulgated by the MOF, the SAT and General Administration of Customs on March 20, 2019 and came into effect on April 1, 2019, for taxpayers engaging in taxable sales or import of goods, the previously applicable VAT rates of 16% and 10% are adjusted to 13% and 9%, respectively.

Taxation 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》) (the "**Individual Income Tax Law**") which was promulgated on September 10, 1980 and last amended on August 31, 2018 by the SCNPC, and came into effect on 1 January 2019, and the Regulations for the Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which were last amended by the State Council on December 18, 2018 and came into effect on January 1, 2019, Dividends disbursed by PRC enterprises to individual investors are generally subject to a flat-rate withholding tax of 20%. In the case of a foreign individual who is not a resident of the PRC, receiving dividends from a PRC enterprise usually incurs an individual income tax of 20%, unless granted specific exemptions by the tax authority of the State Council or reduced by pertinent tax treaties.

Corporate Investors

According to the Enterprise Income Tax Law, and the Regulations for the Implementation of the Law of the PRC on Enterprise Income Tax (《中華人民共和國企業所得稅法實施條例》) that were last amended and came into effect on January 20, 2025, where a non-resident enterprise has not set up any institutions or establishments in China, or it has done so, but its income generated in the PRC is irrelevant to the said institutions or establishments, it shall pay tax on the portion of its income generated in the PRC (including dividends received from a PRC resident enterprise whose shares are issued and listed in the Hong Kong Special Administrative Region) and the enterprise income rate is generally 10%. The aforementioned income tax owed by a non-resident enterprise must be deducted at the source. The entity making the payment is responsible for withholding. At the time of payment or when the payment becomes due and payable, the withholding entity must deduct the income tax from the payment or the amount due and payable.

The Notice of the Issues Concerning Withholding Enterprise Income Tax on the Dividends Distributed by PRC Resident Enterprises to Overseas H-share Non-PRC Resident Enterprise Shareholders (《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》) that was promulgated by the SAT and came into effect on November 6, 2008, further clarifies that with regard to dividends generated after January 1, 2008, PRC resident enterprises must withhold and pay enterprise income tax at a tax rate of 10% on dividends distributed to H-share non-PRC resident enterprise shareholders. The Reply of the Imposition of Enterprise Income Tax on B-share and Other Dividends of Non-resident Enterprises (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) that was promulgated by the SAT on July 24, 2009, further provides that any PRC resident enterprise listed on any overseas stock exchange must withhold enterprise income tax at a rate of 10% on dividends of 2008 and thereafter distributed to non-PRC resident enterprise shareholders. Such tax rates may be further changed pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

Taxes on Income from Transfer of Equity

Individual Investors

According to the Individual Income Tax Law and its implementation regulations, individuals shall pay the individual income tax at the rate of 20% on their income from the sale of equity in PRC resident enterprises.

In accordance with the Circular of the Declaring that Individual Income Tax Continues to Be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) that was promulgated by the MOF and the SAT on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares of listed companies remains exempted from individual income tax. The Circular of Issues concerning the Individual Income Tax on Individuals' Income from the Transfer of Restricted Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) which was jointly promulgated on December 31, 2009 by the MOF, the SAT and the China Securities Regulatory Commission (the "**CSRC**"), provided that income from the transfer of shares of listed companies on relevant domestic stock exchanges by individuals shall continue to be exempted from income tax, except the relevant restricted shares as defined in Supplemental Circular of Issues concerning the Individual Income Tax on Individuals' Income from the Transfer of Restricted Shares of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》). As of the Latest Practicable Date, foresaid provisions don't specify whether income tax on the transfer of shares of a PRC resident enterprise listed on an overseas stock exchange by a non-PRC resident would be levied.

Corporate Investors

According to the Enterprise Income Tax Law and its implementation regulations, non-PRC resident enterprise, which has not established any institutions or establishments in China, or if it has, but its income generated in China is unrelated to those institutions or establishments, is required to pay tax on the portion of its income generated in China. This includes gains from the disposal of shares of PRC resident enterprises, and the generally applicable enterprise income tax rate is 10%. It's worth noting that such tax may be subject to reduction or elimination under applicable tax treaties or arrangements.

REGULATIONS ON FOREIGN EXCHANGE

The Regulations on the Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》), which were issued by the State Council on January 29, 1996, last amended and became effective on August 5, 2008, classify all international payments and transfers into current account items and capital account items. Pursuant to these regulations and other PRC rules and regulations on currency conversion, the Renminbi is freely convertible for payments of current account items, such as trade- and service-related foreign exchange transactions and dividend payments. However, it is not freely convertible for capital account items, such as direct investment, loans or investments in securities outside China, unless prior approval from the State Administration of Foreign Exchange ("**SAFE**") or its branches is obtained.

The Decisions of Matters including Cancelling and Adjusting a Batch of Administrative Approval Items (《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 on October 23, 2014 cancelled the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares.

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014, a domestic company shall, within 15 business days from completion of its overseas listing issuance, register the overseas listing with the SAFE's local branch at the place of its incorporation. The funds obtained by a domestic company through an overseas listing can be transferred to a domestic account or deposited overseas. However, the utilization of these funds must align with the information provided in the prospectus and other disclosure documents.

According to the Notice on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which was promulgated by the SAFE on February 13, 2015, the administrative approval for foreign exchange registration under domestic direct investment and overseas direct investment have been cancelled. A market player involved may elect a bank at the place of its incorporation for direct investment foreign exchange registration. Upon registration, it may open an account, transfer funds and other businesses for subsequent direct investment, including inward or outward remittances of profits and bonuses.

Pursuant to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Account Items (《關於改革和規範資本項目結匯管理政策的通知》) promulgated by the SAFE on June 9, 2016 and last amended on December 4, 2023, discretionary settlement of foreign exchange capital income can be handled at the banks based on the actual operating needs of the domestic companies. The proportion of discretionary settlement of foreign exchange capital income for domestic companies is temporarily set at 100%. The SAFE may adjust the above proportion in due course based on international balance of payments.

On January 26, 2017, the SAFE released the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), to further expand the settlement scope for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

The Circular on Further Promoting the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) was promulgated by the SAFE on October 23, 2019, and was last amended on December 4, 2023. Under this circular, where a non-investment foreign-funded enterprise makes equity investment in China through transfer of capital in a foreign currency, the investee shall complete registration formalities for receiving the domestic reinvestment and open a capital account to receive the funds pursuant to the provisions. It is not required to complete registration formalities for its monetary capital contribution entered into account. Domestic institutions involved in transferring equity should, according to regulations, complete the registration for receiving domestic reinvestment and open a capital project settlement account to receive the consideration for the transfer of equity.

Pursuant 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, subject to the condition of ensuring the genuine and compliant utilization of funds and adherence to the existing administrative regulations governing the use of income under the capital account, enterprises meeting the specified criteria are permitted to employ income under the capital account, including capital funds, foreign debt and overseas listing proceeds, for domestic payments without the necessity of providing proof materials for verification to the bank for each transaction in advance. Banks, guided by the principle of prudent business development, are responsible for managing and controlling relevant business risks and conducting post facto random inspections over the payment facilitation business related to income under capital accounts, in accordance with the relevant requirements.

REGULATIONS ON SECURITIES AND OVERSEAS LISTING

The Securities Law of the PRC (《中華人民共和國證券法》) (the "**PRC Securities Law**") which was latest revised on December 28, 2019 and came into effect on March 1, 2020, is divided into 14 chapters and 226 articles, regulating, among other things, the issue and trading of securities, the listing of securities and takeovers of listed companies. Article 224 of the PRC Securities Law stipulates that domestic enterprises that directly or indirectly issue securities or list and trade their securities outside the PRC must adhere to the relevant regulations set by the State Council. Currently, the issue and trading of foreign issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

On July 6, 2021, the General Office of the CPC Central Committee and the General Office of the State Council jointly promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》), which call for the enhanced administration and supervision of overseas-listed China-based companies, propose to revise the relevant regulation governing the overseas issuance and listing of shares by such companies and clarified the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Measures**") and five relevant guidelines, which took effect on March 31, 2023.

The Overseas Listing Measures have undergone a comprehensive overhaul of the regulatory framework for the overseas offering and listing of securities by domestic companies in the PRC, transitioning to a filing-based system. As per these measures, PRC domestic companies intending to offer and list securities in overseas markets, whether directly or indirectly, must undergo a filing procedure with the CSRC and provide relevant information. Direct overseas offering and listing by domestic companies pertain to the overseas offering and listing conducted by a joint-stock company incorporated domestically. On the other hand, indirect overseas offering and listing by domestic companies involve the offering and listing carried out by a company under the name of an overseas-incorporated entity, with the company's principal business operations located domestically. This type of offering and listing is based on the underlying equity, assets, earnings or other similar rights of a domestic company.

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

On February 24, 2023, CSRC and other three relevant government authorities issued the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Confidentiality and Archives Administration Provisions**"), which took effect on March 31, 2023. According to the Confidentiality and Archives Administration Provisions, a domestic company that seeks overseas offering and listing shall strictly abide by applicable PRC laws and regulations, enhance legal awareness of keeping state secrets and strengthening archives administration, institute a sound confidentiality and archives administration system and take necessary measures to fulfill confidentiality and archives administration obligations. The "domestic company" may refer to either one of the following entities: a joint-stock company incorporated domestically that conducts direct overseas offering and listing, or a domestic operating entity of a company that conducts indirect overseas offering and listing.

REGULATIONS RELATED TO THE "FULL CIRCULATION" OF H SHARE

"Full circulation" refers to the process of listing and trading on the Stock Exchange the domestically unlisted shares of an H-share listed company. This includes unlisted domestic shares owned by domestic shareholders before the overseas listing, unlisted domestic shares issued additionally after the overseas listing, as well as unlisted shares held by foreign shareholders.

On November 14, 2019, CSRC announced the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) ("Guidelines for the 'Full Circulation'"), which were amended on August 10, 2023. As outlined in the Guidelines for "Full Circulation," shareholders of domestic unlisted shares have the flexibility to jointly determine the amount and proportion of shares that will be included in the circulation application. This determination should be reached through mutual consultation, ensuring compliance with relevant laws, regulations and policies governing state-owned asset administration, foreign investment and industry regulation. Subsequently, the H-share listed company corresponding to these shares may be authorized to file for "full circulation" with the CSRC. An unlisted domestic joint stock company may file with the CSRC for "full circulation" at the time of its initial public offering and listing overseas. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China. Pursuant to the Overseas Listing Measures, which came into effect on March 31, 2023, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC. Additionally, they are required to authorize the domestic company to submit the conversion application to the CSRC on their behalf.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited (the "**CSDC**") and Shenzhen Stock Exchange (the "**SZSE**") jointly announced the Measures for Implementation of H-share "Full Circulation" Business (《H股"全流通"業務實施細則》) (the "**Measures for Implementation**"). The operations related to the "full circulation" of H-share, including cross-border conversion registration, deposit and holding details maintenance, transaction entrustment, instruction transmission, settlement, management of settlement participants and services of nominal holders, are regulated by the Measures for Implementation. In cases where the Measures for Implementation do not provide specific guidance, procedures shall be followed by referring to other business rules established by the CSDC and China Securities Depository and Clearing (Hong Kong) Company Limited, as well as the SZSE.

WHO WE ARE

We are a fast-growing freshly-made beverage company, operating the fifth and fourth largest network of freshly-made tea shops in China as of December 31, 2022 and 2023, respectively, according to CIC, with extensive reach into the lower-tier markets. In 2013, we opened the first *Auntea Jenny* store offering "grainy milk tea" (五穀奶茶) — milk tea with grain toppings. These beverages are best served hot, providing a warm and comforting choice during chilly winters, particularly in northern China. This kick-started our initial expansion of store network in northern China. We then saw the growing demand for fresh fruit tea among consumers across China, especially in the lower-tier markets. In 2019, we began to offer fresh fruit tea which was welcomed by our customers and enabled our nationwide expansion, including the southern regions. In addition, we have expanded our product offerings through *Jenny x Coffee* and *Version Lite* to reach a wider range of consumers.

We operate a franchise-focused business model. As of December 31, 2024, 99.7%, or 9,152 of the 9,176 stores in our network, were operated by our franchisees. We generated a substantial majority of revenue from our franchising operations, mainly consisting of (i) sales of goods, and (ii) franchising services.

As of December 31, 2024, our store network of 9,176 stores covered all four centrally administered municipalities and over 300 cities in five autonomous regions and 22 provinces in China. Our store network spans from Mohe, Heilongjiang province in northern China to Sanya, Hainan province in southern China. According to CIC, in terms of total store count as of December 31, 2023, we ranked:

- first among mid-priced freshly-made tea shop brands in northern China;
- third among mid-priced freshly-made tea shop brands in China; and
- fourth in China's freshly-made tea shop industry.

Furthermore, we are the fastest-growing freshly-made tea shop brand in terms of the growth rates of total store count and GMV among the five largest freshly-made tea shop brands in China in terms of total store count in 2022 and 2023 according to CIC. Our total store count increased by 46.8% from 5,307 stores as of December 31, 2022 to 7,789 stores as of December 31, 2023, and increased by 17.8% from 7,789 stores as of December 31, 2023 to 9,176 stores as of December 31, 2024. Our GMV increased by 60.4% from RMB6,068.0 million in 2022 to RMB9,731.8 million in 2023, and by 10.3% from RMB9,731.8 million in 2023 to RMB10,736.4 million in 2024.

We strategically focus on the lower-tier markets and have achieved a strong market presence in the lower-tier markets in China in terms of total store count among mid-priced freshly-made tea shop brands. As of December 31, 2024, 50.4% of stores in our network were located in third and lower-tier cities. In addition, according to CIC, among mid-priced freshly-made tea shop brands in China, as of December 31, 2023, we covered the most number of cities and also ranked first in terms of the number of provinces where our store count ranked among the top three freshly-made tea shop brands. Furthermore, as of December 31, 2023, the estimated initial investment costs of our new stores was approximately RMB275, 000 (including the fixed initial investment and the first batch of procurement of ingredients and other raw materials) on average, which was lower than the average initial investment costs of mid-priced freshly-made tea shops industry in China of approximately RMB350,000, according to CIC. Such difference in initial investment costs was primarily due to (i) our lower upfront franchise fees as compared to the average of other top five mid-priced freshly-made tea shop brands in China in terms of total store count as of December 31, 2023, and (ii) the lower spendings on equipment through our continuous optimization of store layout and offerings of cost-effective equipment. Moreover, we accepted the franchisees to bring and use certain qualified equipment at franchised stores, such as refrigerators, that were procured from other suppliers than us since the end of 2023. We only accept equipment that meets our standards and requirements to ensure the quality of products. Such equipment procured from other suppliers than us shall be subject to our approval before being put into use at franchised stores. We take a low initial investment value position to attract potential franchisees especially those in third and lower-tier cities who generally set lower budgets for opening new stores according to CIC, which reflects the mutually beneficial nature of our franchise system and contributes to our extensive reach in those markets. We have accumulated a wealth of experience in store operations, personnel management and consumer preferences in the lower-tier markets in China, which enables our franchisees to tap into these markets more effectively. The freshly-made tea shop market in third and lower-tier cities in China is the largest and is expected to be the fastest-growing segment between 2023 to 2028 in terms of GMV, with significant potential for future growth. Our expertise and proven track record of success in this market segment position us well in capturing the significant future opportunities.

Our mutually beneficial franchise system is the foundation for our long-term and stable cooperation with franchisees. As of December 31, 2024, 30.0% or 1,637 of our 5,455 franchisees opened more than one store. In 2024, 48.8% or 1,164 of our new franchised stores were opened by our existing franchisees.

We have won several awards and received various certifications, including the 2023 Most Influential Brand of the Year (2023年度最具影響力品牌獎) from Meituan (美團), the 2023 Strategic Influential Brand of the Year (2023年度戰略影響力品牌) from 2024 Kamen Wanyouyinli Annual General Meeting (咖門 • 2024萬有飲力年度大會), the 2023 Annual Influential Brand (年度影響力品牌) from China Food and Beverage New Media Marketing Summit (中國餐飲新媒體營銷峰會), the 2022 China Food Safety Honest Unit (2022中國食品安全誠信單位) from the Second China Food Safety and Quality Development Conference (第二屆中國安全食品高質量發展大會), the 2022 Excellent New-Style Tea Brand Award (新茶飲優秀品牌獎) from 2022 China New-Style Tea Conference (2022年中國新茶飲大會), the 2022 Chinese Consumer Satisfaction Product (*Freshly Stewed Pear* (鮮燉梨) series) (2022年度中國消費者滿意產品(「鮮燉梨」系列產品)) from China Safe Food Quality Development Conference (中國安全食品高質量發展大會), the 2022 Consumers' Favorite Brand (Industry) (2022年度(行業)消費者喜愛品牌) from China Brand Boao Summit (中國品牌博鰲峰會) and Top 3 Catering Brand Store Growth for 2021-2022 (年度餐飲品牌門店增長Top 3) from Canyandata (窄門餐眼).

OUR STRENGTHS

Leading position in China's freshly-made tea shop industry with rapid growth and extensive reach into the lower-tier markets

We are a fast-growing freshly-made beverage company with extensive reach into the lower-tier markets in China. As of December 31, 2023, our store network comprised 7,789 stores, ranking fourth among freshly-made tea shop brands in China according to CIC. In terms of total stores as of December 31, 2023, we are the third largest mid-priced freshly-made tea shop brand in China, and the largest mid-priced freshly-made tea shop brand in northern China, both according to CIC. We are also the fastest-growing freshly-made tea shop brand in terms of the growth rates of total store count and GMV among the five largest freshly-made tea shop brands in China in terms of total store count in 2022 and 2023 according to CIC. Our total store count increased by 46.8% from 5,307 stores as of December 31, 2022 to 7,789 stores as of December 31, 2023, and increased by 17.8% from 7,789 stores as of December 31, 2023 to 9,176 stores as of December 31, 2024. Our GMV increased by 60.4% from RMB6,068.0 million in 2022 to RMB9,731.8 million in 2023, and by 10.3% from RMB9,731.8 million in 2023 to RMB10,736.4 million in 2024. Our mutually beneficial franchise system is the foundation for our long-term and stable cooperation with franchisees. Our franchisees' confidence in our brand image and store profitability can be evidenced by the fact that 30.0% or 1,637 of our 5,455 franchisees as of December 31, 2024 opened more than one store. In 2024, 48.8% or 1,164 of our new franchised stores were opened by our existing franchisees.

We have a strong market presence in the lower-tier markets in China in terms of total store count. Our low initial investment value position and price-for-value product offerings are particularly attractive to potential franchisees in third and lower-tier cities, while our extensive network covering these lower-tier markets is supported by our nationwide cold-chain storage and supply chain coverage and our management team that provides comprehensive support across China. Our proven track record of success strengthen our appeal to potential franchisees in the lower-tier markets in China. As of December 31, 2024, with approximately 50.4% of stores in our network located in third and lower-tier cities, we had strong market presence in the lower-tier markets in China according to CIC. In 2024, 50.7% of new stores within our network were opened in third and lower-tier cities. The freshly-made tea shop market in third and lower-tier cities in China is the largest and is expected to be the fastest-growing segment between 2023 to 2028 in terms of GMV, with significant potential for future growth. According to CIC, the freshly-made tea shop market in third and lower-tier cities in terms of GMV in China grew from RMB25.2 billion in 2018 to RMB96.0 billion in 2023, with a CAGR of 30.7%, and is expected to reach RMB268.2 billion in 2028 at a CAGR of 22.8%, significantly outgrowing the overall freshly-made tea shop market. Combining our first-mover advantage, our light store model and solid nationwide supply chain capabilities, we are well positioned to capture the market opportunities.

Our deep market insights and our mutually beneficial partnership with our franchisees resulted in our past financial success. From 2022 to 2024, our revenue and net profit increased by 49.4% and 120.1%, respectively. With our strong market position, solid partnership with our franchisees, accurate market insights and expanded coverage of consumer demands, we believe we are able to achieve strong growth in the future.

High quality and diverse product offering based on innovation and consumer insights

Our success is largely attributable to our deep understanding of consumer tastes and preferences and our commitment to product development. In 2013, we opened the first *Auntea Jenny* store offering "grainy milk tea" — milk tea with grain toppings. These beverages are best served hot, providing a warm and comforting choice for chilly winters, particularly in northern China. This kick-started our initial expansion of store network in northern China. We have since deepened our understanding of consumer preferences and established a scientific and rigorous product development system. We draw inspiration from the healthy cuisine with traditional Chinese ingredients, and explore unique ingredient matching combinations. We have successfully created a series of flavorful and popular products such as *Mango Pomelo Sago* (楊枝甘露) and *Rosy Green Grapes* (仙仙玫瑰青提), which blend the unique flavors of different toppings into traditional tea drinks, bringing consumers a rich taste experience. In the second half of 2023, in response to the latest consumer preferences for healthy milk tea drinks, we began to offer light milk tea — tea blended with fresh milk without any toppings. In addition to our tea drinks, we launched *Jenny x Coffee* in 2022 and further expanded our product matrix to include traditional and tea-flavored coffee made from freshly grounded premium roasted whole-bean coffee.

With our mission "to delight consumers with healthy freshly-made beverages," our experienced product development team, led by our founder and chief product officer Ms. Zhou Rongrong, has established our comprehensive product development system which covers processes from consumer research to product validation, which laid a solid foundation for product development. We launched over 100 new products in each of 2022, 2023 and 2024. We offer seasonal products that cater to consumers' seasonal preferences such as *Rosy Green Grapes*, *Mung Bean Milk Smoothie* (綠豆牛乳冰) and *Freshly Stewed Whole Pear* (鮮燉整顆梨). We also offer regional products that suits the local consumer taste. For example, we offer *Sugary Frozen Pear Drink* (凍梨嘎嘎甜), *Cheerful Green Mandarin* (青柑加油柑) and *Refreshing Wampi Lemon Tea* (沁爽黃皮檸檬茶). In addition, we have enriched our product matrix to include snacks and other products to provide consumers with more varieties and cover a wider range of consumption scenarios. Furthermore, we strive to become the most popular tea shop brand for young people. We study the preferences of consumers, especially those of young people, so that we can timely integrate trending ingredients into the traditional oriental tea drinks. We use stylish and eye-catching logo and packaging designs to capture the attention of consumers and drive repeat purchases.

Sustainable store network expansion backed by comprehensive franchisee support platform and mutually beneficial franchise model

We expanded our store network significantly during the Track Record Period from 3,776 as of January 1, 2022 to 9,176 as of December 31, 2024. In 2023, our total store count increased by 2,482, or 46.8%, since the start of the year, making us the fastest-growing among top five freshly-made tea shop brands in terms of total store count according to CIC. Our sustainable store network expansion is backed by comprehensive franchisee support platform, proven track record of success in the lower-tier markets and mutually beneficial franchise model.

We have a highly standardized and digitalized store management system that provides franchisees with full-life cycle support and supervision and ensure scalability of our store network, including the following key features:

- *Site selection*: we provide training to our franchisees on site selection skills and help assess the viability of candidate sites. The assessment includes risk evaluation, location analysis and expected turnover. We also assist our franchisees with business planning based on site selection. In addition, our comprehensive site selection and network expansion strategy is based on our smart site selection system leveraging the data insights and the recommendation of third-party AI tools.

- *Equipment*: we select and supply equipment designed to suit our store operational models to our franchisees to improve store operating efficiency and product standardization. In particular, we have rolled out smart tea-making machines sourced from carefully selected suppliers in furtherance of such goals. For *Auntea Jenny* stores and *Version Lite* stores, we typically provide smart tea-making machines, refrigerators, sealing machines and ice-making machines. For standalone *Jenny x Coffee* stores, coffee machines will be provided in addition to refrigerators, sealing machines and ice-making machines. For *Jenny x Coffee* stores that embedded in *Auntea Jenny* stores, coffee machines will be provided and other machines will be shared with *Auntea Jenny* stores. Moreover, we accepted the franchisees to bring and use certain qualified equipment at franchised stores, such as refrigerators, that were procured from other suppliers than us since the end of 2023. We only accept equipment that meets our standards and requirements to ensure the quality of products. Such equipment procured from other suppliers than us shall be subject to our approval before being put into use at franchised stores.

- *Digitalized operation*: we provide our franchisees with our proprietary all-in-one store operation system, *Auntea Jenny Store Assistant*, which has functions including product ordering, defect reporting and data reporting to empower our franchisees' daily operation. The product ordering function enables franchisees to place procurement orders and make payments more conveniently. The defect reporting function facilitates the reporting and resolution process for defective goods. The data reporting function empowers franchisees to easily access the operation data such as GMV, cash received and number of orders, providing both the franchisees and us with valuable insights into the performance of the franchised stores.

- *Store promotion*: we provide a wide range of store promotion support, covering various aspect of store promotion including store opening promotion activities, marketing and promotion guidance from our headquarters, connecting with third-party delivery platforms.

- *Training and supervision*: we provide franchisees with comprehensive training and supervision, including pre-opening training, ongoing training on store management and new product launch, and continuous online monitoring and offline store visits.

We believe our mutually beneficial partnership with franchisees provides a launchpad for entrepreneurs eager to succeed. We implement standardized operating procedures to help streamline the use of equipment and processing of ingredient, making it easier for franchisees to operate stores and control costs. As a result, the stores in our network achieved attractive gross profit in 2023 and a lower initial investment cost as of December 31, 2023 as compared to the average of top five mid-priced freshly-made tea shop brands in China in terms of total store count according to CIC. Our franchisees' confidence in our brand image and store profitability can also be evidenced by the fact that 30.0% or 1,637 of our 5,455 franchisees as of December 31, 2024 opened more than one store. In addition, the proportion of new franchised stores opened by existing franchisees increased from 46.5% in 2022 to 48.8% in 2024.

Strong nationwide supply chain management and strict quality control

We believe the freshness and timely delivery of quality ingredients are fundamental for offering high quality freshly-made beverages throughout an expansive store network consistently. To support this, we have built up a nationwide supply chain coverage and strong management capabilities to underpin our rapid store network expansion. As of December 31, 2024, our supply chain network includes (i) 12 logistics centers, (ii) four equipment warehouses, (iii) eight fresh produce warehouses and (iv) 15 frontline cold-chain storage warehouses. Within our supply chain network, three of the logistics centers and all of the frontline cold-chain storage warehouses are operated by Independent Third Parties. Our nationwide supply chain coverage enables us to have fresh ingredients delivered to stores two to three times each week, greatly improving store operating efficiency and reducing waste. According to CIC, we ranked first in terms of the city coverage of our warehouses among the five largest mid-priced freshly-made tea shop brands in China in terms of total store count as of December 31, 2023. We have established a digitalized WMS which helps us monitor and analyze inventory in real time, thereby optimizing our inventory management and improving our inventory turnover.

In addition to our nationwide supply chain coverage, we require our franchisees to procure ingredients mostly from our centralized procurement platform. Our centralized procurement platform sources ingredients from selected local suppliers and our own production facilities, which enables us to establish stringent control over ingredients supplies while improving our bargaining power with suppliers. During the Track Record Period, we sourced ingredients globally, such as grape juice from Spain, passion fruit juice from Vietnam and grapefruit from South Africa. In addition, we work with our suppliers on the research and development of ingredients so that we have better control over the quality and cost of ingredients.

We also implement strict quality control measures for raw materials supplies and store operation. Our strict criteria for choosing raw materials suppliers demonstrate our dedication to food safety and product quality. For example, we implemented a stringent supplier selection and evaluation process and classify our suppliers in four tiers based on the annual performance review grading. We have a stable relationship with our suppliers, which ensures the consistency of the freshly-made beverages we offer to consumers. We also have a production facility in Haiyan, Zhejiang province, with four production lines and an aggregate area of approximately 10,000 sq.m. As of the Latest Practicable Date, our Haiyan Facility is able to produce and process certain ingredients used in our freshly-made beverages, primarily tapioca pearls, taro balls and taro paste and tea. For store operation, we have implemented several measures to safeguard food safety. We have online and offline patrol system to ensure products sold at stores are prepared according to our standards. We also promote smart tea-making machines to improve product standardization.

Unified membership management and diverse marketing strategies

We maintain a unified membership management for all members signed up through online and offline platforms. Such unified management enables us to accurately promote our products to members and streamline our membership reward management. We provide members with differentiated, personalized product recommendations, leveraging our big data analysis capabilities. We retain loyal members with incentive programs which includes tiered membership awards. The number of registered members from Weixin Mini Programs increased from 42.2 million as of December 31, 2022 to 80.0 million as of December 31, 2023 and 115.3 million as of December 31, 2024. In 2024, our average quarterly active member(1) reached 17.6 million. In the 12 months ended the Latest Practicable Date, our average quarterly active member(1) was 17.0 million. In addition to cooperation with third-party delivery platforms, we directly operate Weixin Mini Programs, which bring us closer to the consumers and gives us invaluable consumer insights. In 2023 and 2024, approximately 62.8% and 69.3% of orders directly placed with us were through our Weixin Mini Programs, respectively. During the same period, our average quarterly repeat purchase rate(2) was 42.2% and 44.3%, respectively.

Notes:

(1) Active members are members that purchased our products through our Weixin Mini Programs in a given period.

(2) Repeat purchase rate is calculated by dividing, among those that had become our registered members on our Weixin Mini Programs before the first day of the period indicated, the number of our members that placed at least two orders through our Weixin Mini Programs in a given period, by the number of our active members in the same period.

In order to reach a wider audience and build stronger relationships with consumers, we adopt a multi-channel marketing strategy. We use a variety of channels, including traditional offline stores, Weixin Mini Programs, online and offline advertising, social media and online ordering and delivery platforms, to reach consumers across all scenarios. We also focus on key events, such as holidays, anniversaries and platform promotions, to launch new products and promotion activities and engage consumers. We also use social media to interact with consumers, which helps us to better understand their needs and preferences and develop products that they love. Furthermore, we actively pursue crossover collaborations to broaden our reach and appeal to a diverse audience, effectively boosting our brand visibility and driving our product sales. In January 2024, we launched an IP collaboration campaign with *Mo Dao Zu Shi* (《魔道祖師》), a popular fantasy anime, which was an instant hit among consumers. Approximately one million cups of light milk tea under this collaboration were sold within three days after launch. "*Auntea Jenny* x *Mo Dao Zu Shi*" reached Weibo's Hot Search List twice. The hashtag #*Auntea Jenny x Mo Dao Zu Shi*# attracted over 200 million views on Weibo within three days of launch.

Visionary and experienced senior management team

Our management team possesses long-term strategic vision and an in-depth understanding of the freshly-made tea shop industry in China as well as consumer tastes and preferences. Consisting of a balanced mix of industry experts with substantial experience in other multinational corporations and long-term employees that have been with us since the early stage of our business, they, together with our franchise partners, have spearheaded our rapid growth into the fourth in freshly-made tea shop industry in terms of the total store count as of December 31, 2023 according to CIC. Most members of our senior management team have over 10 years of experience in their respective industries and possess diverse experiences and expertise that complement each other. Our co-founders, Mr. Shan and Ms. Zhou, have over 20 years of experience in sales management and over 10 years as entrepreneurs in freshly-made tea industry. Mr. Shan and Ms. Zhou appreciated that the franchise business model would be the optimal business model in China's freshly-made tea shop industry and has steered our strategy in that direction early on. Also, our executive Director, Mr. Zhou, has approximately 20 years of experience in marketing and management in industry leading companies.

We believe that human resources play a critical role in our success. We seek to hire the right people that are committed to excellence, innovation and integrity, with a passion for our brand and customers. Our philosophy in talent development focuses on offering growth opportunities at all levels within our company to nurture future leaders in the industry.

GROWTH STRATEGIES

Further penetrate existing markets and grow our offline store network and online sales channel

We plan to continue our expansion and replicate our success through further penetration of existing markets throughout China and expand into more lower-tier markets. According to CIC, third and lower-tier cities in China, with underserved consumer demands for freshly-made beverages due to limited accessibility, represent significant growth opportunities for freshly-made tea shops. As of December 31, 2023, the density of freshly-made tea shops in third and lower-tier cities was 273 shops per million population, considerably lower than 474 shops per million population in first-tier cities. According to CIC, the freshly-made tea shops market in third and lower-tier cities is expected to be the fastest-growing segment within China's freshly-made tea shops market in terms of GMV with a CAGR of 22.8% between 2023 and 2028. In order to further penetrate the existing markets, we plan to broaden our offerings through a multi-brand strategy. More specifically, in addition to our core *Auntea Jenny* brand, we launched two complementary brand concepts, *Jenny x Coffee* and *Version Lite*, to capture more consumer demands. *Jenny x Coffee* captures the opportunity in the rapidly growing coffee market in China while covering the needs of consumers throughout the day. We are also actively promoting *Version Lite*, which provides a more price-for-value option of tea drinks for third and lower-tier cities.

For our different brand concepts, we plan to implement tailored strategies:

- For *Auntea Jenny*, we plan to increase the density of our store network in second- and third-tier cities in the next five years. We believe such markets have strong potential and enormous market demand for our products under the *Auntea Jenny* brand. We plan to leverage our understanding of consumer preferences, site selection methodologies and experience from the operation of *Auntea Jenny* to capture such growth potential.

- For *Jenny x Coffee*, we plan to expand primarily through existing *Auntea Jenny* stores and increasing online coverage. The expansion of *Jenny x Coffee* will enable us to capture the demand for drink and food products in the morning and increase our sales per store.

- For *Version Lite*, we plan to expand our store network to cover more cities below third-tier, including those at county-level or below. We plan to seize the market opportunity with our price-for-value products under the *Version Lite* brand.

Our franchisees serve a pivotal role in our network expansion plan. Going forward, we will adhere to our philosophy of "building mutually beneficial partnership with franchisees" to improve the profitability of franchised stores and support franchisees' expansion into the lower-tier markets with more high-quality products and services. We also plan to improve our store operating model to shorten payback period to appeal to potential franchisees in the lower-tier markets. We will continue to improve our franchisee management system, including aspects such as franchisee selection and termination, evaluation, store monitoring, and enhancing franchisee support to further improve the overall operational capabilities of franchisees, reduce payback period and attract and retain high-quality franchise partners.

For online sales channels, we plan to strengthen our cooperation with third-party online platforms. We will enhance our collaboration with third-party delivery platforms, co-organize online events and explore more ways of digital operations to optimize our product offerings and marketing strategies. We will also deepen our partnerships with key opinion leaders on social media platforms and organize joint marketing campaigns to increase brand awareness and consumer satisfaction. Additionally, we will collaborate with third-party payment platforms to streamline payment processes and improve user experience, aiming to boost online sales. We will also continue to improve our Weixin Mini Programs to enhance the online sales capabilities of stores. We believe this will effectively increase the sales coverage of the stores and further expand our market share.

Enhance research and development capabilities and expand product offerings

We aim to continue to invest in product development, leveraging our deep understanding in consumer preferences and comprehensive methodology for creating hit products. We plan to continue to track consumer and industry trends closely so that we can plan ahead and form accurate strategies for new product launch. More specifically, we plan to focus our product development in the following aspects:

- Improve product flavors, expand product categories and optimize product structures.

- Optimize and upgrade existing products and improve the product-making process based on feedback from consumers.

- Develop freshly-made beverages with local characteristics to meet the tastes of local users.

- Launch seasonal new products based on seasonal consumption trends. For example, fruit tea will be the focus for spring and summer, while milk tea will be the focus for fall and winter.

- Introduce new categories of food and souvenir products based on our brand image, such as tea bags, bread, desserts, light meals and gift boxes.

For ingredients used in our products, we plan to strengthen our research and development capabilities to upgrade and develop new ingredients. We will continue to work with our suppliers in the research and development of ingredients. Typically, we will own the intellectual property rights, if any, by ourselves or together with the suppliers depending on the terms and conditions of such collaboration. In addition, we plan to introduce more advanced equipment, recruit high-quality research personnel and improve our management capabilities. In terms of ingredient production techniques, we plan to explore new fruit preservation techniques to ensure the taste and freshness of ingredients while improving consistency and reducing waste. We also plan to establish an integrated research and development center which supports the research and development of products and production techniques.

Strengthen our supply chain capabilities

We aim to continue to improve our supply chain capabilities by optimizing our production, processing, warehousing, logistics and distribution systems. We plan to implement strict inventory management system to improve inventory turnover. To safeguard inventory quality and reduce waste, we plan to timely adjust humidity and other conditions in storage according to the storage requirement of the inventory. Specifically, we plan to improve our supply chain capabilities through the following:

- *Ingredient supply*: We are dedicated to upholding our high standards for ingredient quality and our franchisee ingredient procurement principles. We plan to strengthen our cooperation with high-quality domestic and international suppliers and constantly explore new sources of supply. We expect to increase our bargaining power with suppliers through centralized procurement platform. In particular, we plan to (i) further increase our procurement volume in line with our continuous expansion of store network, (ii) optimize the allocation of procurement among multiple suppliers, and (iii) further expand our pool of alternative suppliers. In addition, we plan to cooperate with upstream suppliers in research and development to improve the quality and taste of ingredients, reduce waste and lower purchase price.

- *Production and processing*: We plan to further improve our production capacity through new production lines and facilities. We plan to increase self-produced ingredients categories and reduce production costs in the future. In comparison with the unit cost of ingredients procured from third parties, we saved by around 4% to 43% of the unit cost of the same ingredients by using our self-produced ingredients in 2024. Specifically, at our Haiyan Facility, we plan to expand the production capacity of ingredients and develop production lines for semi-finished tea drinks. We plan to further improve our production automation and standardization capabilities through the development and promotion of equipment such as smart tea-making machines for milk tea and lemon tea. This will help to streamline the product preparation process and ensure the quality and taste of products, and assist franchisees in achieving cost reduction and efficiency improvement.

- *Logistics and warehousing*: We aim to expand and enhance the efficiency of our cold-chain logistics network based on the density of stores and store opening plans, as well as our existing logistics warehouse layout. We plan to set up more logistics centers and warehouses to ensure that our cold-chain warehouses cover most parts of PRC. As of December 31, 2024, the ratio of our logistic centers and warehouses to our store counts was approximately 1:235. We also plan to enhance the storage capacity of our logistics warehouses by (i) expanding the storage areas of our existing logistics warehouses and (ii) improving the automation level of our logistics warehouses. Moreover, we plan to improve logistics transportation efficiency and ensure that our expanded store network can better support the delivery of fresh ingredients through optimizing logistics route planning. This will further reduce the inventory management costs at stores, improve their operational efficiency and consolidate our supply chain advantages.

Enhance digitalization to increase overall operation efficiency and ensure food safety

We believe that a stable, efficient and scalable information system will become a key to maintaining our core competitive edge. Therefore, we plan to continue to invest in our information technology and digitalization in aspects such as information technology infrastructure, application development and upgrading of financial and human resource management systems. By incorporating information technology in all aspects of our business, we will promote the digitalization of business, improve operational efficiency and collaboration capabilities, reduce costs and further ensure food safety. Specifically, we plan to focus on the following aspects:

- *Membership management*: We plan to actively explore and seize new traffic channels, and continuously attract new members. We plan to use artificial intelligence and algorithms to conduct real-time analysis of member consumption information in order to deepen our consumer insights, so that we can provide better products and services. We plan to offer promotions, products, services and more creative and attractive member benefits tailored to member profiles to enhance member loyalty and activeness and increase repeat purchases.

- *Products*: We aim to manage traffic flow, product development and sales as well as sales scenario around product life cycle. We plan to build product management systems to achieve integrated product management, supply chain management, marketing management and membership management, which will help us optimize our product development, procurement, inventory management and marketing decision-making throughout the product life cycle, improve our product quality, reduce costs and further ensure food safety.

- *Stores*: We plan to build a digital store operation management center, integrate the operation supervision system to improve store operation efficiency and strengthen control. We plan to use AIoT technology to collect information such as consumer feedback, the operating status of equipment, and optimize and improve the operation and service quality of stores.

- *Franchisee management*: We plan to upgrade our self-developed franchisee platform to provide franchisees with full investment cycle services from site selection, store opening, operation to exit. We also plan to upgrade our *Auntea Jenny Store Assistant* so that franchisees can keep better track of various aspects of operations in real time such as procurement, delivery orders, cost management, product listing, member promotion activities and training, which will in turn improve store operation efficiency and further ensure food safety.

Continue with our multi-brand strategy to expand into new markets

We plan to penetrate different market segments and increase market share with diversified freshly-made beverages, consumption scenarios, flexible pricing and brand positioning. We plan to leverage our three distinctive brand concepts. In particular, with regard to *Auntea Jenny* brand, we plan to continue increasing store density in the future. Based on our assessment of competition across different provinces in China, we will adopt evolving strategies to expand our store network, seeking advantageous locations to consolidate and enhance our competitiveness, visibility and consumer reach of the *Auntea Jenny* brand. Additionally, we will cautiously pursue overseas expansion.

As for *Jenny x Coffee* brand, we believe it will enable us to penetrate into the broad market for coffee drinks. *Jenny x Coffee* is typically embedded in our *Auntea Jenny* stores. We intend to continue expanding through existing *Auntea Jenny* stores at the same time of expanding our online coverage. We will comprehensively consider store operations, location and franchisee's interest before embedding *Jenny x Coffee* brand into our existing *Auntea Jenny* stores. After achieving the desired performance with the embedded stores, we will carefully expand standalone *Jenny x Coffee* stores to capture the opportunities in the rapidly growing coffee market in China.

With regard to *Version Lite* brand, we believe it will enable us to further penetrate into the lower-tier markets with our price-for-value products. Considering its distinct pricing strategies and store models compared to *Auntea Jenny* brand, we plan to expand store coverage to more third and lower-tier cities. We started promoting *Fallstea*, our updated *Version Lite 2.0* brand concept, with eye-catching logo, upgraded store design and new marketing initiatives to our franchisees since March 2024 to capture demands from the lower-tier markets. As of December 31, 2024, the store count of *Version Lite 1.0* and *Fallstea* in our store network was 188 and 304, respectively.

Chinese tea culture has a long history and profound heritage. We aim to take a prudent approach for global expansion, considering factors such as consumer base, local culture, capabilities for commercial resource integration, legal and regulatory environment, and open overseas stores in places such as Malaysia and the Philippines in Southeast Asia and North America.

Continue to promote brand image and recognition

We have established a brand management team which is responsible for brand creation, marketing and intellectual property protection. In the future, we plan to increase our investment in brand building and marketing, and continue to consolidate our *Auntea Jenny* IP. We plan to enhance our brand image through our own IP and crossover collaborations. We plan to open a small number of self-operated stores in locations such as popular shopping malls and popular check-in spots to promote our brand. We plan to make use of social media platforms, such as Douyin, Weixin and Xiaohongshu, to seize the opportunity of key events, such as holidays, anniversaries and platform promotions, to launch new products and engage consumers. By combining these events with new product launches, we expect to increase brand exposure, drive traffic to stores and further reach consumers. We also plan to use a variety of promotional methods, such as partnering with key opinion leaders, organizing crossover collaboration events and trend marketing to continuously narrow the gap between our brand and our target consumers.

OUR CORE CONCEPT

We are a fast-growing freshly-made beverage company, operating the fourth largest network of freshly-made tea shops in China as of December 31, 2023 according to CIC, with extensive reach into the lower-tier markets. We offer freshly-made beverages made from premium loose-leaf tea, freshly grounded coffee beans or yogurt, with additional ingredients such as fresh fruits, NFC juice, milk and various types of grains in our wide variety of product offerings. The core elements of our brand concept comprise the following:

- quality and fresh ingredients;
- innovative and healthy products;
- casual and modern store design;
- affordable pricing; and
- consistent quality.

We currently offer three brand concepts:

- *Auntea Jenny (滬上阿姨)*. *Auntea Jenny* is our principal brand concept launched in 2013, under which we offer a wide range of products including fresh fruit tea, milk tea with toppings, light milk tea, yogurt shakes and snack packs. *Auntea Jenny* stores are primarily located streetside with a small portion of stores located in shopping malls and public transportation terminals. We aim to bring freshly-made products with affordable prices to consumers across China, particularly those in third and lower-tier cities. The price range for key products under this brand concept is typically RMB7 to RMB22 per item. In April 2024, we upgraded the brand image of *Auntea Jenny* with modern orange as its main brand color, and created the Cheetah Lady (獵豹女士) IP to demonstrate the new brand image. As of December 31, 2024, we have 3,524 stores in our store network under the new brand image.

- *Jenny x Coffee (滬咖)*. Launched in 2022, *Jenny x Coffee* is typically embedded in our *Auntea Jenny* stores. We offer various types of coffee under *Jenny x Coffee*, and have rolled out "oriental latte (東方拿鐵)," including coffee latte, tea latte and coffee-tea latte to broaden our addressable market. The price range for key products under this brand concept is typically RMB13 to RMB23 per item.

- *Version Lite (輕享版)*. *Version Lite* is a brand concept launched in 2023 that provides a more price-for-value option of tea drinks for consumers in third and lower-tier cities. Products offered under *Version Lite* are primarily milk tea with toppings, light milk tea, fruit tea and ice cream. *Version Lite* stores are primarily located streetside. Compared to *Auntea Jenny*, *Version Lite* offers better flexibility in pricing and store location selection to allow further penetration into county-level cities. The price range for key products under this brand concept is typically RMB2 to RMB12 per item, lower than that for our other brands. As county-level cities generally have lower rents per size of the store, *Version Lite* in those regions is able to select stores with larger space under the same budgets as compared to our other brands. We started promoting *Fallstea (茶瀑布)*, our updated *Version Lite 2.0* brand concept, with eye-catching logo, upgraded store design and new marketing initiatives to our franchisees since March 2024 to further capture demands from the lower-tier markets. As of December 31, 2024, the store count of *Version Lite 1.0* and *Fallstea* in our store network was 188 and 304, respectively.

As of December 31, 2024, our store network comprised 9,176 stores, among which 8,683 were *Auntea Jenny* stores. We launched *Jenny x Coffee* in 2022 and *Version Lite* in 2023. As of December 31, 2024, we had 1,700 *Auntea Jenny* stores that offered products under our *Jenny x Coffee* brand concept and 492 *Version Lite* stores in our store network. As of the Latest Practicable Date, our store network comprised 9,367 stores, among which 7,129 were *Auntea Jenny* stores. As of the same date, we had 1,664 *Auntea Jenny* stores offered products under our *Jenny x Coffee* brand concept, one standalone *Jenny x Coffee* store, and 573 *Version Lite* stores including 178 *Vision Lite 1.0* stores and 395 *Fallstea* in our store network.

OUR CONSUMER EXPERIENCE

We offer a wide range of refreshing and flavorful beverages that cater to different tastes and preferences. In addition, consumers are able to adjust the sweetness and ice levels, and add various toppings to the beverages according to their own preferences. Aside from tea-based drinks, we offer yogurt, coffee and snacks which broadens the consumers' options and further enriches their experience. We also evolve our menu items in accordance with prevailing market trends. In the second half of 2023, in response to the latest consumer preferences for healthy milk tea drinks, we began to offer light milk tea — tea blended with fresh milk without any toppings. During the Track Record Period, our product research and development team continues to innovate, supporting the launch of over 100 new products in each of 2022, 2023 and 2024, while continuously upgrading the existing ones. In addition, we offer a convenient shopping experience for consumers through efficient store planning and the use of a wide range of technologies such as digital payment and online ordering systems. To ensure uniform design throughout our network, we provide store design plans and standards for our franchised stores. We currently offer three brand concepts, *Auntea Jenny*, *Jenny x Coffee* and *Version Lite*, each catered to different consumer preferences.

Auntea Jenny

Products

China has a long history of tea, and the contemporary way of tea drinking is blending milk and various types of toppings and ingredients in tea, ranging from tapioca pearls to fresh fruit and various types of grains. In 2013, we opened the first *Auntea Jenny* store offering "grainy milk tea" — milk tea with grain toppings. These beverages are best served hot, providing a warm and comforting choice during chilly winters, particularly in northern China. This kick-started our initial expansion of store network in northern China. In 2019, we began to offer fresh fruit tea which was welcomed by our customers and enabled our nationwide expansion, including the southern regions. Fresh fruit tea is a healthy option that can be enjoyed by consumers throughout the year, with particularly strong market potential during the hot and humid summer months in southern China. We also offer yogurt shakes, a healthy option for many. We use large chunk of fruits in our yogurt shakes, which adds freshness to healthiness. In the second half of 2023, in response to the latest consumer preferences for healthy milk tea drinks, we began to offer light milk tea — tea blended with fresh milk without any toppings. In contrast to the heavier taste of milk tea that comes with dairy toppings such as whipped cream cheese or other extra toppings, light milk tea is more refreshing with a more prominent tea flavor. We have streamlined our formulas and used fresh milk and simpler ingredients to signal "lightness" and healthy attributes to our consumers. We place great emphasis on health and quality aspects of our products, using premium ingredients and very little additives.

We offer a wide range of products with fresh fruit tea, milk tea with toppings, light milk tea and yogurt shakes being the major menu items. We also make regular seasonal updates to the menus. The products offerings, including the release of new products in the franchised stores, are based on guidance from us. In addition to staple items such as *Mango Pomelo Sago* and *Thick Taro Paste Tapioca Pearl Milk Tea* that prove popular throughout the year, we also offer seasonal products that cater to consumers' seasonal preferences such as *Rosy Green Grapes*, *Mung Bean Milk Smoothie* and *Avocado Almond Yogurt Shake*. During the Track Record Period, the average selling price of our freshly-made beverages under this brand is approximately RMB16 per item. Consumers can adjust the amount of ice and sugar in their beverages, and customize their beverages with additional toppings with incremental charges. We offer a wide range of toppings, such as tapioca pearls, taro paste, taro balls, rose jelly and coconut jelly, which create different texture for the beverages. Consumers can mix and match the drink base and toppings to create various types of freshly-made beverages. Set forth below are pictures of our major beverage products.

Key products – Staple

Mango Pomelo Sago
(楊枝甘露)

Thick Taro Paste Tapioca Pearl Milk Tea
(厚芋泥波波奶茶)

Peach Pomelo
(桃桃蜜柚)

Strawberry Daifuku
(超哆草莓大福)

Light Jasmine Milk Tea
(淺淺清茉)

Key products – Seasonal

Rosy Green Grapes
(仙仙玫瑰青提)

Mung Bean Milk Smoothie
(綠豆牛乳冰)

Avocado Almond Yogurt Shake
(牛油果巴旦木酸奶昔)

Amber Peach Resin Stewed Pear
(琥珀桃膠燉梨)

Grain Jelly Succulent Grape
(多肉葡萄金磚)

In addition to freshly-made beverages, we also offer snack products such as wafers, potato chips and toast. In particular, we rolled out the *Little Milky Brick Toast* (小奶磚吐司) in March 2023 which achieved popularity as evidenced by the 6 million packets sold from March to December 2023. Our snack products are also sold online on e-commerce platforms. Set forth below are pictures of our major snack products.

Snacks

Little Milky Brick Toast
(小奶磚吐司)

Buffalo Milk Egg Cake
(水牛奶雞蛋糕)

Rich Cocoa Wafers
(香濃可可威化(袋))

Konjac Vegan Tripe
(魔芋素毛肚)

Store Design

In April 2024, we successfully launched our upgraded brand image for *Auntea Jenny* brand concept. The latest design of *Auntea Jenny* stores features our stylish *Auntea Jenny* brand image, and using modern orange as the main color for the interior of stores. Through our carefully designed store, *Auntea Jenny* stores offer consumers the venue to refresh themselves and explore new tastes and experiences. We offer a convenient in-store ordering experience for our customers through efficient store planning and the use of a wide range of technologies such as digital payment and online ordering systems. We created a dedicated section in stores in our network to serve customers with pick-up and delivery orders, allowing them to conveniently place orders online in advance and pick up their orders without waiting in a queue.

Set forth below is a picture of our *Auntea Jenny* store.

Jenny x Coffee

Jenny x Coffee is typically embedded in our *Auntea Jenny* stores. We offer various types of coffee under *Jenny x Coffee*, and have rolled out "oriental latte," including coffee latte, tea latte and coffee-tea latte to broaden our addressable market. We combine western coffee with oriental taste and created Chinese style coffee products such as *Spring of Biluochun* and *Jasmine Green Tea Latte* (茉莉針王拿鐵). We take a step further by mixing fruit, tea and coffee to create fusions such as *Peach Oolong Tea Lemon Americano* (桃桃烏龍暴打檸美式). During the Track Record Period, the average selling price of our freshly-made beverages under this brand is approximately RMB19 per item. We also offer snacks that are sold separately or together as a combo with coffee. Set forth below are pictures of our major products offered under *Jenny x Coffee*.

Key products

Modern Jenny's Brew (滬上摩登)

Spring of Biluochun (碧螺之春)

Jasmine Green Tea Latte (茉莉針王拿鐵)

Yashixiang Tea Lemon Americano (鴨屎香暴打檸美式)

Peach Oolong Tea Lemon Americano (桃桃烏龍暴打檸美式)

Version Lite

Products

Our *Version Lite* brand concept offers milk tea with toppings, light milk tea, fruit tea and ice cream. Compared to *Auntea Jenny*, products offered under *Version Lite* have simpler recipes with lower prices. During the Track Record Period, the average selling price of our freshly-made beverages under this brand is approximately RMB9 per item. Set forth below are pictures of our major products offered under *Version Lite*.

Key products

Panda Milk Tea
(熊貓奶茶)

Osmanthus Flower
Mini Riceballs
(桂花小丸子)

Version Lite 1.0

Flower Field and
Fresh Peach
(花田新桃)

White Jasmine
Cascade
(瀑布茉白)

Version Lite 2.0 – Fallstea

Store Designs

The design theme of *Version Lite 1.0* stores features freshness, with green being the main theme color. We started promoting *Fallstea*, our updated *Version Lite 2.0* brand concept, with eye-catching logo, upgraded store design and new marketing initiatives to our franchisees since March 2024 to further capture demands from the lower-tier markets. The design theme of *Fallstea* features the respect for and inheritance of traditional Chinese culture, while also pursuing modern aesthetics. *Fallstea* primarily uses warm colors as the main theme colors. By utilizing light oak and lightbox elements featuring classical Chinese poetry, it creates a warm, simple, and stylish tea-drinking space filled with cultural ambiance. Digital payment and online ordering systems are also used in our *Version Lite* stores to create a convenient ordering experience in-store.

Set forth below is a picture of our *Version Lite* store.

Version Lite 1.0

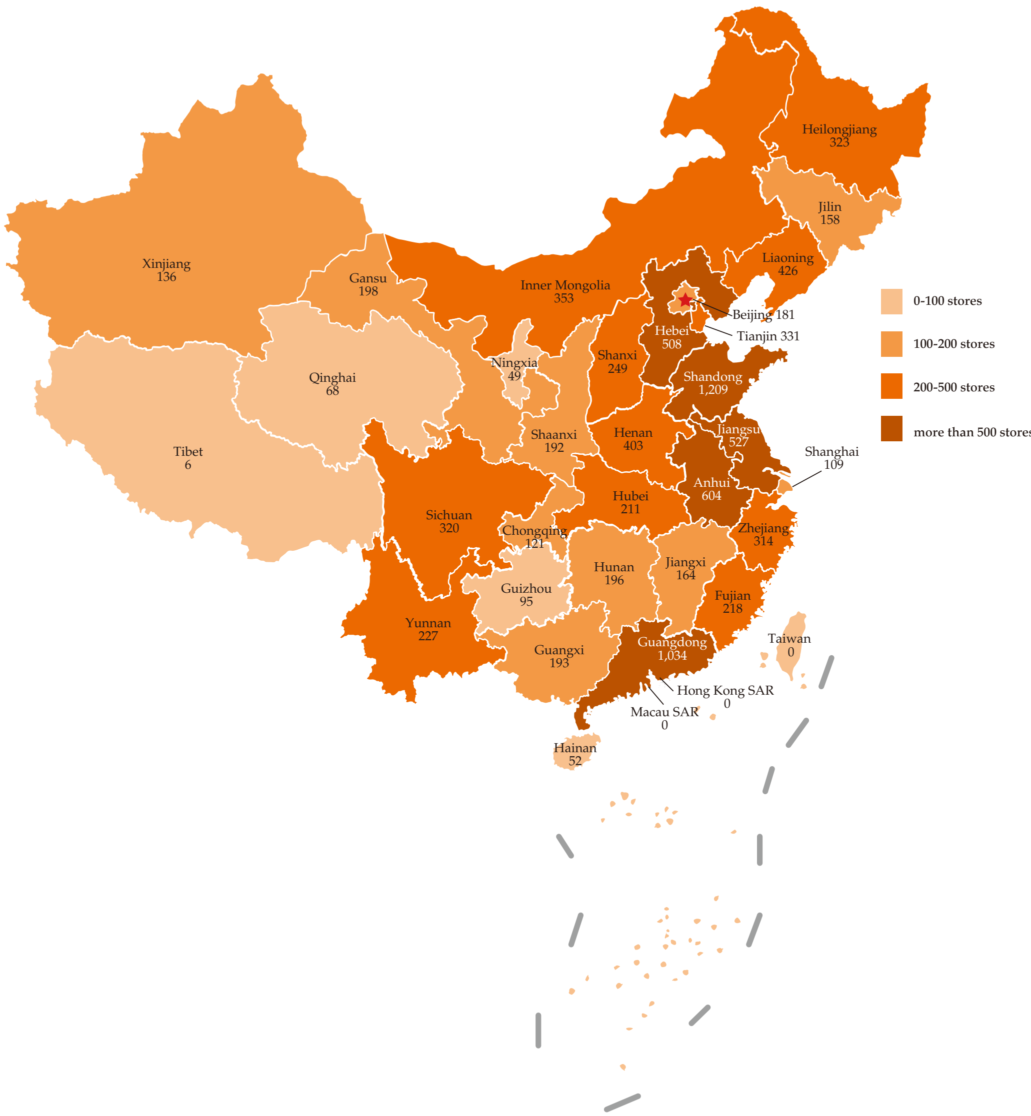
Version Lite 2.0 – Fallstea

OUR STORE NETWORK

We opened the first store in Shanghai in July 2013 offering grainy milk tea, which provided consumers with a warm and comforting choice during chilly winters particularly in northern China. This kick-started our initial expansion of store network in northern China. In 2019, we began to offer fresh fruit tea which was welcomed by our customers and enabled our nationwide expansion, including the southern regions. We launched *Jenny x Coffee* in 2022, which is typically embedded in our *Auntea Jenny* stores to offer consumers traditional and tea-flavored coffee, and *Version Lite* in 2023 to offer consumers a more price-for-value tea drink for third and lower-tier cities. As of December 31, 2024, our store network of 9,176 stores covered all four centrally administered municipalities and over 300 cities in five autonomous regions and 22 provinces in China. The table below sets forth a breakdown of the stores in our network by self-operated stores and franchised stores as of December 31, 2022, 2023 and 2024:

	As of December 31,					
	2022		2023		2024	
Franchised stores	5,244	98.8%	7,756	99.6%	9,152	99.7%
Self-operated stores	63	1.2%	33	0.4%	24	0.3%
Total	**5,307**	**100.0%**	**7,789**	**100.0%**	**9,176**	**100.0%**

The map below illustrates our store network in China as of December 31, 2024:



For illustrative purpose only, the map (Map Review Number: GS(2022)4308) is presented to illustrate our store network in China as of December 31, 2024.

Store Location and Planning

As a result of our product offerings and developing strategies, our store network has a balanced coverage in northern and southern China. Set forth below is a breakdown of our total stores by geographical location, as divided by the Qinling-Huaihe Line and its natural extension, the typical division line of northern and southern China:

	As of December 31,					
	2022		2023		2024	
Northern China(1)	2,847	53.6%	3,995	51.3%	4,784	52.1%
Southern China(1)	2,460	46.4%	3,794	48.7%	4,391	47.9%
Overseas(2)	–	–	–	–	1	0.0%
Total	**5,307**	**100.0%**	**7,789**	**100.0%**	**9,176**	**100.0%**

Note:

(1) Northern China stores include stores (i) in provinces located in the north of Qinling-Huaihe Line, and (ii) in provinces with more than 50% of the area located in the north of the Qinling-Huaihe line, namely Shaanxi Province and Henan Province. Southern China stores refer to the rest of stores in China.

(2) In February 2024, we launched our first overseas self-operated *Auntea Jenny* store in Kuala Lumpur, Malaysia.

We place great emphasis on the third and lower-tier cities and have advantages in terms of store coverage and supply chain network, supporting rapid expansion into more cities while ensuring the quality of products. In first and second-tier cities, we offer franchisees more flexible site selection strategies, assisting them in choosing advantageous locations within manageable costs. We leverage a data-driven market analysis system to identify high-potential areas based on population density, consumer behavior, competitor distribution and surrounding amenities. Our flexible site selection model categorizes potential locations into different tiers that tailored to accommodate franchisees' different investment budgets. Additionally, we conduct on-site inspection to ensure critical factors such as visibility, accessibility, and rental feasibility are thoroughly assessed. Our extensive supply chain coverage and lower initial investment costs enable us to penetrate the third and lower-tier cities. Our *Auntea Jenny* brand focuses more on third and lower-tier cities. Our *Jenny x Coffee* brand is typically embedded in our *Auntea Jenny* stores. Additionally, our *Version Lite* brand has distinct pricing strategies and store models more aligned with the demands of cities below third-tier, including those at county-level or below, which further supports our store expansion. As of December 31, 2024, with approximately 50.4% of stores in our network located in third and lower-tier cities, we had strong market presence in the lower-tier markets among mid-priced freshly-made tea shop brands in terms of total store count according to CIC. As of

December 31, 2024, 50.7% of new stores within our network were opened in third and lower-tier cities. Set forth below is a breakdown of stores in our network by city tier:

	As of December 31,					
	2022		2023		2024	
First-tier cities	403	7.6%	586	7.5%	686	7.5%
New first-tier cities	1,272	24.0%	1,742	22.4%	1,896	20.7%
Second-tier cities	1,067	20.1%	1,612	20.7%	1,964	21.4%
Third and lower-tier cities	2,565	48.3%	3,849	49.4%	4,629	50.4%
Overseas[(1)]	–	–	–	–	1	0.0%
Total	**5,307**	**100.0%**	**7,789**	**100.0%**	**9,176**	**100.0%**

Note:

(1) In February 2024, we launched our first overseas self-operated *Auntea Jenny* store in Kuala Lumpur, Malaysia.

The freshly-made tea shop market in third and lower-tier cities in China is the largest and is expected to be the fastest-growing segment between 2023 to 2028 in terms of GMV, with significant potential for future growth according to CIC. We plan to continue our expansion and replicate our success through further penetration of existing markets throughout China and expand into more third and lower-tier cities.

Location Selection

When franchisees seek to open a new store, we will provide candidate sites leveraging our data-driven market analysis system and our flexible site selection model for franchisees to choose. The franchisees can either select from the sites proposed by us or propose other sites chosen by them independently following the site selection skill trainings provided by us. After thorough evaluation, discussion and on-site inspection, upon our approval of the proposed store site, the franchisee is required to operate the franchised store in the designated premise as specified under the relevant franchise agreement. According to the franchise agreement signed between us and our franchisees, the franchisees are responsible for signing the lease for the premises and filing lease agreements on their own. During the location selection of the franchised stores, we require our franchisees to select premises in compliance with the PRC laws and regulations relating to properties in all material aspects.

When vetting site selection proposals from our franchisees, we take several factors into consideration to ensure the optimal placement of the franchised stores. In addition to increasing commercial market potential, we believe these factors are important to help us reduce the risk of cannibalization between new and existing locations. These factors include:

- *Consumer traffic and characteristics of the areas*: The stores in our network are mainly located in mature business districts and shopping malls. In addition, we also seek to open stores near terminals of public transportation such as railroads, bus stops or airports. Certain mature franchisees may have certain flexibility in the choice of new store location. In particular, we consider the spending pattern of the people in the area, peak hours and people flow-line;

- *Protective distance*: We strategically establish stores based on market analysis and an assessment of our primary competitors. We generally establish a protective distance of around 100 meters in principle between new and existing stores. According to CIC, the range of our protective distance is in line with industry norm. Pursuant to the franchise agreement, new stores typically cannot be opened within the protective distance unless the prior consents are obtained from us to prevent cannibalization among stores, except for certain locations as specified in the agreements where new stores may be opened without such prior consents from us. Such locations may include commercial districts and transportation hubs where there are relatively higher demands for our products.

- *Standardized management*: We enable the franchised stores to receive equal resources to ensure a level playing field and uniform growth opportunities. We adopt unified measures regarding product development and supply chain management to maintain consistency and cohesion across our entire network. These measures help the franchised stores grow their business without the need to compete for internal resources among themselves.

We have the discretion to determine the proper distance between stores based on our market analysis as well as commercial considerations to minimize cannibalization among stores.

The fast-growing freshly-made tea shop market in China is faced with intense competition. With the growing number of freshly-made tea brands and tea shops in China, our strategy to expand our store network may lead to competition among the stores within our network and competition against our competitors. It is possible that the existing stores within our or our competitors' network might have already taken up the desired locations for new stores and our competitors may enter into these areas after our existing stores have been established, and our measures to minimize the risk of cannibalization within our network and against competitors might have limitations. See "Risk Factors — Risks Relating to Our Business and Industry — We face increasingly intense competition."

Measures to Prevent Cannibalization

With respect to the competition among the stores within our network, we actively develop and implement strategies to manage such limitations. These strategies involve, among others, our careful market analysis of areas for penetration, and innovative product development and diversification. In our nationwide analysis of areas for penetration, we diligently explore and identify potential locations for opening stores, creating an extensive reserve for new store placements. In addition, our comprehensive site selection and network expansion strategy is based on our smart site selection system leveraging the data insights and the recommendations from third-party AI tools. We have the discretion to determine the proper distance between stores based on our market analysis as well as commercial considerations to minimize cannibalization among stores.

Factors considered include business conditions, pedestrian traffic, rental costs, and the presence of existing stores in our network in neighboring areas. We offer recommendations to franchisees, who can choose from our suggestions or propose alternative locations, subject to our approval. New store locations are carefully selected based on local consumer demand, ensuring both new and existing stores are adequately supported. Our thorough analysis of consumer traffic and commercial area characteristics help ensure that each store has adequate access to customer demands to ensure profitability of the stores within our network. We also establish protective distance and implement standardized management practices across our store network, providing our franchisees with equal resources and opportunities for growth. We generally establish a protective distance of around 100 meters in principle between new and existing stores based on market analysis and an assessment of the performance of our competitors in adjacent areas. According to CIC, the range of our protective distance is in line with industry norm.

We take measures to mitigate the cannibalization effect on existing stores during our expansion of store network in areas where we have already established a presence. On the one hand, our decision to open a new store is closely related to the local consumer demands and we only consider new store opening in a specific area where we believe the local consumer needs can adequately support both new and existing stores. On the other hand, our commitment to innovative product development contributes to generating fresh demands. By continuously introducing new product offerings with distinct ingredients, we are able to further grow our market demand and consumer base.

Measures to Address Competitions against Our Competitors

The number of chain freshly-made tea shop brands and chain freshly-brewed coffee brands reached approximately 2,600 and 300, respectively by 2023, where chain brands refer to brands with more than 10 stores nationwide, according to CIC. Consumers have a broad array of choices that align with their preferences and budgetary considerations. We strategically focus on the lower-tier markets and have achieved a strong market presence in the lower-tier markets in China in terms of total store count among mid-priced freshly-made tea shop brands. We have accumulated a wealth of experience in store operations, personnel management and consumer preferences in the lower-tier markets in China, which enables our franchisees to tap into these markets more effectively. The freshly-made tea shop market in third and lower-tier cities in China is the largest and is expected to be the fastest-growing segment between 2023 to 2028 in terms of GMV, with significant potential for future growth. Our expertise and proven track record of success in this market segment position us well in capturing the significant future opportunities. We also aim to amplify our market penetration by identifying underpenetrated areas with potential demand through data analytics, rapidly establishing presence in key locations with high visibility, and providing consistent access to fresh and quality raw materials through our robust supply chain. To further align our interests and the interests of our franchisees, we normally do not require eligible franchisees to pay the non-refundable upfront franchise fee for renewal. We also actively encourage our franchisees to open more stores. For franchisees who have opened more than one store, our supporting measures include management training, exemption or discount of the fixed non-refundable upfront franchise fee and lowering equipment purchase price.

The proximity of freshly-made tea shops under different brands in adjacent areas also contributes to heightened competition. The competition among freshly-made tea shops was fierce. According to CIC, among the top ten shopping areas in China, which are ranked based on factors such as the population size of the business district, transportation facilities and business scale, there are approximately 50 freshly-made tea shops within a one-kilometer distance from each shopping area's center, and among the top ten shopping malls in China, which are ranked by the sales value, an average of ten freshly-made tea shops can be found within each shopping mall. If an increasing number of new stores are launched by our competitors in close proximity to existing stores within out network, our store operation and performance might be negatively impacted, especially if our competitors' new stores gain strong momentum during the initial phase. We advocate a range of measures to support stores within our network in such competitive scenarios. For instance, our store operations teams provide support and guidance for franchisees in planning their initial opening such as devising marketing campaigns, staff orientation and store opening supervision. We also provide a wide range of store promotion support, covering various aspects of store promotion including store opening promotion activities, marketing and promotion guidance from our headquarters, connecting with third-party delivery platforms.

Operation Management

Standardization

We endeavor to drive best-in-class store operations and overall consumer satisfaction to achieve long-term growth through standardization. Standardized process ensures the operation consistency among the stores in our system. This standardized store design, menu, pricing and image we promote throughout our system also allows for easy transfer of knowledge when opening new stores, providing scalability and driving our expansion. We have established a comprehensive set of standards and specifications relating to each aspect of store operations, including store design, uniforms, menu items, pricing, promotional activities, advertisements, product preparation, facility maintenance, cleanliness of the premises and employee conduct. We also perform periodic and spot inspections and examinations to ensure strict adherence to these standards and specifications.

We are committed to ensuring the standardization of ingredients used in our products. We safeguard such core value by requiring members of our store network to procure ingredients mostly from our centralized procurement platform which sources ingredients from selected suppliers and our own production facility. In addition, for fruit ingredients that are more difficult to be standardized, we take special steps before they reach the stores. Such fruit ingredients are selected factoring in anticipated ripening changes during transport. We also perform additional preparation steps to optimize their condition to ensure they arrive at stores at their peak, guaranteeing consistent drink flavor across all locations.

Our Management and Supporting Platform

To ensure standardization of quality and services of our franchised and self-operated stores, and to promote operation efficiency and profitability of our franchised and self-operated stores, we have established a management and supporting platform. Below is a summary of our management and supporting platform:

- *Site selection.* We provide training to our franchisees on site selection skills and help assess the viability of candidate sites. The assessment includes risk evaluation, location analysis and expected turnover. We also assist our franchisees with business planning based on site selection.

- *Store design and renovation support.* We provide store design plans including floor plan, rendering and construction drawings. Franchisees have the choice to carry out constructions on their own or engage third-party construction team.

- *Equipment*: We provide stores with quality equipment sourced from carefully selected suppliers. We select and supply equipment designed to suit our store operations to our franchisees to improve store operating efficiency and product standardization. In particular, we are rolling out smart tea-making machines in our store network in furtherance of such goals. The smart tea-making machine features an automatic ingredient dispensing function that supports up to 21 types of ingredients, including tea, fruit juices, and ice water, which can improve the operating efficiency at stores by shortening the time needed for ingredients dispensing. It can also notify the staffs when the ingredients levels are low to avoid the interruption caused by shortage of ingredients. Moreover, it integrates a built-in refrigerator to ensure the freshness of ingredients and optimize the store layout for equipment. For *Auntea Jenny* stores and *Version Lite* stores, we typically provide smart tea-making machines, refrigerators, sealing machines and ice-making machines. For standalone *Jenny x Coffee* stores, coffee machines will be provided in addition to refrigerators, sealing machines and ice-making machines. For *Jenny x Coffee* stores that embedded in *Auntea Jenny* stores, coffee machines will be provided and other machines will be shared with *Auntea Jenny* stores. We also accepted the franchisees to bring and use certain qualified equipment at franchised stores, such as refrigerators, that were procured from other suppliers than us since the end of 2023. We only accept equipment that meets our standards and requirements to ensure the quality of products. Such equipment procured from other suppliers than us shall be subject to our approval before being put into use at franchised stores. We have established supervising teams to assess the such equipment at new stores by checking the types, specifications, appearance and conditions, and will approve the equipment to be used in the franchised stores only after it passes such assessment. All franchisees who can bring the qualified equipment that passes our assessment can enjoy such benefit. As we continued to optimize the store layout and procure cost-effective equipment with lower average selling prices, and accepted certain equipment brought by franchisees since the end of 2023, the spending on equipment in connection with opening a new store continued to decrease during the Track Record Period. Those further strengthened our low-initial investment value proposition to potential franchisees, making our franchising terms even more attractive.

- *Store opening support.* Our store operations teams provide support and guidance for franchisees in planning their initial opening such as devising marketing campaigns, staff orientation and store opening supervision.

- *Supply chain.* As our effort to standardize the quality of freshly-made beverages throughout our network, we require our franchisees to purchase the ingredients mostly from our centralized procurement platform which sources ingredients from selected suppliers and our own production facility. As of December 31, 2024, our supply chain network includes (i) 12 logistics centers, (ii) four equipment warehouses, (iii) eight fresh produce warehouses and (iv) 15 frontline cold-chain storage warehouses. Within our supply chain network, three of the logistics centers and all of the frontline cold-chain storage warehouses are operated by Independent Third Parties. Such supply chain network ensures timely distribution of fresh ingredients. All our fresh produce warehouses have ambient, refrigerated and freezer storage facilities. The cold-chain storage warehouses are able to cover all stores nationwide, allowing ingredients to be delivered to stores two to three times each week. In addition, we trace the origin of our upstream raw material providers to strictly control the quality of the raw materials procured. For *Auntea Jenny* stores and *Version Lite* stores, we typically provide dairy products, tea leaves, sugar, fresh fruits, fruit juices and packaging materials. For *Jenny x Coffee* stores, we typically provide coffee beans, flavored syrups and packaging materials.

- *Product offering and development.* During the Track Record Period, our product research and development team continues to innovate, supporting the launch of over 100 new products in each of 2022, 2023 and 2024, while continuously upgrading the existing ones.

- *Digitalized operation*. We provide stores within our network with our proprietary all-in-one store operation system, *Auntea Jenny Store Assistant*, which has functions including product ordering, defect reporting and data reporting to empower stores' daily operation.

- *Delivery support.* We aim to obtain the best rates and discount for stores within our network from third-party delivery platforms, and carry out activities on holidays and festivals to attract and retain online consumers.

- *Training and supervision.* We provide franchisees with comprehensive training and supervision, including pre-opening training, ongoing training on store management and new product launch, and continuous online monitoring and offline store visits. With the support of our headquarters and regional teams, we are able to empower and serve franchisees more efficiently and effectively to drive their sales growth. Our regional teams ensure the QSC (quality, service and cleanness) of the stores through food safety supervision and assessment. We also provide support to franchisees on the daily management of their stores.

- *Store promotion.* We provide a wide range of store promotion support, covering various aspects of store promotion including store opening promotion activities, marketing and promotion guidance from our headquarters, connecting with third-party delivery platforms. Furthermore, we collaborate with brands in other industries, formulate and implement marketing campaigns to promote our brand. Powered by our publicity designs customized for specific regions and festivals, we are able to achieve widespread community penetration of our brand image. In addition, we have arranged training sessions and allocate supervisors to guide our franchisees about how to gain more exposure and attract consumers. This systematic supporting model improves our franchisees' sense of marketing and enables them to implement more targeted promotion strategies.

Pricing

We adopt different pricing strategies for different brand concepts in our store network. In general, products at *Auntea Jenny* and *Jenny x Coffee* target the mid-end market, while *Version Lite* targets the mass market. We intend to set prices that reflect our value propositions. Our pricing decisions for a product take into account various pertinent factors. These include the purchasing power of local consumers, prevailing market prices, ingredient and supply costs, market demand and the competitive landscape, among other factors.

We determine the price of ingredients and equipment sold to franchisees primarily with reference to our procurement costs and the profit margins of both our franchisees and ourselves. The determination of ingredient, other raw materials and equipment pricing is also linked to our product pricing strategy as described in the foregoing, which is consistent among all franchisees. The fee for franchising service is also consistent among all franchisees, which is determined based on factors including our brand value, the primary regions and overall market conditions, the involvement of our IT infrastructure, the costs of franchisee support and training services provided and the fee set by the other players within the industry. We continuously monitor procurement costs trends, analyze industry development, and engage with our franchisees to understand their specific needs. These efforts enable us to remain agile in optimizing our cost structure, adapting our sales strategies and refining our pricing mechanism, and provide our franchisees with a stable and sustainable foundation for profitability.

Evaluation

We actively manage our store network. We conduct periodic evaluation of the performance of each store in our systems as well as their adherence to our uniform standards or polices. We consider multiple factors during the evaluation process, including but are not limited to the cleanliness, quality and shelf life of ingredients, types of products sold, procurement situations, quality of service provided, display of equipment and others and relevant business qualifications. Considering the nature of our business operations, our evaluation process combines the traditional examination and inspection on the operation procedure, such as food preparation and cleanliness of the premises. On the other hand, we also analyze the comprehensive data compiled by our advanced information technology system to help stores improve their operation and management. For example, our system visualizes the operating data of each store, enabling our franchisees to better adjust their business strategies. Our established technological infrastructure also facilitates us in benchmarking among the stores in our system, optimizing franchisee support. For franchisees who failed the periodic evaluation, we will educate and provide further training or impose fines based on the severity of the violation. In serious cases, we may require temporary closure of the franchised stores for rectification or even terminate the cooperation with the franchisees. The franchisees are not subject to any sales target.

Online Platforms

To allow consumers to enjoy our products more easily and conveniently, we and our franchisees offer customers with options of ordering online through diversified channels, such as our Weixin Mini Programs and third-party delivery platforms to fulfill customer orders with speedy and reliable delivery services.

For delivery orders placed via third-party delivery platforms such as Meituan and Ele.me, we and our franchisees typically rely on such platforms to deliver our products to customers. Although our franchisees sign the collaboration agreements with third-party delivery platforms directly, we negotiate with those third-party platforms as an established brand for more favorable terms for our franchisees before signing. As an established brand, third-party delivery platforms will provide us and our franchisees with more exposure, discounts and lower commission charge. Our franchisees shall pay fees to these third-party delivery platforms for their use of the platforms. We or franchised stores do not have any revenue sharing arrangements with such platforms.

Moreover, the third-party delivery platforms can also provide certain promotion services to our self-operated stores and franchised stores. Generally, we and our franchisees shall bear the relevant promotion costs for our self-operated stores and franchised stores, respectively.

The service agreements we entered into with those third-party delivery platforms for our self-operated stores typically contain the following key terms:

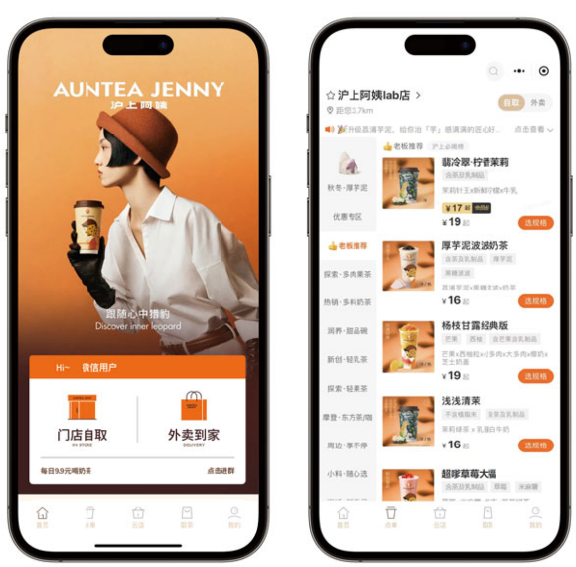
- *Terms.* Typically one year and is renewable subject to further negotiation.

- *Technical Services.* The third-party delivery platforms are responsible for providing technical services such as big data analysis, information optimization and analysis, smart matching, feedback optimization and other technical services to us.

- *Payment.* We made the non-refundable payment for the technical services provided under the agreement to the third-party delivery platforms.

- *Licenses and permits.* We are responsible for obtaining necessary licenses and qualifications for our business operations. We shall provide the photocopies of the licenses and qualifications to the third-party delivery platforms before conducting business on the third-party delivery platforms and shall be liable for any violation of applicable laws and regulations.

- *Termination.* The agreement may be terminated by written notice from the third-party online delivery platforms if our operation on the third-party delivery platforms violates applicable laws and regulations, infringes on the legitimate rights and interests of a third party, violates the product policies of the third-party online delivery platforms or relevant governmental authorities require the third-party online platforms to block or delete such content. The agreement may also be terminated in advance by written notice upon mutual agreement.



The table below sets forth the GMV and sales volume of our franchised and self-operated stores generated from the third-party delivery platforms in total and each of these platforms during the Track Record Period.

	Year Ended December 31,					
	2022		2023		2024	
	GMV	**Sales volume**	**GMV**	**Sales volume**	**GMV**	**Sales volume**
	in RMB thousands	*Number of cups in thousands*	*in RMB thousands*	*Number of cups in thousands*	*in RMB thousands*	*Number of cups in thousands*
Franchised stores						
Meituan[1]	2,349,682	131,571	3,682,681	205,283	4,416,557	234,017
Ele.me	877,860	47,775	1,303,136	69,458	1,401,171	70,200
Subtotal	**3,227,542**	**179,346**	**4,985,817**	**274,741**	**5,817,728**	**304,217**
Self-operated stores						
Meituan[1]	68,612	3,861	60,319	3,479	24,687	1,419
Ele.me	36,315	1,927	28,744	1,466	10,759	499
Subtotal	**104,927**	**5,788**	**89,062**	**4,945**	**35,446**	**1,918**
Total	**3,332,469**	**185,134**	**5,074,879**	**279,685**	**5,853,173**	**306,135**

Note:

(1) Orders placed on Meituan including self-pickup orders and delivery orders.

In addition to cooperation with third-party delivery platforms, we directly operate Weixin Mini Programs, which bring us closer to the consumers and gives us invaluable consumer insights. In 2021, we began to introduce an online ordering function integrated in our official Weixin Mini Programs, through which consumers may place orders online and pick up beverages at offline stores by themselves. For consumers' delivery orders placed via our Weixin Mini Programs, we engage third-party delivery agencies to deliver our products to them. In 2023 and 2024, approximately 62.8% and 69.3% of orders directly placed with us were through our Weixin Mini Programs, respectively. Our Weixin Mini Programs apply to both self-operated and franchised stores. We pay Tencent a service fee for using Weixin to operate mini programs. Such service fee accounted for as our selling and marketing expense during the Track Record Period. Our self-operated stores or franchised stores do not have any revenue sharing arrangement with Weixin Mini Programs.

The table below sets forth a breakdown of our GMV and sales volume through online and offline channels for the periods indicated.

	Year Ended December 31,					
	2022		**2023**		**2024**	
	GMV	**Sales volume**	**GMV**	**Sales volume**	**GMV**	**Sales volume**
	in RMB thousands	*Number of cups in thousands*	*in RMB thousands*	*Number of cups in thousands*	*in RMB thousands*	*Number of cups in thousands*
Offline[(1)]	2,712,092	172,603	4,536,012	296,131	4,892,161	302,550
Online[(2)]	3,355,881	186,698	5,195,834	287,158	5,844,191	312,781
Total	**6,067,973**	**359,301**	**9,731,846**	**583,289**	**10,736,352**	**615,331**

Notes:

(1) Orders from offline channel included dine-in orders and self-pickup orders.

(2) Orders from online channels included delivery orders placed on Weixin Mini Programs, Meituan and Ele.me.

Performance

The following table sets forth the key performance indicators relating to our store network during the Track Record Period.

All Stores within Our Network

The table below sets forth the key operating data for all stores within our network by brands and across all brands for the periods indicated.

	As of/Year Ended December 31,		
	2022	**2023**	**2024**
Auntea Jenny			
Total GMV (RMB in thousands)	6,067,897	9,677,245	10,521,824
Total number of orders (thousands)	226,511	369,926	412,129
Total store count at the end of the year	5,307	7,696	8,683
Total sales volume (number of cups in thousands)	359,298	579,893	598,641
Average GMV per store (RMB in thousands)[1]	1,500	1,561	1,399
Average GMV per store per day (RMB)[2]	4,109	4,277	3,833
Average GMV per order (RMB)[3]	27	26	26
Jenny x Coffee			
Total GMV (RMB in thousands)	77	37,570	43,687
Total number of orders (thousands)	3	1,181	1,441
Total store count at the end of the year[4]	9	2,064	1,700
Total sales volume (number of cups in thousands)	4	1,707	1,953
Average GMV per store (RMB in thousands)[1]	112	52	42
Average GMV per store per day (RMB)[2]	307	142	116
Average GMV per order (RMB)[3]	26	32	30

	As of/Year Ended December 31,		
	2022	2023	2024
Version Lite			
Total GMV (RMB in thousands)	–	17,031	170,841
Total number of orders (thousands) ..	–	1,119	11,661
Total store count at the end of the year	–	93	492
Total sales volume (number of cups in thousands)..................................	–	1,689	14,737
Average GMV per store (RMB in thousands)(1)	–	700	626
Average GMV per store per day (RMB)(2)	–	1,917	1,716
Average GMV per order (RMB)(3)	–	15	15
All brands			
Total GMV (RMB in thousands)	6,067,973	9,731,846	10,736,352
Total number of orders (thousands) ..	226,514	372,226	425,231
Total store count at the end of the year	5,307	7,789	9,176
Total sales volume (number of cups in thousands)..................................	359,301	583,289	615,331
Average GMV per store (RMB in thousands)(1)	1,500	1,559	1,370
Average GMV per store per day (RMB)(2)	4,109	4,270	3,753
Average GMV per order (RMB)(3)	27	26	25

Notes:

(1) Calculated by average GMV per store per day multiplied by 365 for the year ended December 31.

(2) Calculated by dividing total GMV by total days of operation of the stores.

(3) Calculated by dividing total GMV by total number of orders.

(4) During the Track Record Period, except for 1 standalone *Jenny x Coffee* stores, all *Jenny x Coffee* stores were embedded in our *Auntea Jenny* stores.

During the Track Record Period, our total GMV continued to grow from RMB6.1 billion in 2022 to RMB10.7 billion in 2024, primarily due to our continuous expansion of our store network. Our average GMV per store for all brands as a whole increased from RMB1.5 million in 2022 to RMB1.6 million in 2023, and our average GMV per store per day for all brands as a whole increased from RMB4,109 in 2022 to RMB4,270 in 2023, primarily due to the continuous enhancement of our brands and the roll-out of new products that met the market demands. However, our average GMV per store of *Jenny x Coffee* decreased from RMB112 thousand in 2022 to RMB52 thousand in 2023, primarily due to that we only rolled out a few *Jenny x Coffee* embedded in our primary *Auntea Jenny* stores as pilots in 2022, which enjoyed primary locations and consumer traffics, and thus had a relatively higher average GMV per store and average GMV per store per day in 2022, as compared to those *Jenny x Coffee* stores in scale in 2023.

As affected by the overall industry slowdown and intensified competition in 2024, the average GMV per store and the average GMV per store per day for all of our brands as a whole and each of them decreased from 2023 to 2024. The store count of our *Jenny x Coffee* decreased from 2,064 as of December 31, 2023 to 1,700 as of December 31, 2024, primarily due to the closing of *Auntea Jenny* stores in which the *Jenny x Coffee* embedded as a results of the overall slowdown of the industry in China and the intensified competition.

The table below sets forth the average GMV per store per day[(1)] by years of opening during the Track Record Period.

	Year Ended December 31,		
	2022	2023	2024
Less than one year	4,016	3,933	3,239
One to two years	4,267	4,284	3,621
Two to three years	4,133	4,537	3,896
More than three years	3,909	4,296	4,017

Note:

(1) Calculated by dividing total GMV in each category by total days of operation of the stores in each category.

In 2022, 2023 and 2024, our same-store GMV growth was (10.6)%, 10.0% and (10.6)%, respectively. In 2022, our same-store GMV decreased by 10.6%, primarily due to the disruption caused by the pandemic outbreak. In 2023, our same-store GMV increased by 10.0%, primarily due to the enhancement of our brand and our continuous roll-out of new products. In 2024, our same-store GMV decreased by 10.6%, primarily due to the overall industry slowdown and intensified competition in 2024. Our same-store GMV is the GMV generated by same stores in a given year. Same stores are stores that have been launched prior to the first day of the prior year and have not been permanently closed as of the last day of the given year. The same-store GMV growth is the percentage difference in GMV generated by same stores between a given year and the previous year.

The Franchised Stores

The table below sets forth the key operating data for the franchised stores by brands and across all brands for the periods indicated.

	As of/Year Ended December 31,		
	2022	2023	2024
Auntea Jenny			
Total GMV (RMB in thousands)	5,906,535	9,529,972	10,457,582
Total number of orders (thousands)	220,369	362,949	409,452
Total store count at the end of the year	5,244	7,665	8,663
Total sales volume (number of cups in thousands)	350,111	571,407	595,142
Average GMV per store (RMB in thousands)	1,483	1,552	1,395
Average GMV per store per day (RMB)	4,064	4,252	3,822
Average GMV per order (RMB)	27	26	26
Jenny x Coffee			
Total GMV (RMB in thousands)	6	34,710	41,293
Total number of orders (thousands)	0	1,076	1,371
Total store count at the end of the year(1)	2	2,040	1,690
Total sales volume (number of cups in thousands)	0	1,571	1,857
Average GMV per store (RMB in thousands)	51	50	40
Average GMV per store per day (RMB)	139	136	111
Average GMV per order (RMB)	25	32	30
Version Lite			
Total GMV (RMB in thousands)	–	16,060	169,895
Total number of orders (thousands)	–	1,058	11,606
Total store count at the end of the year	–	91	489
Total sales volume (number of cups in thousands)	–	1,638	14,623
Average GMV per store (RMB in thousands)	–	705	627
Average GMV per store per day (RMB)	–	1,931	1,717
Average GMV per order (RMB)	–	15	15

	As of/Year Ended December 31,		
	2022	2023	2024
All brands			
Total GMV (RMB in thousands)	5,906,541	9,580,742	10,668,769
Total number of orders (thousands)	220,369	365,084	422,430
Total store count at the end of the year	5,244	7,756	9,152
Total sales volume (number of cups in thousands)	350,112	574,615	611,622
Average GMV per store (RMB in thousands)	1,483	1,550	1,366
Average GMV per store per day (RMB)	4,064	4,245	3,743
Average GMV per order (RMB)	27	26	25

Note:

(1) During the Track Record Period, except for one standalone *Jenny x Coffee* store, all *Jenny x Coffee* stores were embedded in our *Auntea Jenny* stores.

OUR FRANCHISE-FOCUSED BUSINESS MODEL

Our business model comprises an integrated franchise system backed by a comprehensive supporting platform. In addition, we strategically open self-operated stores to establish our presence, develop brand recognition and gain market intelligence for new and underpenetrated markets before engaging or introducing franchisees in those markets. We also leverage our self-operated stores as knowledge bases for our franchised stores to provide guidance in aspects such as customer services, store operations, quality control and other best practices. The core of our business model is cooperation with entrepreneurial franchisees who are committed to our concept and highly motivated to grow our brand and store network. We seek to maintain close and long-term mutually beneficial relationships with our franchisees by establishing a management and supporting platform. See "— Our Store Network — Operation Management — Our Management and Supporting Platform." During the Track Record Period, our successful business model propelled the rapid growth of our *Auntea Jenny* stores throughout China. Going forward, we plan to utilize our franchise business model to further expand our store network. Meanwhile, despite our rapid growth, we have consistently maintained our ability to closely monitor the performance and operations of our franchised stores through our efficient and comprehensive supporting infrastructure to ensure the transparency, consistency and quality of their operations.

During the Track Record Period, we generated a substantial majority of revenue from our franchising operation, mainly consisting of (i) sales of goods, including ingredients, packaging and other raw materials, as well as equipment, to franchisees, and (ii) franchising service fees including (a) a non-refundable upfront franchise fee at initial stage, and (b) continuous franchise fees for operation, training, marketing and other various support, which are primarily linked to the procurement amount by our franchisees. As a result, we have a diverse revenue source from a large customer base including our franchisees and consumers at our self-operated stores. Our revenue derived from our five largest revenue contributors for each year of the Track Record Period accounted for less than 5% of our total revenue for each of 2022, 2023 and 2024.

Our Franchise System

The franchise model is a well-established and commonly used business model in the freshly-made tea shop industry. Under the franchise model, the franchisee pays us for our concept, strategy, marketing, operating system, training, purchasing power and brand recognition and enjoys the benefit of a centralized supply chain management, including reduced costs for raw material procurement and high-quality supplies. Key benefits of franchise model include:

- an asset-light and cost-effective way for us to expand business and allocate resources more efficiently to other critical business aspects, such as franchise support, product development, supply chain management and risk management;
- long-term collaboration with franchisees that are fully incentivized to achieve business targets and protect the brand equity;
- faster national expansion, regional penetration and market share gains with lower capital requirements; and
- effective utilization of franchisee's entrepreneurial spirit, local expertise, market intelligence and business networks (including achieving lower rent and labor costs and the knowledge on local consumer dynamics).

Selection and Development of Franchisees

The success of our business model is closely tied to the success of our franchisees. We consider our franchisees our partners in business, and we prudently select our franchisees based on a number of criteria, including, among other things:

- passion toward tea culture and the freshly-made tea beverage industry;
- entrepreneurship;
- motivation;
- commitment to our corporate philosophy and brand concept;
- adaptability to teamwork;
- local knowledge and expertise; and
- financial condition.

We retain our existing franchisees to open more franchised stores by providing franchisee supports and trainings to help franchisees solve problems and improve operations. Such franchisee supports and trainings include, among other things, site selection planning and evaluation, store opening support, digitalized operation support, supervision and training support. For franchisees who have opened more than one store, our supporting measures include management training for their staffs, exemption or discount of the non-refundable upfront franchise fee and lower equipment purchase price. The management trainings cover spread topics, including store operation management in relation to inventories and human resources, and consumer experience in relation to communication skills and complaints handling. We also provide marketing support to our franchisees, striving to achieve a better profit return and thus establish win-win cooperation relationships. See "— Our Store Network — Operation Management — Our Management and Supporting Platform" and "— Our Franchise-focused Business Model — Franchisee Support." Additionally, we host franchisee conferences to address and resolve their concerns.

While a portion of our new stores was opened by existing franchisees, attracting new franchisees is also crucial to our future success. We attract potential franchisees primarily through word-of-mouth referrals and social media on our established reputation, attractive value proposition. In addition, we also place online advertisements and hold conferences to attract potential franchisees. We believe that online advertisements are helpful in reaching a whole range of audience, while conferences are convenient for potential franchisees to directly learn more about our brand and network.

Cooperation with marketing service providers

Historically, we entered into marketing service agreements with certain of our franchisees who have deep local knowledge, pursuant to which these franchisees would be our marketing service providers and referred suitable franchisee candidates to us, and we offerred these franchisees rebates for successful referrals. Such agreements typically had a term of one to three years. Under such agreements, the marketing service providers were obliged to assist us in various aspects of market expansion and store management. In relation to market expansion, those marketing service providers should refer suitable franchisee candidates to us under our written authorizations and in return, we should provide rebates to them for their contribution to our store network expansion. Those marketing service providers would assist us in the onboarding process of franchisee candidates for our final assessment and approval. For example, they would leverage their deep local knowledge to participate in the evaluation process of site selection for new stores to be opened by the franchisee candidates. All franchisee candidates would undergo an identical onboarding process and meet the same selection criteria as other franchisees. Once passing our onboarding process, the franchisee candidates should directly enter into franchise agreements with us for any franchised stores to be opened. To the best knowledge of the Company, there was no contractual relationship between those marketing service providers and the successful referrals. The rebates we provided to those marketing service providers for successful referrals were mainly based on the franchise fees and procurement amounts from the successful referrals. Historically, such rebates amounted to (i) approximately 2% to 3% of procurement amounts of ingredients from the successful referrals on a recurring basis, and (ii) approximately 50% to 70%

non-refundable upfront franchisee fees for the new franchised stores opened by the successful referrals on a one-off basis. Under the agreements, those marketing service providers could conduct certain brand marketing and promotion activities within their designated regions at their own costs subject to notices in advance to us and approval from us. As for store management, those marketing service providers were obliged to provide daily service guidance and supports to other franchisees in their designated region. They were also obliged to inspect and assess the franchised stores in their designated regions on our behalf as instructed by us according to requirements and standards set by us, and should report to us the records thereof. In addition to that, we would also conduct ad hoc inspection and assessment by ourselves on franchised stores in those designated regions. The issues identified during such routine and ad hoc inspection and assessment would be dealt with according to procedures that applicable to all franchisees and franchised stores in our network. If the marketing service providers fail to fulfill certain of their obligations under the agreements, we might have the rights to terminate the agreements and require them to pay us monetary damages for breach of contracts as provided in the agreements.

With the improvement of our operating capabilities, we gradually ceased entering into new marketing service agreements with franchisees. As of the Latest Practicable Date, we did not have any marketing service agreements in effect. We do not plan to expand our business through marketing service providers going forward. However, in consideration of the long-term good business relationship with them and to reward their historical contributions to us, we still allow those existing franchisees who historically provided us with such marketing services to make referrals to us from time to time, and rebates may be provided for new and existing successful referrals under our internal policy. According to our internal policy, the rebates to those franchisees for successful referrals are still based on the procurement amounts and franchisee fees from the successful referrals. The rates of such rebates are determined with reference to the rates those franchisees enjoyed historically, and thus vary among those franchisees. Under our internal policy, such rebates typically amounted to (i) approximately 2% to 3% of the procurement amounts of ingredients from the successful referrals on a recurring basis, and (ii) approximately 50% to 70% of the non-refundable upfront franchise fees for the new franchised stores opened by the successful referrals on a one-off basis.

Under our internal policy, those franchisees are encouraged, while not obliged, to continue assisting us in market expansion and store management as mentioned above. They are incentivized to do so as their rebates from successful referrals under our internal policy are still closely associated with the number and performance of those successful referrals in their designated regions. Similar to the arrangement under the marketing service agreements as mentioned above, all franchisee candidates referred by those franchisees will undergo an identical onboarding process and meet the same selection criteria as other franchisees. Once the franchisee candidates pass our onboarding process, they will enter into franchise agreements directly with us for any new stores to be opened by them. To the best knowledge of the Company, there is no contractual relationship between those franchisees and the successful referrals. Under such new arrangement, we enhanced our routine inspection and assessment of franchised stores within the designated regions of those franchisees, according to our standards, requirements and criteria applicable to all stores in our network. If there is any negative issue found during our inspection and assessment process, procedures applicable to all stores in our network will be followed to deal with such issues with or without help from those franchisees. Additionally, we may adjust the rebates to those franchisees for successful referrals by taking into account the severity of such issues. Those franchisees who historically provided such marketing services to us shall also enter into franchise agreement with us for any new store to be opened by them, the key terms of which will be in line with franchise agreements entered into with other franchisees.

In 2022, 2023 and 2024, we collaborated with 11, 11 and 10 franchisees (the "**Marketing Service Providers**"), who referred 37, 43 and 76 franchisees (the "**Referred Franchisees**") to open 76, 92 and 152 franchised stores, respectively. In 2022, 2023 and 2024, revenue from the Referred Franchisees was RMB188.2 million, RMB225.5 million and RMB211.6 million, accounting for 8.6%, 6.7% and 6.4% of our total revenue, respectively. In 2022, 2023 and 2024, we offered those Marketing Service Providers rebates of RMB2.9 million, RMB4.4 million and RMB3.6 million in total, respectively. Those rebates were deducted from relevant revenue from those Marketing Service Providers. Save for the rebates, we did not pay any other fees or expenses to those Marketing Service Providers. During the Track Record Period, our top five customers included Marketing Service Providers who were our franchisees.

During the Track Record Period, we had litigation with one of the Marketing Service Providers. See "Risk Factors — Certain of our major franchisees operate a large number of franchised stores under our brands, and disagreements with or termination of an arrangement with a major franchisee could adversely impact our results" and "Financial Information — Principal Components of Results of Operations — Other Income and Gains, Net."

Franchisee onboarding process

We have developed a comprehensive franchisee onboarding process and systematically apply it to all franchisee applications. The key steps of our onboarding process include:

- Franchisee applicants initiate the process by completing the application forms and submitting them to us.

- We conduct interviews to assess the franchisee applicants' qualifications for opening a store. While we welcome applicants with prior experience in the food and beverages industry to join us, such experience is not a must. We take a comprehensive approach to evaluate the applicants considering various factors mentioned above.

- Franchisee applicants submit store site proposals to us.

- Upon approval of the franchisee application and the assessment of the proposed store site, we enter into a franchise agreement with the approved franchisee.

- We guide and assist the approved franchisee with the design of store layout and decorations to ensure the consistent brand image of the stores within our network.

- Before a store is open for business, we provide trainings to the franchisees and their store employees. Also, we collect and verify the required licenses and certificates necessary for store opening to ensure their compliance.

As of December 31, 2024, substantially all of our franchisees are individuals.

Movements of franchised store count and number of franchisees

The table below sets forth the movement of the franchised store count for all brands for the periods indicated:

	As of/Year Ended December 31,		
	2022	**2023**	**2024**
Franchised store count at the beginning of the year	3,711	5,244	7,756
Number of franchised stores opened during the year	1,926	2,882	2,383
Number of franchised stores closed during the year	(393)	(370)	(987)
Franchised store count at the end of the year	**5,244**	**7,756**	**9,152**

The table below sets forth the movement of the number of our franchisees for all brands for the periods indicated:

	As of/Year Ended December 31,		
	2022	**2023**	**2024**
Number of franchisees at the beginning of the year	2,417	3,260	4,576
Number of franchisees onboarded during the year	1,040	1,727	1,770
Number of franchisees who ceased store operations during the year	(197)	(411)	(891)
Number of franchisees at the end of the year	**3,260**	**4,576**	**5,455**

During the Track Record Period, we experienced rapid increase in the number of franchisees and franchised store count. In 2022, 2023 and 2024, the closing balance of our franchisees was 3,260, 4,576 and 5,455, and the closing balance of our franchised stores was 5,244, 7,756 and 9,152, respectively. In order to attract new franchisees, we leverage word-of-mouth referrals and social media to highlight our established reputation and attractive value proposition. We utilize online advertisements to reach a broader range of audiences, and organize conferences that allow potential franchisees to directly engage with our brands and learn more about our store network. We also encourage our existing franchisees, especially those with deep local knowledge, to refer suitable candidates, offering rebates as compensation for successful referrals. To retain existing franchisees, we will provide more high quality and diversified products, improve our digital operation, share effective marketing strategies with our franchisees as well as enhance our support for the whole life cycle of franchisees. We have a mutually beneficial franchise model which requires low initial investment and provides comprehensive franchise support. This, combined with our high quality and diverse product offering based on consumer insights and strong nationwide supply chain management, helped us expand our store network during the Track Record Period. Leveraging these competitive strengths, we believe that we will be effective in attracting new or retaining existing franchisees to open more stores going forward.

Reasons for the franchisees to cease store operations during the Track Record Period primarily include (i) termination by franchisees due to reasons including, among others, (a) expiration of lease for the store and that the franchisees were not able to secure alternative locations and (b) franchisees not able to operate the stores at a desirable profit and (ii) termination by us due to contract breach by relevant franchisees. During the Track Record Period, the circumstances leading to termination by us due to contract breach by relevant franchisees mainly include (i) use of expired materials, materials with tampered expiry dates and materials without expiry date label, (ii) use of spoiled fruit, (iii) failure to regularly replace the water filtration system's filter cartridge, and (iv) external procurement from third parties other than the designated suppliers without our permission.

The table below sets forth a breakdown of the total number of franchisees who ceased store operations by parties of termination for the periods indicated.

	Year Ended December 31,		
	2022	**2023**	**2024**
Termination of cooperation by the franchisees	180	380	870
Termination of cooperation by us	17	31	21
Total number of franchisees who ceased store operations during the year	**197**	**411**	**891**

The number of our franchisees who ceased store operations increased from 197 in 2022 to 411 in 2023 and further to 891 in 2024, which was not proportionate to the number franchised stores closed of 393 in 2022, 370 in 2023 and 987 in 2024, primarily due to that (i) most of the franchisees who ceased store operations in 2023 only opened one store, and (ii) some franchisees departed through transferring their stores to other franchisees. Such increase in number of our franchisees who ceased store operations from 2022 to 2024 was also attributable to growth of our franchisee scale along with our continuous business growth. Furthermore, since 2023, we further enhanced evaluation of performance of our franchised stores. The evaluation is a comprehensive process which takes into account various criteria and factors including cleanliness, procurement situations, quality of service provided and relevant business qualifications. In 2023 and 2024, we decided to terminate cooperation with 31 and 21 franchisees in total, six and eight out of which engaged in external procurement of ingredients and other raw materials from third parties other than the designated suppliers without our permission, respectively.

During the Track Record Period and up to the Latest Practicable Date, there have not been any material litigation disputes between us and the franchisees who we terminated cooperation with.

We enjoy a high level of acceptance and trust in our brand image from our franchisees and many of our franchisees open more than one store. The table below sets forth the number of new stores opened by our existing franchisees in the Track Record Period and as a percentage of the total number of new franchised stores opened during that period:

	Year Ended December 31,					
	2022		2023		2024	
New stores opened by our existing franchisees during the year	895	46.5%	1,385	48.1%	1,164	48.8%

Connected/Related Franchised Stores

During the Track Record Period, certain of our franchisees were our former employees or connected persons. As of December 31, 2022, 2023 and 2024, we had four, 12 and 18 franchisees that were our former employees, and five, 23 and 53 of our franchised stores were beneficially owned by such persons. GMV generated from such franchised stores accounted for approximately 0.1%, 0.2% and 0.6% of our total GMV in 2022, 2023 and 2024. As of December 31, 2022, 2023 and 2024, we had four, four and four franchisees that were our connected persons, and 17, 24 and 24 of our franchised stores were beneficially owned by such persons. Such connected persons included Mr. Shan Guohua (單國華) (brother of Mr. Shan, our executive Director and Controlling Shareholder), Ms. Lin Hong (林紅) (cousin of Ms. Zhou, our executive Director and Controlling Shareholder), Mr. Zhou Zishuo (周子碩) (nephew of Ms. Zhou, our executive Director and Controlling Shareholder) and Ms. Zhou Jia (周佳) (cousin of Ms. Zhou, our executive Director and Controlling Shareholder). GMV generated from such franchised stores accounted for approximately 0.3%, 0.3% and 0.2% of our total GMV in 2022, 2023 and 2024. The relevant former employees and connected persons became our franchisees as they recognized our brand and products based on their work experience or collaboration with us. We believe the collaboration with such franchisees was mutually beneficial due to the following reasons: (i) we had established trust with such persons and they are familiar with our business, and (ii) they are able to support our business expansion by opening stores more efficiently with a proven record of experience and competency. We applied the same selection criteria and procedures when onboarding these franchisees. The franchise arrangements and supply agreements that we entered into with these franchisees are entirely identical to those with any other independent franchisees. As we accumulate more experience and continuously expand our business, we attract more franchisees and had reduced such collaborations with relevant former employees and connected persons. Save as disclosed above, during the Track Record Period, to the best of our knowledge, our franchisees are Independent Third Parties and they do not have any past or present relationships (business, trust, family, financing or otherwise) with the Company or its subsidiaries, their shareholders, directors, supervisors or senior management, or any of their respective associates.

The following table sets forth a breakdown of our revenue generated from the franchised stores beneficially owned by our former employees or connected persons (together, the "**connected/related franchised stores**") and independent franchised stores in absolute amount and as a percentage of total revenue generated from franchised stores for the periods indicated.

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB thousands, except for percentages)					
Connected/related franchised stores	9,467	0.5%	16,101	0.5%	20,640	0.7%
Independent franchised stores	2,062,677	99.5%	3,209,319	99.5%	3,148,627	99.3%
Total franchised stores	**2,072,144**	**100.0%**	**3,225,420**	**100.0%**	**3,169,267**	**100.0%**

The following table sets forth a breakdown of our gross profit and gross profit margin with respect to the connected/related franchised stores and independent franchised stores 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
	(in RMB thousands, except for percentages)					
Connected/related franchised stores	2,414	25.5%	4,832	30.0%	6,044	29.3%
Independent franchised stores	569,144	27.6%	980,848	30.6%	988,314	31.4%
Total franchised stores	**571,558**	**27.6%**	**985,680**	**30.6%**	**994,358**	**31.4%**

The increase in the number of connected/related franchised stores from 2022 to 2023 was due to the successful operation of the existing franchised stores, prompting more franchisees including connected/related franchisees to open new franchised stores for their own development considerations.

During the Track Record Period, we granted the same credit terms to the connected/related franchised stores and the independent franchised stores. See "Financial Information — Selected Balance Sheet Items — Trade Receivables."

Franchising Arrangements

We enter into franchise agreements with our franchisees, with each franchise agreement typically allowing a franchisee to open only one store. For franchisees who open more than one store, we enter into agreement each time they open a new store. Our franchise agreements have a standard set of terms and conditions. Franchisees will enter into separate franchise agreements to operate *Jenny x Coffee* within *Auntea Jenny* stores. The initial term of our *Auntea Jenny* and *Version Lite* franchise agreement is typically three years, subject to renewal annually. The contract term for *Jenny x Coffee* franchise agreement is pegged to the contract term for *Auntea Jenny* franchise agreement. If the *Auntea Jenny* franchise agreement terminates, the corresponding *Jenny x Coffee* franchise agreement shall automatically terminate along with the *Auntea Jenny* franchise agreement to which the store operated within. During the Track Record Period, we typically renew these franchise agreements with our franchisees when the agreements expire. Under our franchise arrangement, our franchisees are responsible for signing the lease, operating the store and hiring staff. We, on the other hand, are responsible for providing store design and decoration concept and a list of qualified contractors (the relevant construction and/or furnishing cost is borne by the franchisees), equipment selection, menu design, marketing the brand and provide various administrative support and supervision. We are committed to reducing the initial investment of our franchisees, which will facilitate the expansion of our franchised stores.

The typical initial and recurring payments as of the Latest Practicable Date required for each franchised store are set out below.

Initial Payments for Auntea Jenny and Version Lite Brand Concepts

(i) a non-refundable upfront franchise fee of RMB49,800 at initial signing, which may be paid in installments typically by three years. We may waive part of or all non-refundable upfront franchise fees if they satisfy our assessment requirement in performance, subject to terms and conditions of our promotion campaign. The assessment requirements in performance include (i) the scores the franchisees obtained in our Quality, Service and Cleanliness assessment, and (ii) the purchase amounts of such franchisees in the previous years. The amount of upfront franchise fees waived per store ranges from RMB16,600 to RMB49,800. We may grant credit terms of typically one month to our franchisees for the installment payments of the upfront franchise fees. See "Financial Information — Selected Balance Sheet Items — Trade Receivables." We recognize the amount as our revenue over the duration of the franchise period, which is typically three years;

(ii) a fixed refundable franchise deposit of RMB5,000 at the beginning of the franchise period to ensure our franchisees' full compliance with the terms set forth in the franchise agreement. Such deposit remains the same for each store regardless of the number of stores the franchisee has opened and will be returned to the franchisee upon termination of franchise agreement if no contract breach or service quality issue has occurred with the franchisee. The deposits are not recognized as our revenue; and

(iii) full purchase cost for equipment from approximately RMB60,000 to RMB80,000. The initial equipment payment for *Version Lite* brand may be payable in installments which primarily includes payment for refrigerators, sealing machines and ice-making machines. The procurement amount for equipment paid by our franchisees are recognized as our revenue of sales of goods to franchisees.

Recurring Payments for Auntea Jenny and Version Lite Brand Concept

(i) purchase cost for ingredients, packaging and other raw materials; and

(ii) franchising service fees for operation, training, marketing and other various support, which is determined as approximately 17.6% of the procurement amount by our franchisees. The franchising service fees are paid by the franchisees when each procurement order is placed. See "— Our Store Network — Operation Management — Our Management and Supporting Platform" and "— Our Franchised-focused Business Model — Franchisee Support." We lowered the rate for franchising service fees from 25% to approximately 17.6% in the second half of 2021 to provide more attracting franchising term to our franchisees.

Initial Payments for Jenny x Coffee Brand

Due to the fact that the *Jenny x Coffee* stores are typically embedded in the *Auntea Jenny* stores, no separate upfront franchise fee or franchise deposit is required for the franchisees to operate *Jenny x Coffee* within *Auntea Jenny* stores. Depending on the condition of the existing franchised stores, the franchisees may need to purchase coffee machines, incurring a purchase cost. The procurement amount for equipment paid by our franchisees is recognized as our revenue of sales of goods to franchisees.

Recurring Payments for Jenny x Coffee Brand

The recurring payments for *Jenny x Coffee* brand mainly include purchase cost for ingredients, packaging and other raw materials.

Other than the initial payments and recurring payments mentioned above and the contract terms mentioned below, the franchising arrangement for the three brand concepts are substantially the same in all material aspects. The other salient terms typically include the following:

- *Terms.* The initial term of our *Auntea Jenny* and *Version Lite* franchise agreement is typically three years, subject to renewal annually. The contract term for *Jenny x Coffee* franchise agreement is pegged to the contract term for *Auntea Jenny* franchise agreement. If the *Auntea Jenny* franchise agreement terminates, the corresponding *Jenny x Coffee* franchise agreement shall automatically terminate along with the *Auntea Jenny* franchise agreement to which the store operated within. The renewal of the franchise agreements is subject to our approval.

- *Store location/anti-cannibalization.* Each of our franchisees is required to operate the franchised store in the designated premise as specified under the relevant franchise agreement. We have the discretion to determine the proper distance between the stores based on our market analysis as well as commercial considerations to minimize cannibalization among stores.

- *Unified product catalog and retail price*. The products sold in the franchised stores must be within the scope of our unified product catalog. The franchisees are not allowed to adjust the types and names of the products to be sold without our authorization. The franchisees must sell the products at the unified retail price set by us and is not allowed to lower or raise the selling price by themselves.

- *Intellectual properties.* Our franchisees are authorized to use our brand, trademarks and other intellectual property rights within the designated premises. They shall protect our credibility and reputation and keep our corporate information, business know-how and trade secrets in strict confidentiality during business operation and marketing activities. The franchised stores are generally required to adopt our uniform store decorations, product display and other promotional designs.

- *Non-compliance.* The franchisees shall obtain required licenses and permits for store operation before the launch of new stores and shall be liable for any violation of applicable laws and regulations. Franchisees shall be responsible for covering economic losses resulting from penalties imposed by the relevant government authority due to their violation of relevant laws and regulations. In addition, if (i) any franchisee is penalized due to any breach of contract, such as failure to comply with our operation standards upon inspection, or (ii) any food, hygiene, product quality and consumer right protection issue arises, we shall have the right to terminate our franchise agreements with such franchisee.

- *Non-competition.* Our franchisees shall not operate any business to sell products identical or similar to ours within the term of the franchise agreement on its own or through partnership with others.

- *Collection of data.* Our franchisees expressly consent to the installation and use of *Auntea Jenny Store Assistant*. The franchisees shall ensure the data is uploaded in real time for us to access. The data that *Auntea Jenny Store Assistant* collects includes personal data, such as the names, locations and phone numbers of the franchisees and health certificate information of their employees, and store operation data voluntarily provided by the franchisees during the onboarding process as well as the daily operation of the franchised stores. We have obtained the consents from the franchisees before collecting such information from them.

- *Termination.* The franchise agreement may be terminated under the following circumstances, among others: (i) franchisees may unilaterally terminate the agreement within seven days of signing; (ii) we may terminate the franchise agreement without refund of the franchise fee and deposit if there is a material breach of the agreement by such franchisee; and (iii) the franchise agreement may also be terminated in advance upon mutual agreement.

The renewal rate of our franchisees, calculated as the number of franchised stores for which the relevant franchisees renewed their franchise agreements with us in the relevant period plus the relevant franchised stores continued to operate after their franchise agreements have expired as of the end of the relevant period, divided by the total number of franchised stores for which the franchise agreements expired in the relevant period, was 99.6%, 97.8% and 98.1% in 2022, 2023 and 2024, respectively. The slight decrease in the renewal rate in 2023 was due to the increase in the number of franchisees who we terminated cooperation with due to contract breach. See "— Our Franchise-focused Business Model — Selection and Development of Franchisees." This was primarily because we enhanced evaluation of the performance of each store in our systems which include multiple factors not limited to cleanliness, procurement situations, quality of service provided and relevant business qualifications. During the renewal process of franchise agreements, we terminated cooperation with franchisees who breached the franchise agreement and severely violated the standards during the evaluation process. See "— Our Store Network — Operation Management — Evaluation." During the Track Record Period and up to the Latest Practicable Date, we were not aware of any franchisee committing any breach of their franchise agreements that had a material adverse impact on our business operations.

Procurement by Franchisees

Our franchised stores are required to procure ingredients mostly from our centralized procurement platform which sources ingredients from carefully selected suppliers and our own production facility. We typically agree with our franchisees in respect of procurement as set out below:

- *Order placement and payment.* Each of the franchisees shall submit orders via our proprietary order management system and, unless agreed by us in written form, is required to remit full payment for the goods before completion of purchase and except for certain equipment for stores under *Version Lite* brand such as refrigerators, sealing machines and ice-making machines, for which we allow instalment payment. We typically initiate the shipment of goods upon receipt of the full payment from the franchisee. During the Track Record Period, we do not set minimum purchase commitment for our franchisees.

- *Shipping and delivery.* We shall arrange for shipment for the ordered goods. The ordered goods generally will be transported via third-party logistics service, with the logistics service provider appointed at our discretion. Our franchisees bear delivery expenses amounting to a percentage of the amount of the order. The difference between the actual expenses for delivery and the delivery fee paid by the franchisees shall be borne by us.

- *Product acceptance and returns.* We typically do not accept any product returns unless there are quality issues. The franchised stores are responsible to check the type, quantity, specifications and quality of the products before acceptance. If no objection has been made within 24 hours since the time of receipt of the goods or a reasonable period of consumption (whichever is earlier), it is regarded as valid acceptance. We may accept product returns due to quality issues if an objection has been made by the franchised stores within the aforementioned timeframe. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material product returns from the franchisees.

Franchisee Support

We offer a comprehensive support system for our franchisees to establish their businesses, covering supply chain, product development, site selection, store design and renovation, store opening, store management, marketing and delivery. See "— Our Store Network — Operation Management — Our Management and Supporting Platform."

To further align our interests and the interests of our franchisees, we normally do not require eligible franchisees to pay the non-refundable upfront franchise fee for renewal.

We also actively encourage our franchisees to open more stores. We monitor and analyze market dynamics from time to time, and offer a wide range of support and incentive for our franchisees. For new franchisees, our supporting measures include site selection and store opening support. For franchisees who have opened more than one store, our supporting measures include management training, exemption or discount of the fixed non-refundable upfront franchise fee and lowering equipment purchase price.

We believe it is essential for the expansion of our store network to maintain a healthy balance between the growth in the number and size of our franchises. Therefore, our support and incentive system lean towards franchisees with more than one store.

The table below sets forth a breakdown of the number of franchisees by their store opening for the periods indicated.

	As of December 31,					
	2022		2023		2024	
One store	2,266	69.5%	3,097	67.7%	3,818	70.0%
More than one store	994	30.5%	1,479	32.3%	1,637	30.0%
Total	**3,260**	**100.0%**	**4,576**	**100.0%**	**5,455**	**100.0%**

As of December 31, 2024, 30.0% of our 1,637 franchisees opened more than one store, reflecting our franchisees' confidence in our brand image and store profitability. Our mutually beneficial franchise system is the foundation for our long-term and stable cooperation with franchisees.

Our Self-Operated Stores

As of December 31, 2022, 2023 and 2024, we had 63, 33 and 24 self-operated stores. Our self-operated stores play a strategic role in our business model. Our self-operated stores are essential in building and strengthening our brand recognition, gain market intelligence and establishing our presence in a new or underpenetrated markets before engaging or introducing franchisees in those markets. We also leverage our self-operated stores as training centers for our staff and franchisees in terms of store operation, quality control and services. Those self-operated stores serve as a model in the expansion of franchised stores in new areas. We may close or transfer self-operated stores to franchisees after establishing presence in such new or underpenetrated markets. During the Track Record Period, the self-operated stores were transferred or closed primarily because their aforementioned roles have been fulfilled after we have established our presence and gained market intelligence in the local markets. We plan to continue opening new self-operated stores to expand into new and underpenetrated markets. It is believed that the self-operated stores can continue to serve the aforementioned marketing roles.

The table below sets forth the movement of the number of our self-operated stores for the periods indicated:

	Year Ended/As of December 31,		
	2022	**2023**	**2024**
Self-operated store count at the beginning of the year	65	63	33
Number of self-operated stores opened during the year	20	4	7
Number of self-operated stores closed during the year	(22)	(21)	(16)
Number of self-operated stores transferred during the year	–	(13)	–
Self-operated store count at the end of the year	**63**	**33**	**24**

Supervisory System

To ensure consistent quality of products among our franchised and self-operated stores, we implement the same comprehensive set of standards and specifications for each aspect of our store operations, including store design, uniforms, menu items, pricing, promotional activities, advertisements, product preparation, facility maintenance, cleanliness of the premises and employee conduct as well as our staff training regimes at our franchised stores and self-operated stores. In order to supervise all those aforementioned aspects and provide better support to our franchisees, we have built a comprehensive supervisory management system:

- *Combination of online and offline supervisory models*. In addition to traditional offline supervision, we launched an online supervisory center comprising online supervisors. Our online supervisory center conduct real-time inspections of store operations and food safety conditions online through in-store cameras. To ensure compliance with our protocols, we require our franchised and self-operated stores to operate under the view of in-store cameras at all times, which can send back the real-time image over the counters and kitchens of stores to our online supervisory center. The online supervisors provide responses to our franchisees and solve the in-store problems in a timely manner through remote communication tools. Benefiting from the convenience and time-saving nature of online communication, the online supervisors are able to oversee and communicate with the franchised stores more frequently and provide more real-time guidance. The offline supervisors conduct on-site inspections and gain a better understanding of store conditions to provide more targeted solutions and in-store assistance to our franchisees. The combination of online and offline supervision maximizes the effect of the all-round supervision and assistance provided by us to our franchisees. The supervisory tasks are assigned based on the distinct strengths of the online and offline supervisory modes. This online supervisory center reduced the limitations caused by the physical distance and facilitates interactive operations between us and our franchisees. Our offline supervisors principally conduct one round of store inspection for most of the stores within our network each month. For some stores located in remote areas, our offline supervisors conduct one round of store inspection each quarter. Our online supervisory center conducts one round of real-time video store inspection and two rounds of video replay store inspection for all stores within our network via video each month to safeguard the code of practice and food safety.

- *Digitalization*: We have a digitalized supervisory system. In addition to collecting and analyzing the operational data from individual stores, in July 2023, we have launched a digitalized supervisory system. Every action done and every instruction received by our online and offline supervisors is digitally monitored and arranged in this system. All operations will leave traces, and the scheduling of the supervisors has also been digitized. For example, this system can fully monitor the stores an offline supervisor visits, the quality control steps taken and the new product promotional assistance provided. Therefore, we can achieve a more scientific management of supervisors, franchisees and stores. We are still in the process of upgrading this system and plan to implement a system that allows us to customize the supervisors’ tasks for different franchisees according to the type of the franchisees and their geographical location. This will further improve efficiency and provide more effective support for our franchisees.

MARKETING AND PROMOTION

Our marketing and promotional efforts are designed to strengthen our brand image and awareness, attract new customers and promote customer loyalty. To achieve our target, we employed various marketing initiatives, including:

- *Social media.* We have established Xiaohongshu, Douyin, Kuaishou, Weixin and Weibo accounts to interact with our customers and the public. We also conduct a variety of marketing activities on social media platforms to enhance our brand recognition and attract customers. For example, in June 2023, we launched the "Fresh Fruit Planet" live show on Douyin. The main products of this live marketing campaign were our popular fresh fruit teas, of which *Mango Pomelo Sago* and *Strawberry Daifuku* were the core products. This marketing campaign achieved remarkable results, with a final GMV of more than RMB100 million. *Mango Pomelo Sago* achieved a GMV of over 20 million and became our best-selling product. The cumulative number of audiences in the live show was 5.3 million, and the peak of audiences online for a single live show was 22,000 people.

- *IP marketing.* We evolve our brand image and brand theme in accordance with prevailing market trends and aesthetic preferences to enhance customers' perception over our brand. For example, we have developed night rose theme and juicy peach theme adapting to consumers' seasonal preferences. We also designed a freshly-made tea addicted bunny image called Mihu Bunny (迷滬兔). In April 2024, we upgraded the brand image of Auntea Jenny with modern orange as its main brand color, and created the Cheetah Lady (獵豹女士) IP to demonstrate the new brand image. We also actively pursue crossover collaborations to broaden our reach and appeal to a diverse audience, effectively boosting our brand visibility and driving our product sales. Our co-brand products are widely welcomed by consumers once released, especially the ones in collaboration with "Big Ear Tutu" (《大耳朵圖圖》) and "How to Train Your Dragon" (《馴龍高手》). In particular, in January 2024, we launched an IP collaboration campaign with *Mo Dao Zu Shi*, a popular fantasy anime, which was an instant hit among consumers. Approximately one million cups of light milk tea under this collaboration were sold within three days after launch. "*Auntea Jenny* x *Mo Dao Zu Shi*" reached Weibo's sold Hot Search List twice. The hashtag #*Auntea Jenny x Mo Dao Zu Shi*# attracted over 200 million views on Weibo. Below are some examples of our IP marketing initiatives.

Our Membership Program

We foster consumer loyalty through our membership program, where consumers can register and access through our various online platforms such as Weixin Mini Program, Alipay Mini Program and Douyin. Through membership program, consumers are able to earn award credits for placing orders, which points may be exchanged for rewards such as discount coupons or gifts. In addition to redeeming their points, consumers also receive promotions that are bespoke to their preferences. We regularly engage external consultants and conduct both offline and online consumer surveys to capture a wider array of consumers' opinions. By gaining such consumer insights, we stay attuned to the latest market trends to better tailor our membership program to our customers' evolving preferences. We encourage consumers to join and participate in our membership program so they can take advantage of their redeemable award credits the customized rewards we offer, and we believe our membership program fosters loyalty to our brand. We have introduced paid membership benefit cards in certain cities in December 2022 which provide additional benefits and discounts. In addition, we introduced trial prepaid cards in certain cities in 2023 which can be purchased under our membership program. When consumers purchase our prepaid cards, such amount is deposited into a designated escrow bank account.The prepaid card balance is recognized in other payables and accruals. When the prepaid amount is used to pay for purchases, we will make real-time record for the purchase and payment amount. Remaining value in the prepaid cards represented the prepaid but not yet consumed amounts, which is refundable upon application by consumers. We have completed the requisite filing procedure with respect to providing such prepaid account service with the relevant government authorities. The prepaid cards have a validity period of 36 months after prepayment. In the event of expiration with remaining balance of prepaid amounts, the validity period of the prepaid cards will be automatically extended free of charge for an additional six months from the expiration date. We did not record any breakage revenue or forfeited income during the Track Record Period.

The number of our registered members from Weixin Mini Programs experienced significant growth during the Track Record Period, from 42.2 million as of December 31, 2022 to 80.0 million as of December 31, 2023 and 115.3 million as of December 31, 2024. In 2023 and 2024, our average quarterly active member[(1)] reached 16.3 million and 17.6 million, respectively. During the same periods, our quarterly repeat purchase rate[(2)] was 42.2% and 44.3%, respectively. For the 12 months ended the Latest Practicable Date, our average quarterly active member[(1)] was 17.0 million.

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

We procure raw materials used to make our beverages, such as dairy products, tea leaves, sugar, fresh fruits, fruit juices and packaging materials from our suppliers including contract manufacturers. The snacks sold in stores in our network such as wafers, potato chips and toast are produced by contract manufacturers. Equipment used in our store network was from carefully selected suppliers.

We believe the freshness and timely delivery of quality ingredients are fundamental for offering high quality freshly-made beverages throughout an expansive store network. To support this, we have built up a nationwide supply chain coverage and strong management capabilities to underpin our rapid store network expansion. According to CIC, we ranked first in terms of the city coverage of our warehouses among the five largest mid-priced freshly-made tea shop brands in China in terms of total store count as of December 31, 2023. Fresh and quality ingredients not only ensure the taste of the products but also form the cornerstone of a trusted brand. In particular, freshness is particularly important for our fresh fruit tea products. We safeguard such core values by requiring members of our store network to procure ingredients mostly from our centralized procurement platform which sources ingredients from selected suppliers and our own production facility. As of December 31, 2024, our supply chain network includes (i) 12 logistics centers, (ii) four equipment warehouses, (iii) eight fresh produce warehouses and (iv) 15 frontline cold-chain storage warehouses. Within our supply chain network, three of the logistics centers and all of the frontline cold-chain storage warehouses are operated by Independent Third Parties.

Notes:

(1) Active members are members that purchased our products through our Weixin Mini Programs in the period indicated.

(2) Repeat purchase rate is calculated by dividing, among those that had become our registered members on our Weixin Mini Programs before the first day of the period indicated, the number of our members that placed at least two orders through our Weixin Mini Programs in a given period by the number of our active members in the same period.

Set forth below illustrates our supply chain network as of December 31, 2024:

For illustrative purpose only, the map (Map Review Number: GS(2022)4308) is presented to illustrate our store network in China as of December 31, 2024.

Supplier Selection and Management

Our strict criteria for choosing suppliers and thorough procurement process demonstrate our dedication to food safety and product quality. To guarantee the consistency and standardization of our supply chain, we have a list of competent raw material suppliers and an abundant pool of alternative suppliers. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material incidents of supply interruption, early termination of contractual arrangements with our suppliers or failure to secure sufficient quantities of raw materials.

Our supplier selection and evaluation processes include the following key steps:

- *Profile collection and registration*. Our personnel designated for procurement are responsible for organizing supplier selection activities and collect profiles from qualified suppliers. To be eligible to selection, the potential suppliers must (i) possess more than half a year's production experience of the relevant products, (ii) have professional quality control personnel, (iii) have not experienced any major food safety problems within one year, and (iv) the profiles contain no integrity issues.

- *Entry evaluations*. Our personnel designated for quality control will conduct multiple stringent evaluations for those supplier candidates before they can be admitted as qualified suppliers. We evaluate potential suppliers based on, among others, (i) their certificates and qualifications, (ii) product sample testing, (iii) on-site inspection results, (iv) after-sales service measures, and (v) ability to handle urgent orders.

- *Annual assessment*. After suppliers pass initial entry evaluations, we assess the performance of new suppliers each year and they can only be retained if they meet our criteria continuously. Depending on the evaluation outcomes and subject to the final approval of our quality control department, qualified supplier candidates will be offered the opportunity to enter into long-term collaborations with us.

The entire supplier selection and evaluation processes are recorded by our internal SRM system, which could be traced and inspected to avoid potential fraud risks.

We classify suppliers into four tiers, i.e., A, B, C and D based on the grading of the annual performance review. Grade A and B suppliers are qualified and meet our essential standards in quality, quantity, delivery, pricing and service assurances. We will prioritize our procurement from Grade A suppliers and maintain procurement from Grade B suppliers. For those suppliers who fall at Grade C, we will reduce procurement from them while actively seek alternatives. Any supplier who fall at Grade D will be disqualified. Additionally, any supplier failing to address quality issues, or engaging in fraudulent or unlawful activities such as contract violation, deception or bribery, which results in severe negative consequences and remains unrectified, will be removed from our suppliers' pool.

Ingredient Procurement

We implement meticulous selection and strict quality control for our raw materials. We possess a wide range of quality tea bases with unique flavors after years of efforts to discover and select production areas and tea varieties. For dairy products, we carefully use premium dairy products from quality sources. For fruits, we purposefully procure premium fresh fruits from quality production areas and make orders for the requisite amount. We carefully select suppliers who can supply us with fresh fruit and related ingredients all over the world, for example, our mangoes are mainly from Guangxi, mulberries are mainly from Sichuan. We also source grape juice from Spain, passion fruit syrup from Vietnam and grapefruit from South Africa. For imported raw materials, we generally cooperate with reputable distributors. In addition to the procurement of raw materials from suppliers, we also own a manufacturing facility in Haiyan, which can support on the supply of ingredients used in our own products. See "— Production — Our Production Facility."

Our procurement processes mainly involve the following steps:

- *Procurement agreement contracting.* After our procurement team reach a consensus with the supplier on the key terms of the procurement agreement, they can initiate the contract approval process specifying the supplier and the information of the product to be procured. It will then be submitted to the head of the procurement department, the head of the legal department and the head of the finance department for review and the head of the supply chain management center for approval. After the contract is signed, the procurement team uploads the contract to our SRM system for archiving.

- *Procurement pricing*. After reaching a preliminary consensus on the purchasing price based on the market price, the procurement team initiate the price verification process through the SRM system. The supplier fills in the quotation information in the SRM system. After being confirmed by the procurement team, it is submitted to the head of the procurement department for review and approval.

- *Procurement planning*. We procure raw materials and ingredients based on our actual needs. Our personnel designated at planning continuously monitor safety stock level, inventory turnover, expected sales data and other available information to form an inventory analysis, ensuring the reasonableness of inventory quantity allocation at our warehouses, stores and production facilities by sending orders to our procurement team. Our procurement team considers several key factors when assessing the relevant procurement order, including, size of the store, marketing activities, historical sales volume, production plan, expiry date of the inventory, supplier's production capacity and logistics arrangements.

- *Procurement and acceptance*. After a procurement order is placed, the planning team is required to continuously follow up on the supplier's performance and deal with any unusual issues in a timely manner until the supplier delivers the products to the designated places. Once the products are delivered, the designated logistics and quality control personnel from our supply chain management center will arrange for acceptance and keep record on the inventory list, which will be used for our accounting for trade payables. We may refuse to accept the products if there appears to be any quality issue.

During the Track Record Period, we diligently procured raw materials from reliable and trustworthy suppliers by strategically implementing our procurement through a centralized procurement method. We place a strong emphasis on forging long-term relationships with estates and farmers who are dedicated to high quality, supply stability and moral labor standards. This approach guarantees the quality of the raw materials while encouraging socially and ecologically acceptable behavior.

Procurement Agreements

Our procurement agreement with suppliers typically contains the following key terms:

- *Terms.* Typically one to two years and is renewable subject to further negotiation.

- *Product specification.* We usually specify product brands, manufacturers, specifications, models and other detailed requirements in the agreement. The quantity, delivery location and delivery time of the products to be purchased will be specified in the purchase order issued by us. The product quality standards shall comply with national standards, industry standards and our own standards.

- *Price.* If the product price increases or decreases, the supplier shall inform us in writing 15 calendar days in advance and obtain our consent before implementing the new price.

- *Ordering.* We send purchase orders to the supplier via our SRM system. The supplier shall adopt packaging that satisfies product storage and transportation requirements. The supplier shall deliver the products to our designated delivery location on time and in good quality. All costs and risks before the products are delivered to us for acceptance and storage shall be borne by the supplier.

- *Quality.* The supplier shall ensure it has valid qualification of food operation and the quality of products meets food-related laws and regulations, national standards, industry standards and our corporate standards, and if each standard is inconsistent, the higher standard shall prevail. For *Auntea Jenny* stores and *Version Lite* stores, we typically provide dairy products, tea leaves, sugar, fresh fruits, fruit juices and packaging materials. For *Jenny x Coffee* stores, we typically provide coffee beans, flavored syrups and packaging materials. We also have specific requirements for the shelf life of products. For ingredients and raw materials other than perishable fruits, the shelf life typically ranges from five months to 36 months. The perishable fruits have a shorter shelf life, typically ranging from a few days to one month. The ingredients and raw materials delivered by suppliers should typically have a shelf life no less than 80% of the shelf life indicated on the ingredients and raw materials. In addition, the supplier is required to sign quality and safety commitment letter and pay a certain amount of quality deposit. In the event of serious and repeated product quality issues, we can choose to stop cooperating with the supplier. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material product recalls, complaints or product returns to suppliers arising from food safety issues.

- *Settlement.* Monthly settlement based on actual purchase orders.

- *Anti-corruption.* The supplier is prohibited from offering any unauthorized payment, such as bribes and kickbacks, to our employees in order to secure or reward an improper benefit.

- *Default.* In certain cases of default, including breach of the best price terms, late delivery and product quality issues, the supplier is liable to compensate us for our losses and pay liquidated damages.

- *Termination.* We and the supplier will negotiate whether to renew the agreement one month before expiration, and if not, the agreement will be terminated. We shall notify the supplier in writing one month in advance if we decide to terminate the agreement.

Contract Manufacturing Agreements

To better address market fluctuations and ensure a steady supply of ingredients for our diverse range of beverages, we collaborate with trusted contract manufacturers. Our engagement with contract manufacturers is renewed annually, with orders tailored to our requirements and their capabilities. We require our suppliers to strictly adhere to our internal guidelines, policies, and national standards throughout the procurement of raw materials and critical production processes. Should there be any breach of contract or failure to comply with our standards, we retain the right to terminate the collaboration.

Our agreements with contract manufacturers typically contains the following key terms:

- *Terms.* Typically one year and is renewable subject to further negotiation.

- *Principal rights and obligations of parties involved.* We specify the product name, specification, unit price, quantity, delivery timeline and other detailed items in each purchase order we send to our contract manufacturers from time to time. Our contract manufacturers are obliged to produce products that meet our requirements.

- *Payment and delivery.* The contract manufacturers are responsible for delivery at our designated location. We are responsible for timely payment to the contract manufacturers after the acceptance of the products are confirmed by us. Further subcontracting is generally not allowed.

- *Product returns.* We may return products to contract manufacturers for reasons such as quantity shortage in delivered products, product deterioration or quality issues. We have the right of requiring the contract manufacturers to redo the products if the products provided by the contract manufacturers are of substandard quality, such as non-conformity with our specification. In the event of serious and repeated product quality issues, we can choose to stop cooperating with the contract manufacturer. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material product recalls, complaints or product returns to contract manufacturers arising from food safety issues.

- *Penalties*. The contract manufacturers are prohibited from selling any products or disclosing the price, quantity or other information of the commissioned products to our franchisees, co-operative stores or any other parties without our written consent. In case of any violation, the contract manufacturers shall be subject to penalties.

Our Suppliers

Our suppliers primarily include the suppliers of ingredients, packaging and other raw materials and equipment and marketing and promotion service. In 2022, 2023 and 2024, purchases from our five largest suppliers for each year of the Track Record Period accounted for 19.6%, 16.8% and 15.9% of our total purchases for the respective periods.

The tables below set forth the details for each our five largest suppliers for each year of the Track Record Period.

For the Year Ended December 31, 2022

Supplier	Purchased Amount	Percentage to Total Purchase	Year of Commencement of Business Relationship	Products/Services Provided
	(RMB'000)	*(%)*		
Supplier A	139,828[(1)]	7.7	2014	Dairy products, coffee and processed fruits
Supplier B	62,057	3.5	2017	Packaging materials, tableware and low-value consumables
Supplier C	53,890[(2)]	3.0	2018	Marketing promotion and technical services
Supplier D	52,995	2.9	2020	Processed fruits
Supplier E	44,908	2.5	2017	Processed food products and raw materials
Total	**353,678**	**19.6**		

Notes:

(1) Includes transactions with Supplier A and its subsidiary.

(2) Includes transactions with its subsidiaries.

For the Year Ended December 31, 2023

Supplier	Purchased Amount	Percentage to Total Purchase	Year of Commencement of Business Relationship	Products/Services Provided
	(RMB'000)	*(%)*		
Supplier A	116,662[(1)]	4.7	2014	Dairy products, coffee and processed fruits
Supplier B	107,582	4.3	2017	Packaging materials, tableware and low-value consumables
Supplier F	80,774	3.2	2021	Dairy products
Supplier G	58,432[(2)]	2.3	2021	Processed fruits
Supplier C	57,854[(2)]	2.3	2018	Marketing promotion and technical services
Total	**421,304**	**16.8**		

Notes:

(1) Includes transactions with Supplier A and its subsidiary.

(2) Includes transactions with its subsidiaries.

For the Year Ended December 31, 2024

Supplier	**Purchased Amount**	**Percentage to Total Purchase**	**Year of Commencement of Business Relationship**	**Products/Services Provided**
	(RMB'000)	*(%)*		
Supplier A	148,974(1)	6.1	2014	Dairy products, coffee and processed fruits
Supplier G	82,426(2)	3.4	2021	Processed fruits
Supplier B	69,603	2.8	2017	Packaging materials, tableware and low-value consumables
Supplier E	45,065	1.8	2017	Processed food products and raw materials
Supplier C	43,138(2)	1.8	2018	Marketing promotion and technical services
Total	**389,206**	**15.9**		

Notes:

(1) Includes transactions with Supplier A and its subsidiary.

(2) Includes transactions with its subsidiaries.

During the Track Record Period and up to the Latest Practicable Date, to the knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest suppliers for each year of the Track Record Period that are required to be disclosed under the Listing Rules.

In addition to procurement, we also collaborate with selected domestic and overseas suppliers with technological advantages and expertise in agricultural product processing to establish understanding and control in quality, flavor and pricing of the relevant agricultural products. Through collaboration with upstream suppliers in research and development, we expect to improve the quality and taste of ingredients, reduce waste and lower purchase price. We also research and develop different unique formulas by ourselves.

Furthermore, we entered into strategic partnership agreements with key ingredient suppliers in order to enhance our collaboration with the suppliers and better achieve a mutually beneficial and win-win strategic cooperation relationship. As of the Latest Practicable Date, we have entered into six strategic partnership agreements with six quality suppliers. Under such strategic partnership agreements, the suppliers agree to offer us competitive purchasing prices for key ingredients, ensure to maintain a high-standard quality management system and provide us with a stable supply of those key ingredients. We will regularly communicate with our suppliers about advanced technologies within the industry. Such suppliers agree to offer us with regular analysis of industry trends and opportunities in relation to the end-consumers' preferences, research and development and marketing strategies, and shall provide us with professional training with regard to advanced technologies within the industry and new production technologies they gained when necessary. The suppliers are under strict confidentiality obligations with respect to all formulas provided to them as well as all product formulas we jointly developed with them, and cannot use the formulas for any purpose other than the co-operation with us. The purchase orders are to be placed by us separately, specifying the price, quantity, delivery location and delivery time of the products to be purchased.

Logistics and Warehousing

As of December 31, 2024, our supply chain network included (i) 12 logistics centers, (ii) four equipment warehouses, (iii) eight fresh produce warehouses and (iv) 15 frontline cold-chain storage warehouses. Such supply chain network ensures timely distribution of fresh ingredients. Within our supply chain network, three of the logistics centers and all of the frontline cold-chain storage warehouses are operated by Independent Third Parties. We take a variety of measures to enhance the management of goods in warehouses operated by Independent Third Parties. For instance, we require the Independent Third Parties to install surveillance cameras in warehouses operated by Independent Third Parties and grant us access to the cameras in order to monitor the storage and security of goods, and require the warehousing staff to carry out on-site inspections in accordance with food safety standards. To prevent commingled inventory, our goods in warehouses operated by Independent Third Parties are clearly labeled for easy identification. The Independent Third Parties also use WMS to manage the storage area, tracking and identifying our products to avoid commingling with other products. In addition, pursuant to the storage agreements with those Independent Third Parties, the warehousing staff shall clearly recognize the areas exclusively designated to us, and keep physical distances between our inventories and other parties' to maintain inventory segregation.

We have established a comprehensive inventory lifecycle management system to monitor and manage our inventories in the warehouses. See "— Our Inventory Control Measures." If the warehousing operators provide warehousing services according to the agreed standards relating to proper handling and storage of raw materials such as temperature and humidity requirements, any loss due to product spoilage shall be borne by us. If the warehousing operators fail to provide warehousing services according to the agreed standards which results in product spoilage, the warehousing operators shall compensate us for the loss. All our fresh produce warehouses have ambient, refrigerated and freezer storage facilities. The cold-chain storage warehouses are able to cover all stores nationwide, allowing ingredients to be delivered to stores two to three times each week. In addition, we trace the origin of our upstream raw material providers to strictly control the quality of the raw materials procured.

We manage and control our daily warehouse operations through WMS, from the receipt of raw materials to the dispatch of goods to stores. We are able to trace logistics information of goods in our warehouses. We have also adopted barcode management which enabled code scanning for the daily operation of the warehouses, making the warehouse operations more transparent. With the help of WMS, we have optimized our warehousing personnel structure and improved the efficiency of goods picking and inventory management. Overall, we have improved our warehouse operation efficiency, reduced the cost of warehouse management and realized real-time monitoring of order delivery and our our raw material supplies through the implementation of WMS. See "— Food Safety and Quality Control — Internal Food Safety and Quality Control Measures — Suppliers."

We plan to continue optimizing and establishing additional warehouses and logistics centers, strategically addressing the multi-temperature delivery and optimizing the delivery time. At the same time, we are committed to improving logistics transportation efficiency, further improving the timeliness of fresh fruit stocking, optimizing the scheduling of delivery routes within each regions, with a goal of increasing our delivery rate of ordered goods to stores within 12 hours to 75%.

PRODUCTION

Our Production Facility

We currently have one production facility in PRC in Haiyan, Zhejiang province. Our Haiyan Facility commenced commercial production in 2022, with an aggregate area of over 10,000 sq.m. Our Haiyan Facility is able to produce and process certain ingredients used in the preparation of our beverages, primarily including tapioca pearls, taro balls, taro paste and tea leaves. As of December 31, 2024, the theoretical annualized production capacity at our Haiyan Facility was 2,640.0 tonnes for tapioca pearls, 1,320.0 tonnes for taro balls, 2,640.0 tonnes for taro paste and 1,584.0 tonnes for tea leaves. Before the commencement of our Haiyan Facility, we procured all raw materials and ingredients sold to the franchisees and for use in our self-operated stores from our suppliers.

	Year ended December 31,								
	2022			2023			2024		
	Effective Production Capacity(5)	Production Volume(6)	Utilization Rate	Effective Production Capacity(5)	Production Volume(6)	Utilization Rate	Effective Production Capacity(5)	Production Volume(6)	Utilization Rate
	(Tonnes)		*(%)*	*(Tonnes)*		*(%)*	*(Tonnes)*		*(%)*
Tapioca pearls(1)	640.6	384.0	59.9	1,921.9	2,250.4	117.1	2,640.0	1,479.3	56.0
Taro balls(2)	369.6	61.6	16.7	1,315.0	1,085.0	82.5	1,320.0	431.8	32.7
Taro paste(3)	359.8	19.9	5.5	1,379.4	1,152.0	83.5	2,640.0	2,276.7	86.2
Tea leaves(4)	–	–	–	173.2	177.8	102.7	1,584.0	1,418.9	89.6

Notes:

(1) Tapioca pearl production line commenced commercial production in September 2022.

(2) Taro ball production line commenced commercial production in September 2022. In March 2023, we upgraded our taro ball production line and achieved a total theoretical annualized production capacity of 1,243.7 tonnes to taro ball production line.

(3) Taro paste production line commenced commercial production in September 2022. In August 2023, we upgraded our taro paste production line and achieved a total theoretical annualized production capacity of 1,730.2 tonnes to taro paste production line.

(4) Tea leaves production line commenced commercial production in December 2023.

(5) Effective production capacity is calculated based on the machines operating 12 hours a day for 22 working days a month, considering the time spent in production line upgrade and adjustment. Effective production capacity reflects the production capacity from production commencement to the end of relevant period for each production line.

(6) Production volume is the actual production volume during the periods indicated.

As our production lines experience ramp-up, the utilization rates increased from 2022 to 2023. The utilization rates generally decreased from 2023 to 2024. In particular, the production volume and utilization rate of tapioca pearls decreased from 2023 to 2024, primarily due to the temporary suspension of production lines for upgrading, which experienced a production ramp-up period after the upgrading. During the suspension and production ramp-up period, we procured such ingredients and raw materials from external qualified suppliers for the shortfalls to meet the demands from our store network. The production volume and utilization rate of taro balls also decreased from 2023 to 2024, primarily due to the adjustment of production plans in response to the changing consumer tastes. We invest in our production equipment and machinery as we believe the quality of our equipment and machinery is essential to increasing automation, ensure reliability as well as cost efficiency. The key equipment and machinery used in our production process include ultra-high temperature instantaneous sterilization machine, liquid nitrogen quick-freezing machine, automatic palletizer, food X-ray machine, outsource product flexible conveyor system, automatic packaging machine and double-spiral quick-freezing tunnel cold storage.

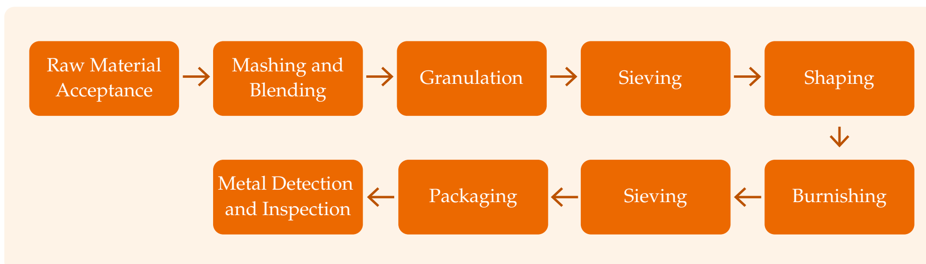
Many of the machines we use only require limited human operation, allowing us to reduce labor costs and focus our production facilities staffing on maintenance and supervisory functions. We purchase and own all of our production equipment and machinery in our Haiyan Facility.

We plan to further increase our production capacity depending on market demand. However, we cannot guarantee that the construction of the new production lines will be completed in a timely manner or at all. See "Risk Factors — Business interruptions at our current production facility could adversely affect our business."

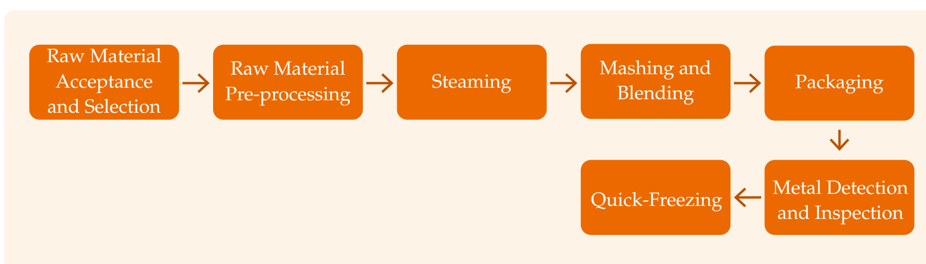
Our Production Processes

We implement standardized processes to ensure the quality and consistency of ingredients. The diagrams below set forth the production flow of our tapioca pearls, taro paste and taro balls:

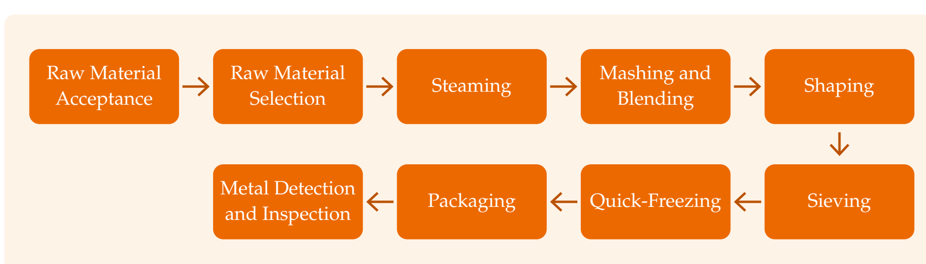
Tapioca Pearls



Taro Paste



Taro Balls



Delivery Arrangements

The delivery arrangements from our Haiyan Facility to our warehouses comprises the following steps:

- *Order placement*. Our designated personnel at our headquarters send orders to Haiyan Facility according to the inventory level at our warehouses and future market forecasts. Haiyan Facility also communicates regularly with the planning personnel about market demand to mitigate the gap between production and demand.

- *Delivery arrangement.* Haiyan Facility plans the specific delivery arrangements based on the requisite order delivery time and logistics routes.

- *Delivery to warehouses*. The third-party logistics service provider arranges vehicles according to the delivery arrangements and deliver the products from Haiyan Facility to our warehouses across China. The quality control personnel at each warehouse conducts inspection before acceptance.

- *Delivery to stores.* After receiving the products delivered from Haiyan Facility, each warehouse carries out delivery according to the demand of each store in the region. Products are delivered under room temperature or cold chain conditions using multi-temperature delivery vehicles. The temperature of the products is monitored throughout the process from the warehouse of the Haiyan Facility to the stores.

We recorded certain revenue from the sales of ingredients to our franchised stores. See "Financial Information — Principal Components of Results of Operations — By Nature."

RESEARCH AND DEVELOPMENT

We seek to develop distinctive products and refine our existing products to exceed our customers' expectations and to attract new customers. Our products are evolved based on fresh seasonal ingredients, prevailing trends and the changing tastes of consumers. We launched over 100 new products in each of 2022, 2023 and 2024, highlighting our proactive approach to product development and innovation.

We have a dedicated research and development center that continuously develop new beverages and ingredients. Our research and development center, led by our founder and chief product officer Ms. Zhou Rongrong, and its main functions include consumer and market research, new product and topping development, raw material and ingredient research and technical equipment development. We have continued to conduct research food sciences, including the chemical composition, interaction and extraction process of ingredients and their impact on taste. Our research and development center also focuses on tailoring the taste of our products to consumers in different geographical areas. We have built a pool of reserve products through our ongoing product development efforts over the years, continuing to satisfy consumer's demand on product diversity.

Our product development process is meticulous and thorough, assuring the highest quality and bringing new beverages to consumers. The following are the important phases in this process:

- *Product planning*. Our product development process begins with a comprehensive analysis process. To locate and forecast prevalent market intelligence in drink tastes, we closely follow emerging discussions among younger groups.

- *Product development*. We then start looking for ingredients for prospective new items. After exploring the flavors of various combinations of ingredients and taste based on various formulas and recipes, we develop the final formulations. The product development team will then conduct various validation and testing to develop the concept into pilot products.

- *Tasting committee.* The pilot products will be presented to our tasting committee to gather valuable feedback. The tasting committee comprises of randomly selected members of our senior management and other staff.

- *Product standardization*. Prior to the release of new products, we take various measures to ensure standardization and consistency of our new products. We provide customized trainings on how to produce new products, our quality standards, along with specialized guidelines on the marketing techniques to the staff in stores. Our regional team also conduct periodic inspections on the stores to ensure the quality and marketing efforts for new products.

- *Marketing campaign*. To launch our new products, we prepare marketing events and campaigns. Our targeted channels include online platforms such as Douyin, Xiaohongshu and Kuaishou and other offline marketing channels.

- *Re-evaluation*. Following the product launch, we place a major emphasis on gathering user feedback in order to constantly enhance and optimize our products. This iterative procedure helps us to keep in tune with consumer' tastes and make any required changes to our goods according to market reaction.

We also collaborate with selected upstream suppliers with technological advantages and expertise in agricultural product processing in research and development. Those upstream suppliers are mainly responsible for conducting market search and product research and development based on our requirements and specifications. Accordingly, we will provide them with necessary financial, technological and equipment supports. Typically, we will own the intellectual property rights, if any, by ourselves or together with the suppliers depending on the terms and conditions of such collaboration. Through cooperation with upstream suppliers in research and development, we expect to improve the quality and taste of ingredients, reduce waste and lower purchase price. Going forward, we aim to continue to develop distinctive beverages not only meet the prevailing market trend and consumer taste, but also lead the industry trends and innovation.

The table below sets forth our key research and development projects in pipeline as of the Latest Practicable Date:

Projects	Status	Subsequent Implementation Plans	Expected Finishing/ Launching Time
Grape peeling equipment	Finish equipment design and apply for patent	To obtain patent	By the end of 2025
Fresh-cut fruit preservation technique.............	Finish product development and apply for patent	To obtain patent	By the end of 2025
Mango ripening methodology	Finish product development and apply for patent	To obtain patent	By the end of 2025
Non-thermal sterilization technique.............	Finish product development and apply for patent	To obtain patent	By the end of 2025
Development of fermented fruit and vegetable juice.....................	Conduct product research and development	To continue research and development and apply for patent	By the end of 2026
Frozen coconut yogurt..................	Conduct product design and development	To develop formula	By the end of 2027

The mango ripening methodology (the "**Methodology**") involves the utilization of ethephon. We have not applied the Methodology to ripen mango during the Track Record Period, while we may apply it in the future. According to CIC, the use of ethephon as a plant growth regulator to ripen fruits, such as mango and banana, has been widely adopted in the global fruit industry for decades due to its effectiveness and safety. As advised by the our PRC Legal Advisor, the use of ethephon as a plant growth regulator to ripen fruits within the scope of relevant national standards is not forbidden by mandatory provisions of applicable laws or regulations in China. Moreover, using ethephon to ripen mango is an available methodology stipulated in relevant district standards, such as DB 46/T 632-2024. As of the Latest Practicable Date, the applicable national standards regulate the maximum residue limit of ethephon on the surface of mango, which is 2 mg/kg. If we decide to apply the Methodology to ripen mango in the future, we will strictly follow the relevant national standards to ensure the safety and quality of the mango ripened by the Methodology.

OUR CUSTOMERS

Our customers are primarily the franchisees who operate franchised stores pursuant to the franchise agreements signed with us. We generated a substantial majority of our revenue from franchising, mainly consisting of (i) sales of goods to franchisees, primarily including ingredients and other raw materials and equipment and (ii) fees for franchising services. All of our five largest customers for each year of the Track Record Period are our franchisees. In 2022, 2023 and 2024, revenue from our five largest customers for each year of the Track Record Period accounted for 2.7%, 1.9% and 1.6% of our total revenue for the respective periods. During the Track Record Period, we were not subject to any material customer concentration risk. During the Track Record Period and up to the Latest Practicable Date, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in any of our five largest customers for each year of the Track Record Period that are required to be disclosed under the Listing Rules.

FOOD SAFETY AND QUALITY CONTROL

Food safety and quality control are of paramount importance to our business. We implement stringent food safety and quality control standards and measures throughout different aspects of our operations, including suppliers, logistics, food processing plants and stores. We established various food safety management team at different levels of our store network. We have a food safety and quality control center at our headquarters, and we require our quality control departments at various levels to report directly to this center. Our chief quality supervisor is the head of our food safety and quality control center. Our chief quality supervisor reports to our senior management directly, and our food safety and quality control department is independent from all other departments and has a veto power over all quality control related issues and decisions. The responsibilities of our food safety and quality center include:

- Overseeing our quality control system at the headquarters level;
- Collecting and reporting information regarding food safety, industry updates, applicable laws and regulations and quality standards;
- Categorizing risks perceived and initial risk evaluation with relevant operating departments; and
- Establishing and enforcing of quality and technical standards, as well as the inspection and examination mechanism.

In case of any incidents or emergency relating to food safety and quality, we implement a contingency system to ensure timely response to various events. Under the contingency system, our food safety and quality control department will supervise the food safety team at the regional and store level directly. We have a specialized food law and regulations team, which will retrieve and update the latest laws and regulations from time to time, so that the stores and warehouses can be continuously adjusted to comply with the latest laws and regulations. As of December 31, 2024, we had 25 members in our food safety and quality control department dedicated to food safety and quality control. The staff at each of the stores in our network and our supervisors also conduct daily quality monitoring at the operating level.

We place great importance on consumer complaints and food safety incidents. We have established internal policies to set out the standards and procedures for handling consumer complaints and food safety incidents across our store network. To better serve our consumers, we also set up a dedicated consumer satisfaction team which is further divided into the consumer service unit, the consumer complaint unit and the consumer experience unit to analyze and respond to the customer complaints, identify the causes thereunder and make improvements to our products and services. For consumer complaints and food safety incidents occurring at our self-operated stores, we take a series of measures including investigating and verifying the incident to confirm its cause, assessing the potential impact on consumers and our reputation, and actively communicating with relevant parties to rectify the issue and promptly settle with the consumers. For consumer complaints and food safety incidents occurring at franchised stores, our franchisees are directly responsible for addressing such issues. We require our franchisees to follow similar measures we adopt at our self-operated stores. In addition, we have set up consumer hotline and online customer service in our Weixin Mini Programs, through which consumer can provide their feedback to us. For consumer complaints reported through hotlines or Weixin Mini Programs, we follow our standards and procedures to ensure prompt handling of such issues.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material food safety and product quality incidents. We have not been involved in any disputes, complaints, administrative penalties, litigations or arbitrations in relation to the use of harmful chemicals during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, the productions lines disclosed in "— Production — Our Production Facility" have received all approvals, licenses and permits to conduct food production.

Internal Food Safety and Quality Control Measures

Suppliers

All our suppliers are required to comply with quality standards imposed by regulatory authorities for their supplies. We actively conduct quality inspection and review on our suppliers. For example, we station quality inspectors at the facilities of each of our major suppliers. We have also set up specific standards in connection with our suppliers' production facility, including the temperature in their facilities, the status of their equipment and the cleanliness of their premises. Our onsite inspectors keep a comprehensive record for the ingredients to be used in stores in our network, as well as the compliance to our stringent standards. We also actively communicate and work with our suppliers for our ingredients and equipment to resolve any safety or quality issues within our store network.

We have implemented MOST to our supply chain, which facilitates us in tracing all the ingredients we use. Under MOST, we are able to trace the raw materials, production process, transportation and storage condition of the ingredients we procure. In addition, we stipulate food quality and safety penalty clauses in our contracts with suppliers to impose a penalty up to 20% of the value of the supplies if the food quality and safety issue with the supplier results in an end-consumer's request for a return, or results in us being held liable or being investigated by the relevant authorities.

MOST includes FPS, WMS, SRM system, OMS, MES and ERP system.

When the franchisee places an order in the FPS, the order will enter into our OMS, which automatically categorize the orders and arranges for different purchased ingredients and raw materials to be dispatched from different warehouses. That arrangement will then be entered into the WMS which automatically generates the delivery order, deducts the relevant inventory and carries out the delivery order for shipment. The delivery order and the logistic information will be synchronized to OMS, FPS and ERP system.

We have specific personnel designated for procurement planning who will decide whether each warehouse needs to replenish the inventory through the warehouse business intelligence dashboard. Once the inventory is below the waterline, purchase orders will be automatically generated and sent to the suppliers through our SRM system. When the purchase orders are fulfilled, WMS will be notified to carry out the replenishment. NC Cloud will be synchronized. Basically, the sales orders to the franchisees and the purchase orders to the suppliers are automated.

In addition, we have built our own product center to systematically manage the procurement plans for raw materials according to the in-store sales to end customers. Incorporating machine learning algorithms, we have achieved 93% accuracy in forecasting sales of key products within 30 days. This forecasting technology will be used to assist our designated procurement planning personnel in setting up procurement plans. This will further bridge the gap from in-store sales to raw material procurement, and initially enable franchisees to place orders in FPS with effective recommendations based on the forecasted in-store sales trend.

Logistics

Our suppliers are responsible to ship the ingredients and other supplies. In general, we require our suppliers to install thermo trackers to keep a full record of the temperature where necessary. We also engage third-party inspection institution to conduct sampling tests at our regional logistic centers.

We engage third-party logistics service providers to deliver the ingredients and supplies to the stores in our network. We implement stringent policies and requirements during the transportation of these ingredients. For example, we require the delivery truck to be capable of maintaining optimal storage conditions to ensure the quality and safety of certain ingredients and supplies during transit. Where necessary, we require the logistics service providers to install thermo trackers to keep a full record of the temperature. We also require the delivery trucks be thoroughly cleaned, sanitized and inspected by our specialized personnel after each round of delivery, following our quality control standards. We also require the transportation companies to bear the risks of loss or spoilage of the ingredients or supplies during transit.

Quality Control at Our Production Facility

The infrastructure and facilities in our production facility are designed, constructed, maintained and inspected in accordance with applicable food safety standards, laws and regulations in China. We implement stringent safety and quality standards at each stage of our production process. The quality control at our production facility starts from control over the suppliers of raw materials and ingredients. All the raw materials and ingredients used in the production process are strictly in compliance with applicable laws and regulations and semi-finished products are tested to ensure compliance with our stringent quality standards before proceeding to the next stage of production. See "— Suppliers." We also enforce strict control over all the elements that might affect the safety and quality of the products, including, among other things, hygiene of the production personnel, production equipment and the premise. We also supervise the production process closely to detect any issue that might lead to defective batch of product. Material factors to the quality of our production at each production step are listed out and monitored closely according to our protocols in order to prevent and rectify any potential occurrence of production errors. Before delivery, we also conduct thorough tests on the products to ensure strict compliance to our safety and quality standards as well as applicable laws and regulations. Qualified products will be given the product inspection certificate. Products without such certificate are strictly prohibited from leaving the production facility. In addition, we keep strict delivery records which include batch numbers, specifications and quantity. Any unqualified products should be dealt with in a timely manner by our quality control department.

As advised by our PRC legal advisor, we have obtained all the necessary approvals in connection with the productions lines disclosed in "— Production — Our Production Facility." Our Directors confirm that all our products complied with the quality standards in China, and we have never been subject to any sanctions, fines or other punitive actions imposed by the PRC Government for failure to comply with these requirements.

Store-Level Food Safety and Quality Control

We have established stringent food safety and quality control standards for all stores in our network for (i) inspection of ingredients and supplies delivered directly from the suppliers, our plants or the logistics centers or storages to stores in our network and (ii) in-store product preparation.

The store-level staffs are required to undergo trainings for food safety and quality control, and are responsible for conducting daily self-inspections within the stores to ensure compliance with the food safety and quality control standards and address any identified issues once detected. Our supervisors are responsible for supervising the operations at store level, correcting any issues found and providing relevant guidance and instructions to our store-level staffs. The headquarters are responsible for establishing comprehensive standards and procedures for food safety and quality control, ensuring all stores within our network can meet uniform standards throughout their operations.

In terms of inspection of ingredients and supplies, our store-level staff reports to the food quality department on any deviation or irregularity in the quality of ingredients and rejects any ingredients and supplies which do not meet our standard. The food quality department also issues a report on a monthly basis to our headquarters.

In terms of in-store product preparation, we have developed separate manuals laying out operating procedures and quality standards to regulate different aspects of product preparation done at all the stores in our network. We require the franchisees and store staff to strictly adhere to the procedures and standards stipulated in the manuals to ensure the flavor, presentation, quality and hygiene standards of our beverages meet our standards. We implement detailed recipe and procedures for our beverages that may not be altered without proper approval. We have an online supervisory center which monitors and supervises the hygiene standards and various aspects of product preparation at stores on a daily basis through surveillance cameras. In respect of waste management in store level, all our franchised and self-operated stores are equipped with an adequate number of categorized waste bins, and strict sorting and disposing of kitchen waste during the operational processes are required. To ensure store hygiene, we appoint a food safety personnel in each store who is responsible for equipment cleanliness, daily cleaning and disinfection of waste bins and containers, ensuring their closure during non-use periods to prevent spillage. As a result, consumers can enjoy the same beverages with consistent quality and taste at any of the stores in our network. We believe this consistency helps us to retain existing consumers and attract new consumers by generating consumer confidence in our quality control system. In particular, our food safety and quality control policies include the following:

- *Franchise agreement.* We set out particular food safety measures in the franchise agreement. For example, our franchised stores are required to purchase all ingredients from us except for certain limited circumstances, and adhere to our standardized product policy. Considering that some of the stores are located in remote areas with difficulties in arranging logistics and shipment, only external procurement of fresh fruit is approved on a case-by-case basis for these stores. In order to ensure the food safety and control the quality of the fresh fruit procured externally, we have established management policies, imposing strict requirements and limitations on the external procurement channels. The external procurement channels selected by the franchisees must undergo food safety assessments conducted by our designated food safety and quality control personnel. We also require franchisees to keep record of the certificates of conformity for the fresh fruit procured externally, including relevant qualifications and inspection reports, for us to review. For franchisees using external suppliers, the franchisees shall be responsible for arranging the logistics and bear the relevant costs. The number of such stores accounted for approximately 2.4% of the total store count as of December 31, 2024. We expect our franchisees to adhere to the applicable laws, regulations and procedures for food safety control that have been established by relevant PRC governmental agencies and us. If any franchisee violates the aforementioned requirements, we preserve the rights to terminate the franchise agreement and demand compensation from the violating franchisees. Our franchisees will be held accountable for any violations of these food safety procedures and regulations.

- *Food safety and hygiene.* We have implemented a hygiene manual for the overall cleanliness of stores in our network. We appoint trained personnel to monitor strict compliance of the manual by our store staff.

- *Supervision by online supervisors.* Our online supervisory center conduct real-time inspections of store operations and food safety conditions online through in-store cameras. To ensure compliance with our protocols, we require our franchised and self-operated stores to operate under the view of in-store cameras at all times, which can send back the real-time image over the counters and kitchens of stores to our online supervisory center. If any non-compliant operations are detected, the online supervisors will contact the store immediately to rectify.

- *Spot-check by offline supervisors.* Our district supervisors visit the stores in their respective regions to perform inspection and examination to ensure strict adherence of food safety and quality standards. They will also check the beverages made in the stores to assure the appearance, smell, taste and temperature of the beverages adhere to our uniform standard.

- *Spot-check by third-party agencies.* We engage qualified third-party agencies year-round to carry out inspections in stores in our network to identify and rectify potential issues of food safety and quality. We have specified in our contracts with them that they are required to inspect 500 to 600 stores each quarter. If there is any non-compliance, evidence should be collected on site. None of the stores will receive prior notice on these inspections.

- *Continuous training programs.* We continuously provide training programs to our franchisees and store staff on operating procedures and quality standards. Post-training tests are conducted to ensure the effectiveness of the training. In 2024, we held training sessions related to food safety and cashiering practice, which were attended by approximately 87,000 person-times in aggregate.

- *Strict adherence to shelf life.* Stores within our network should strictly follow our detailed requirements for shelf life of perishable ingredients, which we believe helps ensure the quality and freshness of the beverages.

As part of our comprehensive management and supervisory framework, the adherence to relevant safety and quality standards by each of the stores in our network is a key factor when we evaluate the stores as well as the district supervisor. For violation of safety and quality standards by the individual store, we can choose to temporarily close the stores for further evaluation and rectification. We also dispatch consulting and training staff to the violating store to assist in educating the staff and managing the store. During the Track Record Period and up to the Latest Practicable Date, none of the store in our network violated our safety and quality standards that resulted in material adverse impact on our business and results of operations.

We also implement stringent guidance on the disposal of left-over ingredients and other wastes, according to which, stores in our network are required to cooperate with qualified waste management companies to collect, process and dispose of all the left-over ingredients and other wastes. We also keep a comprehensive record of these wastes and closely trace their ultimate disposal.

Through above food safety and quality control measures, we aimed to minimize the product quality risks. However, there can be no assurance that we will not be subject to any incidents that could possibly lead to product liability claims, litigations and/or temporary store closure. See "Risk Factors — Failure to maintain the quality, safety and hygiene standards of our products could have a material and adverse effect on our reputation, financial condition and results of operations."

Quality Warranty and Recall Policies

According to the relevant provisions of the Administrative Regulations on Commercial Franchising (《商業特許經營管理條例》) and the franchisee agreements signed between us and the franchisees, we and the franchisees are independent legal entities. Each of franchisees and its franchised store operates independently and bears legal responsibilities independently. Pursuant to the franchisee agreements signed between us and the franchisees, the franchisees shall have the obligation to establish and improve the management system related to food safety, eliminate relevant hidden dangers and strictly comply with the normative requirements of relevant laws and regulations on food safety and hygiene during the operation of the franchised stores. The franchisees and their franchised stores shall be responsible for dealing with food safety issues or accidents, consumer complaints, supervisory measures taken by competent authorities and other similar situations as prescribed in the franchisee agreements. In case of above issues or incidents, the franchisees and their franchised stores shall immediately notify us, bear the relevant responsibilities on their own and compensate us for any losses incurred as a result. We have set corresponding procedures to deal with different levels of food safety complaints. For level two to four food safety complaints with low to medium risks and negative impact, the franchised stores are responsible to deal with it under our supervision within 24 hours. Our consumer satisfaction team will be involved if such complaints are not settled after 24 hours. For level one food safety complaints with high risk and negative impact, our consumer satisfaction team will be involved on time, and update the information to our operation supervisors and the franchised stores, so as to procure the franchised stores to fulfill its obligations under the franchisee agreements to deal with such food safety complaints appropriately and take relevant responsibilities. Furthermore, if consumers make complaints about the product quality or food safety, the franchised stores will make refunds to the consumers directly. If, upon our investigation, the product defects are caused by the raw material supplies, we will require the raw material suppliers to bear the losses caused to us and/or the franchised stores. If there are any product recalls due to product defects, we will demand the raw material suppliers to make compensations to us with respect to the recalled products.

Pursuant to the procurement agreements between raw material suppliers and us, we shall typically have seven days after receiving the products to raise quality issues to suppliers. We reserve the right to raise issues in relation to defective products within warranty periods as prescribed in the agreements. The relevant suppliers shall refund the products, bear costs, expenses or damages associated with product defects. Moreover, in case of food safety or quality incidents caused raw materials from the suppliers, the suppliers shall actively cooperate with us to investigate the incidents and bear all losses suffered by us, including the compensations made by us to third parties or fines imposed by government authorities. In case of other food defects, the suppliers shall pay us monetary damages based on the amounts of raw materials supplied. As confirmed by CIC, such quality warranty policies are in line with industry practice.

Compliance Status of Franchised Stores

In order to ascertain whether franchised stores have been subject to administrative penalties, food safety incidents, consumer complaints, and other similar situations, we have taken the following measures:

- To prevent our business from being adversely affected by potentially significant administrative penalties or major food safety incidents at franchised stores, as well as events that severely undermine consumer rights and interests in terms of food safety, we have developed and implemented a franchisee management system that requires and encourages franchisees to synchronously report government regulatory inspection information to us. Additionally, we have established corresponding punishment mechanisms to ensure that we are aware of and can assist franchisees in properly mitigating damage from related actions, rectifying deficiencies, and protecting the legitimate rights and interests of consumers to the fullest extent and in a timely manner.

- We require our franchisees to complete relevant survey online questionnaires in writing.

- We searched on websites of major food safety regulators in order to understand to the greatest extent possible the administrative penalties received by franchised stores, food safety incidents that have occurred, and consumer complaints regarding food safety issues made to regulatory authorities during the Track Record Period.

Through above measures, to the best of our knowledge, we learned that 185 franchised stores experienced 185 incidents related to food safety, mainly for inappropriate storage of ingredients, use of expired ingredients or non-compliance with hygiene standards, during the Track Record Period, which were found by inspections by regulatory authorities or consumer complaints handled by consumer associations and regulatory authorities. 13 of those incidents related to food safety, which were associated with 13 stores, resulted in administrative penalties of either administrative warnings or administrative fines from RMB2,000 to RMB5,000.

To the best of our knowledge, we also learned that 11 franchised stores had 11 isolated incidents related to, such as, failures to keep appropriate procurement inspection and sales records, false advertising or environmental issues that resulted in administrative penalties during the Track Record Period. Such administrative penalties resulted in either administrative warnings, confiscation of illegal gains and/or administrative fines from RMB3,000 to RMB50,000.

However, none of the abovementioned incidents involved major food safety accidents or severe violations of consumer rights. See "Risk Factors — Our extensive store network consists primarily of franchised stores that we do not directly operate. We face certain risks associated with the use of the franchising business model."

As advised by our PRC Legal Advisor, taking into consideration the applicable provisions for penalty responsibilities under the relevant PRC laws and regulations, such administrative penalties identified by us through the aforementioned measures do not constitute major administrative penalties.

According to the franchise agreements, the franchisees shall obtain required licenses and qualifications for store operation before the opening of new stores and shall be liable for any violation of applicable laws and regulations. As of the Latest Practicable Date, out of the 9,152 franchised stores as of December 31, 2024 within our store network, six franchised stores did not obtain food business licenses. Among the six franchised stores, three had already submitted the applications for the licenses, and the remaining three were urged to rectify the non-compliance within a specific time. As advised by our PRC legal advisor, according to the relevant provisions of the Regulations on the Administration of Commercial Franchising and the franchise agreements signed between us and franchisees, we and franchisees are independent legal entities, and each franchisee and its franchised stores operate independently and bear legal responsibilities separately. The franchise agreements also explicitly stipulate that franchisees are obligated to strictly comply with relevant laws and regulations regarding food safety, hygiene, and other requirements during the operation of their franchised stores. In the event of food safety incidents, consumer complaints, or regulatory measures imposed by relevant authorities, franchisees must immediately notify us, assume full responsibility, and compensate us for any resulting losses. Furthermore, we have the right to unilaterally terminate the franchise contract and revoke the franchisees' authorization to operate within the franchise model. As of the Latest Practicable Date, the number of franchised stores without a food safety license accounts for 0.07% of the Company's total franchised stores as of December 31, 2024. The revenue attributable to those six franchised stores in 2023 and 2024 amounted to RMB0.5 million and RMB1.1 million representing only 0.01% and 0.03% of the Company's total revenue for the same year or period, respectively. The non-compliance of those franchisees is expected to be rectified before Listing, or otherwise we may terminate the cooperation with those franchised stores.

OUR INVENTORY CONTROL MEASURES

We have established a comprehensive inventory lifecycle management system, which mainly involves inventory planning and monitoring, storage, transfer and inventory counting:

- *Inventory planning and monitoring*. Our designated personnel for planning and management is responsible for monitoring the level of inventory in our warehouses, factories and stores. They will then formulate the relevant inventory allocation and procurement plans to ensure the timeliness of inventory arrival at our warehouses, factories and stores as well as the reasonableness of the allocation of inventory quantities. The designated personnel shall consider the key influencing factors such as the size of the store, recent marketing activities, historical sales volume, production plan, inventory validity period and distribution cycle in the process of formulating the plan.

- *Inventory storage*. We have set up suitable storage conditions according to the categories of inventories and their relevant storage requirements. We have established an inventory validity management mechanism by separately storing the unqualified inventories, expired inventories and the inventory approaching shelf life. We also carry out early warning procedures to avoid the misallocation of expired or unqualified products to stores.

- *Inventory transfer*. Before the inventory is transferred between different warehouses, a request for material transfer should be submitted, specifying the reason for the transfer, location, material and quantity information for such transfer. The transfer can be carried out only after approval is granted. The entire process of transfer should be left records for subsequent inspection and management, and should be synchronized to our finance department for accounting purposes.

- *Inventory stocktaking*. The Company regularly verify the quantity and validity of inventory. At least one inventory stocktaking is carried out for all the inventories under the name of the Company in each quarter. The results of stocktaking should be presented in the form of a written stocktaking report and stocktaking table. Such written documents should be reviewed in accordance with the company's regulations by the head of the financial management center.

In each of 2022, 2023 and 2024, inventories turnover days of our self-operated stores, calculated by the average of the beginning and ending balances of self-operated stores' inventories divided by cost of sales incurred at self-operated stores for that year and multiplied by 365 days for the year ended December 31, amounted to 10.9 days, 10.0 days and 8.7 days, respectively. Such decrease was primarily attributable to the continuous decrease in self-operated store count during the Track Record Period, which lead to a continuous decrease inventory level of our self-operated stores.

The risk of channel stuffing by our franchisees is low as franchisees would have very little incentive to maintain an unreasonably high level of inventory, because (i) franchisees typically make advance payment before the goods are delivered to them, (ii) most of the goods sold to franchisees are ingredients to be used for the preparation of drinks, which are perishable, (iii) backed by our strong nationwide supply chain management, franchisees can place orders for store supplies frequently to fulfill the daily operational needs, and (iv) we generally do not accept product returns. Nevertheless, to further mitigate the risk of channel stuffing at the franchisee level, we have implemented, among others, the following measures:

- We closely monitor the amount of raw materials sold to franchised stores by calculating the percentage of these sales in relation to the GMV of the relevant stores for the same month. We then compare this percentage with the corresponding percentage from the previous month as well as the same month in the previous year to see if there is any irregular fluctuation. This helps prevent channel stuffing at the franchisee level.

- We maintain a consistent delivery frequency of ingredients and raw materials to our franchisees. Depending on location and transportation conditions, our franchisees typically place orders two times a week on average. This consistent delivery schedule ensures that franchisees receive timely delivery of ingredients and raw materials according to their operation needs and reasonable inventory level.

- As a part of the operation support provided by us to our franchisees, our on-site supervisors provide guidance to our franchisees in relation to inventory level according to the specific situations of the franchised stores. They also inspect the stocking records in order to avoid excessive stocking situations.

SETTLEMENT AND CASH MANAGEMENT

Consumers can pay with digital payment methods such as Weixin Pay and Alipay, as well as other payment methods such as credit cards and cash. As the vast majority of our orders are settled through non-cash methods, risks related to cash management have been and will continue to be maintained at minimal level. Nevertheless, for orders that are settled through cash in our self-operated stores, we implement a number of internal control policies to prevent cash misappropriation and embezzlement. For store revenues received in cash and petty cash, our policies prescribe that, (i) on a daily basis, after a given store closes, a store clerk will perform cash counts under the supervision of another store clerk, who will record the count result on the store cash management system, and cash will be stored in a safe; (ii) on a monthly basis or when the amount of cash held in a store exceeds RMB2,000, at each store, our store manager will deposit cash into the bank account designated by the Company; (iii) on a monthly basis, we have a designated personnel for regional finance to check the applicable bank statement against our internal store-level revenue reports recorded. The applicable district managers and regional managers will also perform independent counts during store inspections, which inspections are documented to retain evidence of review.

During the Track Record Period and up to the Latest Practicable Date, we had not encountered any incident of cash misappropriation or embezzlement that had a material adverse impact on our business, results of operations or financial condition.

COMPETITION

The freshly-made tea shop industry in China is highly competitive, with the total number of freshly-made tea shops reaching roughly 464 thousand by the end of 2023 according to CIC. The market was historically fragmented and has continued to consolidate. In 2023, the total market size of China's freshly-made tea shops in terms of GMV was RMB211.5 billion, of which mid-priced tea shops account for the largest share of 51.3%, according to CIC. According to the same source, as of December 31, 2023, we ranked fourth in terms of total store count of 7,789; fourth in China's freshly-made tea shop market in terms of number of cups sold of 0.6 billion cups, with a market share of 4.5%; and fifth in China's freshly-made tea shop market in terms of GMV amounting to RMB9.7 billion in 2023 with a market share of 4.6%. We compete with mid-priced freshly-made tea store brands across all city tiers. Specifically, we enjoy greater presence in third-tier and below cities. As of June 30, 2024, 50.3% of the stores within our network were located in third and lower-tier cities, indicating a leading presence in the lower-tier markets among the top five mid-priced freshly-made tea store brands in terms of total store count according to CIC. Furthermore, we have the broadest warehouse coverage among the five largest mid-priced freshly-made tea shop brands in China in terms of total store count as of December 31, 2023, enabling nationwide supply chain coverage.

According to CIC, the freshly-brewed coffee market in China is competitive as there are approximately 120 thousand freshly-brewed coffee shops by 2023, and freshly-brewed coffee can also be offered by freshly-made tea shops, bakeries, and restaurants. The total market share of five largest freshly-brewed coffee shop brands held 44.9% in terms of GMV and 52.4% in terms of number of cups sold in 2023. We sold 11.8 million cups of freshly-brewed coffee, reaching a market share of 0.2% and achieved RMB192 million in GMV, reaching a market share of 0.1% in China's freshly-brewed coffee industry in 2023, according to CIC. We face increasingly intense competition with other leading players in various aspects of our business, including product development, product quality, consumer experience as well as consumer acquisition and retention.

If we fail to effectively compete against, or are out-competed by, the other leading players, we may experience a material adverse impact on our results of operations, financial condition and business prospects. See "Risk Factors — Risks Relating to Our Business and Industry — We face increasingly intense competition."

USER PRIVACY AND DATA SECURITY

In the ordinary course of business, we collect, store and use certain personal information of our employees, franchisees and their employees, consumers and other individuals from time to time after obtaining necessary consents, such as (i) when consumers place online orders through our online applications, such as our Weixin Mini Programs, we may collect their account names, phone numbers, transaction information and other information, (ii) during the franchisee onboarding process, we collect franchisees' basic information, such as their names, ID numbers, phone numbers, e-mail address and bank account information, and (iii) during the daily operation of the franchised stores, we collect certain personal information of our franchisees and their employees, such as the names, locations and phone numbers of the franchisees and health certificate information of their employees, when the franchisees upload documents or other information to our *Auntea Jenny Store Assistant*.

We are subject to laws and regulations relating to the collection, storage, use, processing, transmission, retention, security and transfer of personal information and other data. See "Regulatory Overview — Regulations on Cybersecurity," "Regulatory Overview — Regulation on Personal Information and Data Protection." On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》), which came into effect on September 1, 2021. The Data Security Law imposes certain data security and privacy obligations on entities and individuals carrying out data activities, like us, and prohibit any PRC individual and entity from providing data stored within the PRC for foreign judicial or law enforcement authorities without approval by competent authorities in the PRC. Further, the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) was passed by SCNPC on August 20, 2021 and came into effect on November 1, 2021. The law applies to all activities conducted in our establishments within the PRC or related to services that we offer to natural persons within the territory of the PRC. It creates a range of new compliance obligations, which could cause us to change our business practices, and may impose substantial penalties for noncompliance.

Further, on January 4, 2022, the Cyberspace Administration of China ("**CAC**") published the Revised CAC Measures on its website, which became effective on February 15, 2022. The Revised CAC Measures provide that a critical information infrastructure operator purchasing network products and services, and platform operators carrying out data processing activities which affect or may affect national security, must apply for cybersecurity review. The Revised CAC Measures also provide that a platform operator with more than one million users' personal information aiming to list abroad must apply for cybersecurity review. However, the Revised CAC Measures provide no further explanation or interpretation for "list abroad." During the Track Record Period and up to the Latest Practicable Date, we had not received any notification from relevant government authorities that we will or may be recognized as a critical information infrastructure operator. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties, mandatory rectifications or other sanctions by any competent regulatory authorities in relation to cybersecurity and data protection, nor had there been material cybersecurity and data protection incidents or infringement upon any third parties, or other legal proceedings, administrative or governmental proceedings, pending or, to the best of our knowledge, threatened against or relating to us. Based on the foregoing and a detailed analysis of its provisions by our PRC Legal Advisor, we and our PRC Legal Advisor do not foresee any impediment for us to comply with the Revised CAC Measures and the Network Data Security Management Regulation in major aspects, given that we have implemented a comprehensive set of internal policies, procedures and measures to ensure our compliance practice as disclosed below. We will closely monitor the legislative and regulatory development in connection with cybersecurity and data protection, including the

Network Data Security Management Regulation and the interpretation or implementation rules of laws and regulations of cybersecurity and data protection, if any, and we will adjust and enhance our data practices in a timely manner to ensure compliance once the regulations come into effect.

We strictly follow the relevant laws and regulations in collecting the personal information of our employees, franchisees and their employees, consumers and other individuals. We expressly inform our franchisees the collection of their information and obtained their consent by deploying the *Franchisee Privacy Policy* and *Mini Program Privacy Protection Guidelines* in relevant Mini programs. The collection of the franchisees' data is also agreed in the franchise agreement. See "— Our Franchise-focused Business Model — Franchising Arrangements." We continuously improve our practices in personal information protection by internal inspections, supervision, review and other measures to ensure maximum protection of personal information. For details on our risks associated with the protection of personal information, see "Risk Factors — Risks Relating to Our Business and Industry — Any failure to comply with data privacy, protection and information security laws could damage our reputation and we could suffer a loss of revenue, incur substantial additional costs and become subject to litigation and regulatory scrutiny."

In the course of our business operations, we from time to time need to provide certain information of our consumers or franchisees to our suppliers and third-party service providers after obtaining the consent from relevant parties. For instance, (i) to confirm consumers' payment instructions and facilitate order processing, we provide necessary information such as order details, account information, payment details and address information to third-party payment processors; (ii) when providing delivery services for online orders, we provide consumer basic information including name, phone number and delivery address to third-party delivery platforms; (iii) to meet consumers' product, service, and after-sales needs, we provide consumers' order information, necessary transaction details and contact information to franchisees; and (iv) for the provision of delivery services for franchisees' procurement orders, we provide recipient details including name, contact information and delivery address to third-party logistics service providers. To ensure proper and sufficient protection for user privacy and data security and dynamic monitoring of data provision and usage, we have implemented comprehensive organizational and procedural measures:

- We implemented internal data security and protection protocols which set data management responsibilities, data protection and confidentiality procedures.

- We implemented several detailed measures with respect to cybersecurity and personal data protection. For example, we will notify consumers and obtain consents from them about how we collect and use their personal data before we doing so. Data regarding our consumers' online purchases made through third-party platforms are managed subject to those third-party platforms' data governance policies.

We have implemented comprehensive internal control measures to safeguard personal information and ensure data security. These measures encompass various aspects, including organizational development, system establishment, security protocols, and personnel training. We update our policies and internal control measures for data protection based on evolving regulatory requirements and industry standards. In particular,

- We have established an information security team which is responsible for overall information security management to effectively monitor data-related activities. Our digital technology center is also tasked with managing information systems and security on a daily basis, with designated personnel overseeing data security and personal information protection.

- We developed a robust system of regulations, including data classification and risk monitoring protocols, to provide institutional support for personal information protection and data security.

- Technical and managerial measures have been implemented to fulfill data protection obligations, such as data retention, data encryption, backup procedures, and access control mechanisms.

- We conducted trainings focusing on enhancing employees' awareness of security protocols and procedures, ensuring that appropriate measures, including permission management, are strictly adhered to when handling sensitive data within the systems.

Through these measures, we actively mitigate the risk of data leakage and uphold the security of personal information. Going forward, we will continuously refine our management systems and diligently implement relevant regulatory requirements in accordance with the latest national laws and regulations. This includes regular training sessions for employees to continuously enhance their awareness and proficiency in personal information protection and network security. Furthermore, we will strengthen the scope and intensity of evaluations conducted by third-party institutions, covering various dimensions such as personal information protection, network security, system security and management security.

ICP FILINGS

As of the Latest Practicable Date, we solely utilized our websites for self-published information. We did not use our websites to provide platform services for third parties to publish information or for third parties to enter and implement sales activities and other value-added telecommunications services. In accordance with the requirements of the Administrative Measures on Internet-based Information Services, we are required to complete ICP filings for all of our websites. The ICP filings for all of our websites have been completed as of the Latest Practicable Date.

As of the Latest Practicable Date, we relied on the Mini Programs of Weixin, Alipay, and Douyin Internet platform to operate business assistance systems, functions of which includes recruitment, research, publicity and promotion and store auxiliary management, and to operate the online ordering system for self-operated stores and franchised stores. The Notice of the Ministry of Industry and Information Technology on the Record-filing of Mobile Internet Apps required the companies to complete the ICP filings for the Mini Programs operated by the end of March 2024. We have completed the ICP filings for all Mini Programs we operated in accordance with the requirements by the end of March 2024.

During the Track Record Period and up to the Latest Practicable Date, we had complied with applicable laws and regulations relating to user privacy and data security in material aspects. As of the Latest Practicable Date, although we processed over one million users' personal information, we had not received any notification from the relevant government authorities that the data processed has been determined to be important data or core data, nor have we been involved in any investigation on data processing activities that affects or may affect national security. Given that legislation and law enforcements in the PRC on user's privacy, data security and cybersecurity are still evolving, we will closely monitor further regulatory developments and take appropriate measures in a timely manner, including but not limited to maintaining ongoing communication with relevant government authorities.

INSURANCE

We have purchased property insurance and public liability insurance policies which comprehensively covered major business interruptions and accidental loss, such as fire, water and malicious damage. See "Risk Factors — Risks Relating to Our Business and the Industry — Our insurance policies may not provide adequate coverage for all claims associated with our business operations, which may have a material adverse effect on our reputation, business, financial condition and results of operations." Our Directors believe that our insurance coverage is in line with industry practice and standard business practices of relevant countries. During the Track Record Period and up to the Latest Practicable Date, we had not received any material insurance claims against us.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Goals, Targets and Policies

We are dedicated to embracing the concepts of sustainable development. To ensure the effective implementation of our ESG initiatives, we have established the *ESG Management Policy* which clearly sets down and designates ESG duties at each level of our Company for managing various ESG matters. This policy aims to enhance the efficient execution of our ESG management efforts.

As our business undergoes continued expansion in the near future, we anticipate certain fluctuations in both our resource consumption and greenhouse gas emissions. For instance, the growth of our operations will lead to an increase in office spaces and personnel, resulting in higher electricity and water consumption rate. As a result, we expect a commensurate rise in the amount of resource consumption at our office spaces and the greenhouse gas emission. Once our business enters a more stable phase, we will develop more precise and measurable ESG objectives with reference to our actual business conditions and requirements as well as our aspiration to achieve ESG objectives.

Based on the resource consumption data during the Track Record Period, we have set the following ESG-related targets:

- *Improve energy efficiency*. Reduce the per capita electricity consumption by approximately 5% by 2026 compared to the level recorded in 2024;

- *Enhance water efficiency*. Reduce per capita municipal water consumption by approximately 5% by 2026 compared to the level recorded in 2024; and

- *Reduce greenhouse gas emissio*n. Reduce the per capital greenhouse gas emission by approximately 5% by 2026 compared to the level recorded in 2024.

The Responsibility of the Board in ESG Matters

The Board plays an active role in ESG management, providing leadership and oversight to the dedicated ESG team. The Board's primary focus is to ensure that our ESG efforts align with relevant legal regulations, standards, and regulatory requirements. The Board also assumes responsibility for managing and mitigating ESG-related risks, ensuring that ESG goals are effectively implemented throughout the Company. The specific ESG responsibilities of the board include:

- Overseeing and supervising the ESG team;

- Appointing leaders from the management team and relevant ESG departments to form the ESG team;

- Formulating the ESG strategic direction and ensuring its alignment with our overall development direction;

- Assessing ESG-related risks;

- Evaluating and prioritizing ESG issues that have a critical impact on our operations and development;

- Setting key ESG objectives;

- Managing various ESG issues and monitoring the progress of key ESG performance indicators; and

- Valuing the opinions of our stakeholders such as employees, consumers, suppliers, business partners, investors, regulators, and various social groups to address their concerns, and actively engaging in communication with these stakeholders to foster understanding and collaboration.

The Responsibility of the ESG Team

Our ESG team is appointed by the Board and consists of leaders from our management team and relevant ESG functional departments. This ensures that the Board can diligently discharge its supervisory responsibilities for ESG issues in a timely manner. The specific responsibilities of the ESG team include:

- Implementing ESG-related decisions in day-to-day operations, ensuring that the our operations and practices align with the relevant ESG strategies;

- Providing professional support and action planning for various ESG initiatives, driving the resolution of ESG-related matters;

- Supervising the feedback from functional departments regarding the execution of ESG initiatives, monitoring the progress of key ESG objectives; and

- Regularly reporting to the Board on ESG affairs, planning, progress, and achievements.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material risks or issues in relation to ESG, nor have we been subject to any material fines or penalties for non-compliance or violation of the environmental laws of the PRC. Going forward, especially after the Global Offering, we will continue to improve our ESG management structure, form ESG strategies and targets, and track the target completion progress. We will improve risk identification and assessment procedures, enhance risk management capabilities and disclose ESG reports on a regular basis.

Environment

During the Track Record Period, we incurred expenditure of RMB2.1 million in relation to our compliance with applicable environment protection laws and regulations which include expenditure on environmental-friendly equipment, disposal fees for pollutants and environmental compliance consultancy fees. We proactively monitor changes in laws and compliance risks on environmental issues. We promptly adjust to changes in regulations and policies to ensure our compliance with environmental issues. We have specific environmental management systems in place and require all departments to comply with the rules and regulations in order to reduce environmental pollution, improve resource efficiency and reduce carbon emissions. Considering the impact of our business on the climate and the environment, we take appropriate measures in our business operations to minimize the impact of our operations on the environment.

In response to the above, we are intensifying our investments in environmental protection and implementing multiple measures to reduce resource consumption and greenhouse gas emissions:

- *Electricity Consumption.* We are continuously striving to reduce per capita energy consumption in our office premises while enhancing overall energy efficiency. We will implement various measures to conserve energy, such as establishing a robust energy management system, prioritizing the use of high-efficiency equipment, optimizing office area lighting efficiency, and promoting low-carbon office practices among the workforce.

- *Water Consumption.* We are committed to continuously improving water resource efficiency and minimize wastage. We will optimize production processes and equipment to significantly reduce water consumption in our production lines. We will also carry out regular maintenance of water equipment in office premises to minimize leaks and wastage.

- *Greenhouse Gas Emissions.* We are dedicated to reducing greenhouse gas emissions generated by our operations and minimizing our product carbon footprint. We have implemented a range of decarbonisation measures, such as using energy-efficient electric forklifts to reduce fossil fuel consumption and improving production line efficiency to lower energy consumption. We also encourage employees to recycle office supplies and avoid resource waste.

Resource consumption

The following table sets forth the metrics of the resource consumption at our office spaces for the periods indicated.

		Year Ended December 31,		
	Unit	**2022**	**2023**	**2024**
Electricity[1]	kWh	663,594	766,606	775,556
Water	m^3	8,636	16,063	16,931

Note:

(1) Represents the electricity consumption in our existing office spaces (e.g., lights, air-conditioners and office equipment) in the corresponding period.

Pollutants and Emissions

The following table sets forth the total pollutant and emissions for the periods indicated.

		Year Ended December 31,		
	Unit	2022	2023	2024
Total Wastewater Discharge Volume[1] ..	Tonnes	6,909	12,850	13,545

Note:

(1) The waste and pollutant emissions generated within our office premises primarily arising from wastewater discharge, while the emissions from other waste and pollutants are minimal and may be disregarded.

Greenhouse Gas Emission

According to Greenhouse Gas Protocol published by the World Resources Institute and the World Business Council for Sustainable Development, the 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by IPCC, as well as the Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Industrial Enterprises in Other Industries (Trial) released by the National Development and Reform Commission of the People's Republic of China, we determine the scope of our primary greenhouse gas emissions falls within Scope 2 emissions.

The following table sets forth the greenhouse gas emission at our office spaces for the periods indicated.

		Year Ended December 31,		
	Unit	2022	2023	2024
Total Greenhouse Gas Emission	tCO_2e	378.4	437.2	445.1
Scope 1[1]	tCO_2e	0	0	2.8
Scope 2[2]	tCO_2e	378.4	437.2	442.3

Notes:

(1) We bought a vehicle in 2024, while we did not own any vehicles in 2022 and 2023.

(2) Scope 2 emissions refer to indirect greenhouse gas emissions primarily arising from the electricity consumption at our office premises.

We plan to actively engage in data collection and disclosure process for Scope 3 greenhouse gas emissions in future following the *Greenhouse Gas Protocol*. We have conducted a feasibility analysis for data collection as to certain Scope 3 greenhouse emission categories in 2024, such as fuel and energy-related emissions. We aim to initiate the collection of data as to our Scope 3 greenhouse emissions in 2025. We plan to reduce Scope 3 greenhouse gas emissions through the following key measures, among others: (i) to collaborate with suppliers who have lower carbon emissions per unit while maintaining the same product or service standards, (ii) to encourage employees to take public transportation, such as high-speed rail, during their business travels, (iii) to collaborate with service providers who use new energy vehicles with lower energy consumption per unit for delivery during upstream and downstream transportation and distribution, and (iv) to encourage the stores within our network to reduce takeaway packaging to minimize waste generation and save water and electricity to reduce unnecessary consumption of resources.

We are committed to continuously improving water resource efficiency and minimize wastage, and reducing the energy consumption per unit of our products and actively improving energy efficiency in our production processes. See "— Environmental, Social and Governance — Environment — Production Facilities, Contract Manufacturers and Warehouses."

We have established rigorous management systems for food usage and the handling of expired food and ingredients to ensure food safety and minimize food waste. For instance, we have implemented regulations for ingredient storage, ensuring proper storage to avoid food expiration and waste. We strictly manage the shelf life of ingredients and conduct regular inspections. Any spoiled, expired, or recalled food is clearly labelled or stored separately in designated areas, promptly discarded, and recorded. In addition, we have implemented a range of measures to effectively minimize food waste at our stores and among consumers. During food processing, we maximize the utilization rate of raw materials by optimizing their use and repurposing trimmings, ensuring that every resource is fully utilized and avoiding waste caused by inefficient processing methods. Furthermore, we continuously enhance staff training on the "Anti-food Waste Act," strictly prohibiting service personnel from encouraging or misleading consumers to overorder, while actively promoting anti-food waste awareness through in-store broadcasts, posters, and displays. Additionally, we provide eco-friendly food packaging containers and require our staff to proactively remind consumers to take home any leftover food, reinforcing our commitment to reducing food waste at every stage of the consumer experience.

We are dedicated to promoting waste recycling and reuse. Regarding recyclable waste generated from store operations, such as packaging materials, plastics, and paper, we prioritize their collection and recycling to enhance resource utilization.

We are dedicated to minimizing carbon emissions and resource consumption across our logistics operations. To achieve this, we have implemented a Transportation Management System (TMS) that leverages intelligent algorithms to optimize distribution routes, thereby reducing vehicle mileage and fuel consumption while enhancing delivery efficiency. Additionally, we have transitioned to leasing reusable pallets, replacing traditional disposable wooden pallets, which not only reduces timber consumption but also significantly decreases waste generation, promoting resource recycling. Furthermore, we have installed rapid-action doors in our cold storage facilities, effectively minimizing cold air leakage, improving energy utilization efficiency, and substantially lowering refrigeration energy consumption. These initiatives collectively underscore our commitment to sustainable logistics practices.

Supply Chain

We are committed to promoting a sustainable enterprise governance and integrate it into all major aspects of our business operations, particularly the supply chain management.

We have established the *Supplier Quality Management Procedures*, the *Non-Operational Procurement Management System* and the *Operational Procurement Management System* to regulate the processes of supplier admission, maintenance, evaluation and elimination. Our internal policies include:

- *Admission Assessment.* We conduct background investigations and assessments of suppliers, considering their company profile, scale, operational capabilities and product competence. Additionally, we incorporate ESG performance related to business ethics, product quality and food safety into the supplier admission assessment to select qualified suppliers.

- *Compliance Commitment.* We sign anti-corruption commitment letters with suppliers to standardize their behaviour. Currently, we have achieved 100% compliance with suppliers signing anti-corruption commitment letters.

- *Regular Evaluation.* We have developed the *Supplier Performance Evaluation Management Procedure*, which assesses suppliers' performance in terms of anti-corruption practices, quality control, food safety and labor compliance, among other ESG factors. Based on the evaluation results, suppliers are categorized into four levels: priority procurement, general procurement, reduced procurement, or disqualified suppliers. For long-term suppliers, we conduct on-site evaluations annually, including periodic factory visits, product inspections and annual assessment.

Packaging and Delivery by Third-party Delivery Platforms

Our business widely utilize plastic materials in the production of straws, cups and takeaway packaging. The packaging process for our products is conducted at the store level. To ensure a more sustainable use of packaging materials, we have implemented the *Packaging Material Inspection Operating Regulations* and ensure strict execution and adherence on the regulations. Through the selection of environmentally friendly materials and the substitution of degradable materials for non-degradable plastics, we aim to minimize our environmental impact. For instance, we have adopted PLA materials for straws, plastic cups, forks, and spoons, and implemented PLA biodegradable plastic bags across our nationwide operations. We also encourage our stores to practice waste reduction in takeaway packaging.

We also pay attention to the ESG performance of third-party delivery platforms during the delivery process and have established relevant policies within our internal *ESG Management Policy*. As third-party delivery platforms are solely responsible for product delivery services, we recommend the use of new energy vehicles to reduce carbon emissions and air pollution, promoting low-carbon transportation practices. We advocate for the protection of labour rights for delivery personnel, compliance with relevant laws and regulations, fair and reasonable compensation and benefits, and the provision of necessary protective equipment and insurance to ensure their safety and well-being.

Supplier Selection and Management

We have formulated the *ESG Management Policy* and have implemented various measures to prioritize collaboration with suppliers who offer environmentally friendly products and services, thereby promoting green development within our supply chain. For instance, we have selected products with green certifications and have incorporated environmental criteria into our supplier evaluation standards to identify green suppliers. Additionally, we have included environmental impact indicators in our supplier elimination criteria to phase out suppliers with poor environmental performance and encourage them to transition towards green and sustainable practices.

We encourage suppliers to make greater contributions to environmental protection. For instance, we promote the use of sustainable packaging materials among suppliers. We encourage suppliers to obtain certifications for environmental and quality management systems. We adhere to the principles of resource conservation and waste reduction with our suppliers, strictly complying with the *Measures for the Use and Reporting of Disposable Plastic Products by Operators in the Business Sector* to regulate the use of disposable plastic products in our production and operations.

Production Facilities, Contract Manufacturers and Warehouses

We have established relevant policies to manage environmental affairs within our factories. We continuously monitor external changes in environmental protection laws and regulations. In response to regulatory and policy changes, we promptly adapt internally to ensure compliance with environmental requirements. For instance, we consistently adhere to national and regional laws and regulations such as the People's Republic of China Air Pollution Prevention and Control Law and the People's Republic of

China Water Law. We have developed specific environmental management systems and rigorously enforce compliance across departments to reduce environmental pollution, improve resource efficiency, and minimize carbon emissions. Considering the impact of our business on climate and the environment, we have implemented appropriate measures in our operations to minimize our environmental impacts.

- *Energy Management and Emission Control.* We are committed to reducing the energy consumption per unit of our products and actively improving energy efficiency in our production processes. By implementing lean demand planning and management strategies within our production operations, we strive to optimize our factory workshops, resulting in heightened production efficiency, decreased energy consumption per unit of products, and notable reduction in carbon emissions. Our factories have comprehensively adopted Class 1 and Class 2 energy-efficient motors for production line equipment, coupled with the installation of frequency conversion control systems for critical machinery, achieving a 10% energy saving compared to traditional Class 3 motors. Additionally, we have continuously optimized workshop heating processes and reduced the temperature of hot water usage, resulting in a year-on-year reduction of approximately 10% in natural gas consumption per unit. Furthermore, we have replaced all diesel forklifts in our facilities with energy-efficient electric forklifts and upgraded all workshop lighting to LED energy-saving fixtures, thereby maximizing energy savings and emissions reduction. For pollutant emissions, we conduct regular monitoring to ensure stable compliance with emission standards.

- *Water Resource Management.* We are committed to improving the efficiency of water resource utilization. Given the close relationship between our business and water resources, we have implemented strict systems for the rational use and management of water resources. In 2023, we conducted a comprehensive reconfiguration of our factory production lines to enhance water efficiency, resulting in a significant reduction in overall water consumption across the production lines. For example, we implemented a comprehensive upgrade for the taro paste production line in 2023, focusing on optimizing the cooling system to enhance water use efficiency. This initiative led to a significant reduction of over 50% in water consumption per ton of products, significantly enhancing our resource utilization and sustainability efforts. Additionally, we will also carry out regular maintenance of water equipment in office premises to minimize leaks and wastage, and actively promote water conservation among our employees as part of our daily management practices.

- *Packaging Material Management.* We are committed to improve the utilization efficiency of packaging materials and advocating for sustainable packaging. Our business widely utilize plastic materials in the production of straws, cups, and takeaway packaging. To ensure a more sustainable use of packaging materials, we have implemented the *Packaging Material Inspection Operating Regulations* and ensure strict execution and adherence on the regulations. Through the selection of environmentally friendly materials and the substitution of degradable materials for non-degradable plastics, we aim to minimize our environmental impact. For instance, we utilize PLA materials for beverage packaging, such as straws and plastic cups. Apart from this, we launch multiple products annually, such as reusable straws, insulated cups, and eco-friendly canvas bags, to encourage consumers to adopt reusable drinking methods.

- *Waste Management.* We place emphasis on the disposal and recycling of waste generated during the production process. We have formulated internal policies to regulate the management of waste in the production process. We collaborate closely with certified waste management partners to classify and manage waste, ensuring efficient and satisfactory waste disposal. Furthermore, we are committed to minimizing waste generation to the greatest extent possible while continuously increasing waste recycling.

- *Green Office.* We actively promote the concept of low-carbon office practices. Our *Office Administrative Management System* clearly outlines energy-saving and safety regulations within the office to encourage employees to adopt green office habits and practices. For instance, employees are required to turn off their monitors during lunch break. We advocate for the use of personal water bottles to reduce the consumption of disposable cups. Lighting and air conditioning in unoccupied office areas are to be turned off. Misprinted non-confidential documents are reused for informal internal circulation or as draft copies to minimize paper waste.

Social Responsibilities

We are committed to promoting corporate social responsibility and sustainable development and integrating it into all major aspects of our business operations. Corporate social responsibility is viewed as part of our core growth philosophy that will be pivotal to our ability to create sustainable value for our Shareholders by embracing diversity and addressing public interests.

We have implemented a set of ESG policies that align with applicable laws and regulations, which set forth our internal policies and measures in respect of, among other things, environmental protection, labor protection, food safety, corporate governance and code of ethics.

Employee Caring Initiatives

We strictly adhered to the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China during the Track Record Period and have established a series of human resources management systems, such as the *Human Resources Planning and Management System* and the *Employee Recruitment and Confirmation Management System*. These systems cover the entire lifecycle of employees and clearly define the requirements and standards for each stage. We are committed to creating an excellent working environment for our workforce.

We review and select candidates based on job requirements, taking various factors into consideration, such as educational qualifications, work experience, and professional certifications. We are committed to creating an equal, diverse and non-discriminatory workplace. We provide equal career opportunities for employees of different genders, ages, races, background, religions, or any other social or personal characteristics. As of December 31, 2024, we have 511 female employees, accounting for 39.0% of the total workforce. Additionally, we comply with the Law on the Protection of Minors and the Provisions on the Prohibition of the Use of Child Labour and strictly prohibit forced labour and the use of child labour. Any violations are dealt with seriously to ensure that the legitimate rights and interests of employees are safeguarded.

The following table sets forth the number of employees by gender as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
Male	883	880	798
Female	719	646	511
Total	**1,602**	**1,526**	**1,309**

The following table sets forth the number of employees by age groups as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
Age <30	966	767	677
Age 30–50	635	754	628
Age >50	1	5	4
Total	**1,602**	**1,526**	**1,309**

In terms of employee career advancement, we have established the *Employee Performance Incentive Management System* and the *Employee Job Transfer and Resignation Management System* to create sustainable development opportunities for employees. We develop a scientific career development path for each employee and provide clear channels for career advancement. We conduct objective and fair assessments of employee performance, and each year, employees have the opportunity to apply for promotion through annual performance reviews and job presentations. Additionally, we consider both operational needs and employee preferences when making personnel transfer arrangements.

We have formulated the *Compensation and Benefits Management System* and strive to retain suitable and outstanding employees by providing competitive salaries and benefits. Our human resource department is responsible for implementing and supervising our employee caring systems. In addition to the basic benefits mandated by law, we offer additional welfare subsidies to employees, such as discounted health check-ups, holiday gifts, wedding gifts and birthday gifts.

We strictly comply with laws in PRC regarding occupational health and safety, and have implemented stringent internal policies such as *General Rules for Safe Technical Operation Procedures*, *Safe Production Management System* and *Safe Production Education and Management System*, in order to provide a safe working environment for our employees.

We attach great importance to the occupational health and safety of our employees. We purchase commercial insurance for our employees in certain roles and proactively carry out trainings for workplace injury prevention. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any major accidents involving personal injury or property damage.

We manage our trainings with our employee training and management system. We provide training programs for our employees, including induction training for new employees to introduce our corporate culture and to familiarize them with their work responsibilities. We also organize training programs with different themes to cater for the characteristics and needs of different groups of employees, such as management skills training for executives at managerial level, vocational skills training, training by external experts.

Social Charitable Efforts

We are committed to philanthropy and actively contributed to charitable causes since inception, demonstrating our corporate social responsibility and dedication to stable employment and community responsibility. During the Track Record Period, we have donated RMB5.8 million in relation to our social charitable programs.

Over the years, we have carried out numerous initiative and programs in relation to social responsibility, including but not limited to the following.

Our efforts to facilitate employments for people with disabilities and support children with autism

With the concept of "Integration, Innovation and Sharing," we initiated the concept of "Silent Stores" to provide silent service with a sound of love. Using "Silent Stores" as a carrier, we integrate our operational expertise to provide free training and job opportunities for people with hearing impairment in the industry. We provide subsidies to the disabled and caring members of society to support their entrepreneurship. We are the pioneer in the freshly-made beverage industry to launch a program to facilitate employments for people with disabilities. Through this initiative, we hope to foster creative employment solutions for individuals with disabilities, create a model project for job opportunities for people with disabilities, and create a better and more inclusive social environment.

In addition, we make cup sleeves with paintings of children with autism to spread the children's artistic expression to more people. For every drink sold with a cup sleeve from Word of Art Brut Culture ("**WABC**"), a non-profit organization, we plan to donate RMB0.1 to WABC to support the development of children with autism.

Our efforts to relieve natural disasters and pandemics

We take our social responsibilities seriously and actively help the local communities. In times of natural disasters, we lend a helping hand to the society and local communities with various forms of donations and charitable programs. In doing so, we give back to the society and people who enable us to make our success.

In recent years, in response to public events, we have leveraged our nationwide store channels to actively provide medical supplies, living supplies, public welfare condolences and other supports to the affected areas to help them overcome the difficulties. In August 2023, we donated RMB3 million through the China Women's Development Foundation ("**CWDF**") to support the flood relief and post-disaster recovery. Together with the Beijing Women and Children's Development Foundation and the Hebei Women and Children's Development Foundation, CWDF purchased summer quilts, disinfectant wipes and other household goods and sent them to the areas affected by natural disasters to support post-disaster reconstruction.

Business Integrity

We are determined to combat corruption, bribery, extortion, fraud and money laundering. We comply with external laws and regulations such as the People's Republic of China Anti-Unfair Competition Law and the People's Republic of China Anti-Money Laundering Law. We have implemented a series of strict internal rules regarding business integrity to prevent corruption, including the *Anti-Corruption*, *Anti-Money Laundering and Anti-Bribery Management System*, *Employee Integrity Management System* and *Franchisee Integrity Management System*. In addition, we make known our internal integrity policies to our suppliers and other partners. We require our suppliers to sign integrity agreements in which they make written commitment to comply with our anti-corruption and anti-bribery requirements. We also carry out anti-corruption training activities for employees, including Directors, to strengthen employees' awareness of integrity. We encourage our employees to report on non-compliance and have formulated a whistle-blowing policy. Employees can report through various channels such as reporting hotline and e-mail addresses. Our legal team and internal control team are responsible for handling the reports of fraud or bribery incidents. We maintain strict confidentiality of all whistle-blowers.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any instances related to fraud, bribery or other misconduct committed by employees, franchisees, suppliers and other third parties.

Climate Change

Climate change presents unprecedented challenges to global economic development. In recent years, international attention on climate change has been growing stronger. We recognize the interconnection between our operations and climate change, and we have conducted preliminary identification and assessment of climate-related risks that may impact our operations and supply chain. These risks primarily include:

- *Physical Risks.* Extreme weather events resulting from climate change pose acute risks (such as heatwaves, droughts, typhoons, floods) and chronic risks (such as rising sea levels and long-term climate pattern shifts). In the medium to long term, extreme weather conditions may directly impact our production and operations, leading to increased operating costs and decreased revenue. For example, extreme weather events can cause damage to production equipment, disruptions in transportation and supply chains, and production accidents. To address these risks, we have established and continuously optimized measures to respond to extreme weather conditions. We have developed a nationwide cold chain system to ensure the transportation of raw materials during extreme weather conditions. Additionally, we have implemented production safety-related protocols to guide employees in responding to extreme weather, minimizing the impact on assets and personnel safety.

- *Transition Risks.* Transition risks arise from the transition to a low-carbon economy, including policy and regulatory risks, technological risks, market access risks, and reputational risks. In the short to medium term, these transition risks may have adverse effects on our day-to-day operations, business development, and financial risks. For example, to meet carbon reduction targets, we may need to invest in energy-saving equipment, disclose information, and incur increased operating costs. As China continues to advance its goals of "carbon peak" and "carbon neutrality," we are subject to regulatory restrictions on the use of plastic materials. Stakeholders, including customers, have higher expectations for our green development, such as environmentally friendly and low-carbon product packaging. Therefore, we will continuously monitor external compliance requirements and stakeholder expectations, implement carbon reduction measures, and explore more sustainable production and operational methods to meet regulatory requirements and consumer expectations.

- *Potential Opportunities.* We are committed to promoting a green and low-carbon operating model. By using green product packaging and reducing product carbon footprints, we aim to create more product and service opportunities and market prospects. We are continuously exploring measures to address climate change, such as improving energy efficiency by adopting energy-saving motors and replacing fossil fuel-powered forklifts to reduce greenhouse gas emissions in our factories.

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we did not own any properties.

Leased Properties

As of the Latest Practicable Date, we leased 66 properties with an aggregate floor area of approximately 78,532 sq.m. from third parties, mainly for our self-operated stores, office spaces, production and warehousing facilities. We will consider renewing the leases upon their expiry.

Leased Properties with Title Defects

Certain of the properties leased by us have title defects due to various reasons. As of the Latest Practicable Date, our leased properties with title defects included:

(a) four leased properties used for self-operated stores and warehousing facilities with an aggregate floor area of approximately 432 sq.m. For these properties, the lessors failed to provide valid property ownership certificates and/or construction project planning permits.

(b) four leased properties used for self-operated stores and warehousing facilities with aggregate floor area of approximately 391 sq.m. For these properties, the lessors did not provide authorizations from the property owners for the lessors to sublease the properties.

For the title defects listed above, as advised by our PRC Legal Advisor, it is the relevant lessors' responsibility to comply with the relevant requirements, such as (i) to obtain the relevant ownership certificate and/or construction project planning permit; and (ii) to obtain the property owner's approval before subleasing. As a tenant, we are not subject to any administrative punishment or penalties under relevant laws and regulations. However, our use of the leased properties with title defects may be affected by third parties' claims or challenges against the lease. As a result, the relevant lease agreements may be deemed unenforceable in accordance with the relevant laws and regulations, and we may be required to vacate from such properties. For the leased properties without construction project planning permit, the relevant leased agreements may be deemed invalid and the premises on the relevant leased properties may be ordered to be demolished by the competent authorities and we may not be able to continue using such premises. In addition, our occupation and usage of properties listed under (a) above may face challenges from the government authorities.

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, the leased properties with title defects listed above were not challenged by third parties or relevant authorities, as applicable, that could affect our use of such properties. Upon expiry of these lease agreements, we will assess the legal risk when renewing the relevant lease agreements. If we are not able to continue to use such leased properties due to such title defects, we expect to be able to identify alternative places for relocation in a timely manner without incurring material related loss due to the limited number of leased properties with title defects, given that (i) there are alternative properties at comparable rental rates on the market, and (ii) most of our equipment at such leased properties is easy to move, and the relocation process will not have a material and adverse impact on our business and operations. Our Directors believe that these title defects would not cause a material adverse impact on our business, operations and financial results.

Lease Registration and Filing

As of the Latest Practicable Date, 39 leased properties with an aggregate floor area of approximately 54,479 sq.m. used as our self-operated stores, warehousing facilities and office spaces had not been registered and filed with the relevant real estate administration bureaus in the PRC.

As advised by our PRC Legal Advisor, failure to complete the registration and filing of lease agreements will not affect the validity of such leases or result in us being required to vacate the leased properties. However, the relevant government authorities may impose a fine ranging from RMB1,000 to RMB10,000 on each lease agreement that is not registered and filed. The aggregate amount of the maximum fine will be approximately RMB0.5 million. Based on the number of these properties and the cities where they are located, we believe the likelihood that we will be punished due to failure to register and file all the relevant lease agreements at the same time is very remote. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any administrative penalties imposed by the competent authorities for failing to complete the registration and filing of the lease agreements.

Upon expiry of these lease agreements, we will assess the legal risk when renewing the relevant lease agreements. If we are not able to continue to use such leased properties due to such non-compliance on lease registration, we expect to be able to identify alternative places for relocation in a timely manner without incurring material related loss due to the limited number of leased properties with title defects, given that (i) there are alternative properties at comparable rental rates on the market, and (ii) most of our equipment at such leased properties is easy to move, and the relocation process will not have a material and adverse impact on our business and operations. Our Directors believe that these title defects would not cause a material adverse impact on our business, operations and financial results.

LEGAL PROCEEDINGS, LICENSES, REGULATORY APPROVALS AND NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we were not a party to, and we were not aware of any threat of, any legal, arbitral or administrative proceedings, which, in our opinion, is likely to have a material and adverse effect on our business, financial conditions or results of operations. We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business.

Except as disclosed in this prospectus, our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had complied with all relevant PRC laws and regulations in all material respects and have obtained all material licenses, approvals and permits from relevant regulatory authorities for our operations in China. See "— Our Employees — Social Insurance and Housing Provident Funds" and "— Properties — Leased Properties."

INTELLECTUAL PROPERTY

We currently operate our retail network under the *Auntea Jenny*, *Version Lite* and *Jenny x Coffee* brand concepts. As of the Latest Practicable Date, we had registered 21 patents, 1,347 trademarks, 65 copyrights and 30 software copyrights in China. For details, see "Appendix IV — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights."

Our brand trademarks and intellectual properties are vital to our operations. We have implemented specific management measures to protect our brand IPs and intellectual properties. We pursue multi-category registration for our core trademarks across five key categories relevant to our main business operations. For instance, our *Auntea Jenny* trademark has been fully registered in 45 categories in both Chinese and English. In order to avoid our brand trademarks from being taken over by others in related categories or similar trademarks, our legal department has the responsibility to design and register defensive trademarks. In addition, when managing our brand trademarks, our legal department shall follow the principle of maintaining the completeness and authenticity of the archive information and manage the archive in a consistent manner. We also conduct regular reviews and updates of trademark and other intellectual properties' registrations, ensuring their ongoing validity, including changes of names and renewals. Furthermore, our legal department actively monitors trademark and other intellectual properties' applications, promptly raising objections and utilizing legal means to prevent the registration of similar or infringing trademarks and patents. Prior to the signing of collaborative research and development contracts with our suppliers, our legal department shall agree on the entitlement of the intellectual property rights achieved. In cases of infringement of our intellectual properties, we may proactively communicate with, make complaints to and issue warning letters to relevant parties, and may resort to legal proceedings in the end to stop them from infringing our intellectual properties.

A number of know-how and trade secrets are also vital to our operations. We rely on protection provided by applicable trademark laws, implementation of intellectual property management policies, installation of secure information technology systems and confidentiality arrangements with employees who can obtain relevant information and third parties who can obtain our exclusive know-how and trade secrets to protect relevant intellectual property rights.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain, use and imitate our brand names, trademarks, copyrights and other intellectual properties. It is difficult to monitor unauthorized use of such intellectual properties. In addition, our competitors may independently develop technology and/or know-how similar to ours. Our precautions may not prevent misappropriation or infringement of our intellectual property. See "Risk Factors — Risks Relating to Our Business and the Industry — We may not be able to adequately protect our intellectual property, which could harm the value of our brands and adversely affect our business and results of operations." During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we had not been subject to any material intellectual property claims which could have a material adverse effect on our business or operations.

OUR EMPLOYEES

As of December 31, 2024, we had a total number of 1,309 full-time employees located in China. The following table sets forth our full-time employees by functions as of December 31, 2024.

Function	**Number of employees**
Operation and store management	727
Self-operated stores	99
Branding and marketing	41
General and administration	91
Technology, research and development	79
Supply chain and production	272
Total	**1,309**

Our success, to a considerable extent, depends upon our ability to attract, motivate and retain a sufficient number of qualified employees. Therefore, we design and offer various training programs for employees of different departments and positions, covering subjects from operation, digitalization, research and development, branding and marketing, career advancement, as well as general management, in order to enhance their professional skill sets and understanding of our company and the industry.

We enter into individual employment contracts with all of our employees. We also enter into confidentiality agreements with senior management and key personnel. We have developed a performance evaluation system to assess the performance of our employees annually, which forms the basis for determining the salary levels, bonuses and promotions an employee may receive. Save as disclosed below, we believe that we have complied with the relevant national and local labor and social welfare laws and regulations in China in all material respects. We have not experienced any significant labor disputes during the Track Record Period which have adversely affected or are likely to have adverse effects on our business operations. We believe we have maintained a good relationship with our employees and we did not have any material labor disputes during the Track Record Period and up to the Latest Practicable Date.

Social Insurance and Housing Provident Funds

According to the relevant PRC laws and regulations, we are required to make contributions to the social insurance fund and housing provident fund for the benefit of our employees in China. During the Track Record Period, certain of our PRC subsidiaries did not register for and/or make full contributions to social insurance and housing provident fund in accordance with the Regulations on Administration of Housing Provident Fund《住房公積金管理條例》and the Social Insurance Law of the PRC《中華人民共和國社會保險法》. Such non-compliance incidents occurred primarily because the implementation or interpretation of the PRC laws and regulations by local authorities varies, and our lack of correct understanding of certain administrative personnel handling the social security insurance and housing provident fund contributions of the relevant PRC laws and regulations. We estimate that the aggregate shortfall of social insurance and housing provident fund contributions in 2022, 2023 and 2024 amounted to approximately RMB22.4 million, RMB24.8 million and RMB29.4 million, respectively.

Potential Legal Consequences and Latest Status

As advised by our PRC Legal Advisor, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of social insurance contributions as required, we may be ordered to pay the outstanding social insurance premiums within a prescribed time limit and may be subject to an overdue fine of 0.05% of the delayed payment per day from the date on which the payment is payable. If such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of the overdue payment. Pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of housing provident fund as required, the housing provident fund management center may order us to make the outstanding payment within a prescribed time limit. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

As of the Latest Practicable Date, the potential late payments that we may face for underpayment of social insurance contributions and housing provident funds during the Track Record Period amounted to approximately RMB24.1 million. If we are required to pay the full amount of social insurance contributions and housing provident funds and such payment is not made within the stipulated period, we may be subject to administrative penalties. In such case, the maximum potential penalty for our underpayment of social insurance contributions and housing provident funds during the Track Record Period and failure to make payment after being ordered to pay within a prescribed time limit is approximately RMB249.7 million. If the relevant authorities order us to pay the outstanding social insurance and/or housing provident funds or take rectification measures in accordance with applicable laws and regulations, we will make such payments or take such rectification measures promptly within the specified period to avoid such penalties for overdue payment.

However, according to the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Effectively Implementing the Essence of the Executive Meeting of the State Council and the Measures on the Stable Collection of Social Insurance Contributions (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》(人社廳函[2018]246號)) which was promulgated on September 21, 2018, local governmental authorities are prohibited from centralized collecting of historical unpaid social insurance premiums.

During the Track Record Period and up to the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor had we received any order to settle the deficit amount. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material complaint filed by any of our employees regarding our social insurance and housing provident fund policy.

Our Directors believe that such shortfall of social insurance and housing provident funds would not have a material and adverse effect on our business and results of operations, considering that: (i) during the Track Record Period and up to the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay material shortfalls (including late payments) or the penalties with respect to social insurance and housing provident funds; (ii) we had not been subject to any material administrative penalties during the Track Record Period and up to the Latest Practicable Date; (iii) we were not aware of any material employee complaints nor were involved in any material labor disputes with our employees with respect to social insurance and housing provident funds; (iv) if the relevant authorities order us to pay the outstanding social insurance and/or housing provident funds or take rectification measures in accordance with applicable laws and regulations, we will make such payments or take such rectification measures promptly within the specified period to avoid administrative penalties for overdue payment; (v) Mr. Shan and Ms. Zhou have made an undertaking that if the relevant government authorities require us to pay the shortfall of social insurance and/or housing provident funds incurred before the Listing or impose any penalties, Mr. Shan and Ms. Zhou will bear the relevant costs or losses to ensure that we are fully indemnified against any costs or losses arising thereof; (vi) (a) based on confirmations from relevant authorities, during the Track Record Period, we were not subject to any administrative penalties imposed by the social insurance authorities or the housing provident fund authorities due to insufficient payment of social insurance or housing provident funds, and (b) we learned from the interviews with relevant authorities of districts where the majority of our employees locate that, in practice, these authorities typically do not proactively require enterprises within their responsible districts to make supplementary payments for shortfalls of social insurance (which, according to applicable rules, also include late fees) or housing provident funds, and they generally do not proactively impose administrative penalties on enterprises for such insufficient payments, unless employee complaints have been filed; and (vii) as advised by our PRC Legal Advisor, considering the relevant regulatory policies, regulatory confirmations and the facts as mentioned above, in the absence of employees' complaints, the likelihood that we are subject to material administrative penalties due to our failure to make full contribution of social insurance and housing provident funds during the Track Record Period is remote. Accordingly, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date.

We have proactively maintained communication with local government authorities in relation to the implementation and interpretation of the relevant PRC laws and regulations. We will continue to seek and follow their guidances in relation to matters regarding social insurance and housing provident fund.

Remedial Measures

We have reviewed our practice and adopted or plan to adopt remedial measures, including:

- We have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund;
- We will keep abreast of the latest developments in PRC laws and regulations in relation to social insurance and housing provident funds;
- We will consult our PRC counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments; and
- We will provide trainings to our employees in relation to PRC laws and regulations on the social insurance and housing provident funds to improve their legal awareness.

We will actively communicate with relevant social insurance and housing fund local authorities to ensure we have the most updated information about the relevant laws and regulations concerning social insurance and housing fund. We will be making contributions for our employees in a manner as required as soon as practicable once we receive the notification from the relevant government authorities, if any, to require us to make contribution for the outstanding amounts or to amend our policies or practice in this regard, so that we will not receive administrative punishment from the relevant government authorities due to the failure of making the contributions in time.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

We have developed and implemented risk management policies and internal control measures in relation to our business operations, financial reporting and general compliance.

- For our risk management, we design a comprehensive set of policies to identify, analyze, categorize, mitigate and monitor various risks. We periodically assess and update our risk management policies. Our risk management policies also set forth the reporting hierarchy of risks identified in our operations. Our Board is responsible for overseeing the overall risk management.

- For our internal control system, we carry out regular internal evaluation and training to ensure that our employees are equipped with sufficient knowledge on our internal control measures and relevant laws and regulations.

In August 2023, we engaged an independent consultant team to perform an assessment over our internal control. The key areas include entity level control, financial reporting and disclosure, R&D and IP management, management policies over sales, procurement, cash and treasury management, franchisee management, inventory management, human resources and payroll, fixed assets and IT general controls.

We have adopted a set of procedures and measures based on the suggestion of our internal control consultant to further enhance the effectiveness of our internal controls and corporate governance practice. In particular, we plan to implement the following internal control measures:

- We plan to promulgate well-rounded policies and procedures to enhance our internal control and risk management, especially in the key areas of corporate governance as a listed company on the Stock Exchange. For instance, we plan to establish policies and procedures in relation to conflict of interests, securities trading activities by our Directors and employees, major transactions reviewal and approvals, key accounting matters and compliance supervision, among others;

- We plan to provide trainings to our Directors, management and employees to continuously raise their awareness of the importance of internal controls and legal compliance. We intend to continue to provide trainings for Directors and management with respect to the Listing Rules and duties of Directors of a listed company on the Stock Exchange; and

- We plan to improve other key aspects of general internal control, such as improve our internal corporate structures to implement operating efficiency, setting down engagement and management procedures for independent directors, company secretaries and accounting personnel, conducting group-wide periodic internal control and risk management assessment, developing anti-bribery, anti-fraud and anti-money laundering procedures, launching trade secret protection systems, enhancing product quality management, improving compliance management procedures, among others.

Third-party Payment Arrangement

Background

During the Track Record Period, some of our franchisees (individual or collectively, the "**Third-party Payment Customer(s)**") settled their payments with our certain entities ("**our Third-party Payment Entities**") through the accounts of third parties designated by these Third-party Payment Customers (the "**Third-party Payment Arrangement**"). We had ceased the Third-party Payment Arrangement by December 19, 2023.

In 2022 and 2023, a total number of 1,459, and 141 Third-party Payment Customers utilized the Third-Party Payment Arrangements to settle payments with us, respectively. During the same periods, the aggregate amount of payment from designated third parties to us was RMB205.6 million and RMB33.2 million, respectively, representing approximately 8.9% and 0.9% of the total payments received from all customers, respectively. During the Track Record Period, no individual Third-party Payment Customer had made material contribution to our revenue.

Our Directors have confirmed that, to the best of their knowledge, other than two Third-party Payment Customers who were the Company's connected persons that designated their employees to make payments on behalf of the franchised stores owned by them, none of the Third-party Payment Customers during the Track Record Period was a connected person of the Company. The aggregate payments made by such third-party payors on behalf of the franchised stores owned by the connected persons of the Company were approximately RMB0.5 million and RMB2,000 in 2022 and 2023, accounting for less than 0.3% of the total payments received from all customers in each period. During the Track Record Period, the third-party payors designated by the Third-party Payment Customers primarily consisted of their employees, family members and friends. Our Directors have confirmed that none of the designated third-party payors of any Third-party Payment Customers during the Track Record Period is a connected person of the Company, and such designated third-party payors are independent from each of our Directors, Supervisors, senior management and Shareholders.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, (i) we did not proactively initiate any Third-party Payment Arrangement or participated in other forms in any of such arrangement; (ii) we did not provide any discount, commission, rebate or other benefit to any of the Third-party Payment Customers to facilitate or incentivize the Third-party Payment Arrangement; and (iii) the pricing and payment terms of the agreements we entered into with the Third-party Payment Customers were in line with franchisees not involved in the Third-party Payment Arrangement.

Reasons for Utilizing Third-party Payment Arrangement

As confirmed by CIC, it is not uncommon for franchisees to settle their corporate transactions through third-party payors, including but not limited to their employees, family members and friends. The Third-party Payment Customers' use of the Third-party Payment Arrangement was primarily due to the following reasons:

- *Payment convenience*. Franchised stores are generally small-sized private businesses. Some of them prefer to have arrangements with third-party payors relating to settlements for their payments, such as using bank accounts of their financial staff or store managers. For convenience, some franchisees also settle their corporate transactions through accounts of their family members and friends.

- *Managing multiple stores*. For some of our franchisees that manage multiple franchised stores, they prefer to use multiple banks accounts to track the individual financial performance of each store. In doing so, they use accounts of third parties such as their employees for convenience and flexibility.

Termination and Implication of Third-party Payment Arrangement

We had ceased all Third-party Payment Arrangement by December 19, 2023. As of the Latest Practicable Date, none of our franchisees utilized the Third-Party Payment Arrangement to settle payments with us. We consider that the termination of the Third-party Payment Arrangement did not have and is not expected to have, any material adverse effect on our business, operations and financial results.

We consider that the termination of the Third-party Payment Arrangement did not have, nor will have, any material adverse effect on the liquidity, business operation and financial performance of the Group as (i) none of the Third-party Payment Customers ceased to be our franchisees after the cessation of Third-party Payment Arrangement; (ii) our business continues to grow before and after the cessation of the Third-party Payment Arrangement as evidenced by (a) the increased cash from operating activities for the two months ended February 2024 compared to the two months ended February 2023, according to our unaudited management accounts and (b) the increased total GMV for all stores within our network from RMB1,285.5 million for the two months ended February 2023 to RMB1,640.4 million for the two months ended February 2024; and (iii) the cessation of Third-party Payment Arrangement did not affect the payment settlement cycle from the Third-party Payment Customers to us, because we typically require franchisees to settle payments for their purchases of ingredients, other raw materials and equipment (i.e. our primary revenue source) before we provide the goods to franchisees.

We communicated with Third-party Payment Customers and their designated third-party payors involved in the Third-party Payment Arrangement in 2022 and 2023 and has obtained confirmations from the Third-party Payment Customers whose payments under Third-party Payment Arrangement collectively represented approximately 71.7% and 94.2% of total payments we received under Third-party Payment Arrangement in 2022 and 2023, respectively. The confirmations include among others:

(i) the Third-party Payment Customers and their designated third-party payors did not receive any financial aid from us or our former or then Directors, Supervisors, members of senior management, substantial shareholders or their respective associates, or employees. Funds involved in the third-party payment delegation were legal and would not be used for illegal activities such as money laundering or tax evasion;

(ii) the risks arising from the Third-party Payment Arrangement shall be borne by the Third-party Payment Customers and their designated third-party payors and not by us;

(iii) the Third-party Payment Customers and their designated third-party payors were not involved in any controversies or disputes arising from the payment arrangement between the Third-party Payment Customers and their designated third-party payors. In addition, they are not subject to any investigation or penalty by any authority in relation to the Third-party Payment Arrangement. The designated third-party payors have not and will not request for the return of funds paid to us under the Third-Party Payment Arrangement;

(iv) each of the Third-party Payment Customers and their designated third-party payors has neither claimed nor will claim any rights and interests regarding payments made to us through the Third-Party Payment Arrangement. We have not designated any person or company to act as the third-party payors;

(v) all settlements with us were backed by genuine business transactions and settlement amounts were consistent with the relevant transaction amounts;

(vi) the third-party payment arrangement was a voluntary arrangement between the Third-party Payment Customers and their designated third-party payors. We did not propose any such arrangement and, except for accepting the payments, did not participate in such arrangement in any other way;

(vii) we are not bound by any rights and obligations relating to the Third-Party Payment Arrangements between the Third-party Payment Customers and their designated third-party payors, and any associated risks are to be borne by the Third-party Payment Customers and their designated third-party payors, not by us.

As confirmed by the Company, (i) the Third-party Payment Arrangement was initiated by the Third-party Payment Customers and was not an arrangement by the Company to circumvent applicable tax laws and regulations or other applicable laws and regulations in China. All the customer payments previously received under the Third-party Payment Arrangement were duly booked according to the accounting procedures and policies, (ii) our Third-party Payment Entities had not been identified for violating any applicable tax laws as a result of the Third-party Payment Arrangement during the Track Record Period, (iii) we only accept payments from the third-party payors by remittance from licensed banks, and thereby ensuring the funding has undergone and satisfied the anti-money laundering requirements implemented by the licensed banks and (iv) our Third-party Payment Entities had not been subject to any disputes or administrative penalties by the relevant government authorities with respect to the Third-party Payment Arrangement during the Track Record Period and up to the Latest Practicable Date.

As advised by our PRC Legal Advisor, (i) the Third-Party Payment Arrangements do not violate any mandatory provisions of applicable laws or regulations in China; and (ii) considering that (a) the confirmations have been obtained from majority of the Third-party Payment Customers participating in the Third-Party Payment Arrangement in China during the Track Record Period, and (b) during the Track Record Period and up to the Latest Practicable Date, we were not requested to refund funds, and to the best of our knowledge, there was no actual or pending dispute or disagreement involving any Third-Party Payment Arrangement, as to the parties who have provided the confirmations mentioned above, the risk that we are found obligated to return the funds is remote.

As advised by our PRC Legal Advisor, the risk that the Third-Party Payment Arrangements being recognized as acts of covering up or concealing the proceeds of any offence, as well as the source and nature of such incomes generated from therefrom under Article 191 of the Criminal Law of PRC and being categorized as conducts constituting the Crime of Money Laundering, subsequently facing associated criminal penalties, is relatively low, based on the following grounds: (i) all transactions settled through Third-Party Payment Arrangements were supported by genuine business dealings, and we maintain records regarding the origin and nature of the funds received through these arrangements, with no intention to cover up or conceal any details; (ii) the above-mentioned confirmations have been obtained from majority of the Third-party Payment Customers participating in the Third-Party Payment Arrangement in China during the Track Record Period; (iii) in compliance with the Anti-Money Laundering Law of PRC, financial institutions facilitating third-party payment arrangements and fund settlements implement stringent anti-money laundering prevention and monitoring measures across their customer base, thereby substantially mitigating associated risks; and (iv) during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any criminal liabilities, administrative sanctions, or pending investigations pertaining to the Third-party Payment Arrangements.

As advised by our PRC Legal Advisor, the Third-Party Payment Arrangements do not constitute circumvention of laws and regulations in China, primarily based on the grounds: (i) these arrangements are initiated by the relevant Third-party Payment Customers for the purpose of genuine business transactions; and (ii) we have never proposed or initiated any Third-Party Payment Arrangements for the purpose of circumventing relevant laws and regulations in China or for any other reason.

Internal Control Measures

We are subject to various risks in relation to the Third-party Payment Arrangement. For details, see "Risk Factors — Risks Relating to Our Business and Industry — We are subject to various risks relating to third-party payment arrangement." We have adopted internal control measures to mitigate related risks and prevent future occurrences of the Third-party Payment Arrangement in December 2023, including but not limited to the following:

- *Information collection*. We require franchisees to provide their bank account information, including account owners' names, ID numbers, cell phone numbers and bank card numbers, for transactions with us in the relevant franchise agreements. When collecting the bank account information, we require all of our existing franchisees to settle payments with us through their own bank accounts.

- *Account verification*. We have implemented a whitelist consisting of only the franchisees' own bank accounts provided in the franchise agreements. In the event a franchisee initiates a payment request, the transaction will be allowed to proceed only if the payor's bank account is included in our whitelist of permitted bank accounts. Otherwise, the transaction request will be rejected.

- *Training*. We regularly provide internal training on third-party payment to our employees and assign dedicated employees to conduct periodic inspections on franchisees to improve their awareness in this regard.

We conduct regular review on the effectiveness of the aforesaid internal control measures and promptly address any abnormalities and malfunctions. Our legal and finance center is responsible for providing detailed review results and reporting the results to the management periodically. Our Directors are of the view that the foregoing internal control measures are effective and adequate in preventing Third-party Payment Arrangement and associated risks, and our Directors will oversee the effectiveness of the aforementioned internal controls on the Third-party Payment Arrangement in the future.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the Accountants' Report in Appendix I to this prospectus. Our consolidated financial statements have been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors," "Forward-Looking Statements" and elsewhere in this prospectus.

For the purpose of this section, unless the context otherwise requires, reference to the years of 2022, 2023 and 2024 refer to the years ended December 31, 2022, 2023 and 2024, respectively.

OVERVIEW

We are a fast-growing freshly-made beverage company, operating the fourth largest network of freshly-made tea shops in China as of December 31, 2023 according to CIC, with extensive reach into the lower-tier markets. We are also the fastest-growing freshly-made tea shop brand in terms of the growth rates of total store count and GMV among the five largest brands in China in terms of total store count in 2022 and 2023 according to CIC. In 2013, we opened the first *Auntea Jenny* store offering "grainy milk tea" (五穀奶茶) — milk tea with grain toppings. In 2019, we began to offer fresh fruit tea which was welcomed by our customers and enabled our nationwide expansion, including the southern regions. In addition, we have expanded our product offerings through *Jenny x Coffee* and *Version Lite* to reach a wider range of consumers. As of December 31, 2024, our store network of 9,176 stores covered all four centrally administered municipalities and over 300 cities in five autonomous regions and 22 provinces in China. According to CIC, in terms of total store count as of December 31, 2023, we ranked (i) first among mid-priced freshly-made tea shop brands in northern China, (ii) third among mid-priced freshly-made tea shop brands in China, and (iii) fourth in China's freshly-made tea shop industry.

During the Track Record Period, we generated revenue mainly from (i) franchising and (ii) self-operated stores. Our franchise-related revenue includes (i) sales of goods, including ingredients, packaging and other raw materials, as well as equipment, to franchisees, and (ii) franchising service fees including (a) a non-refundable upfront franchise fee at initial stage, and (b) continuous franchise fees for operation, training, marketing and other various support, which are primarily linked to the procurement amount by our franchisees. We also sell products directly to consumers from our self-operated stores and record revenue from such sales.

We experienced significant business growth during the Track Record Period. Our total store count increased by 46.8% from 5,307 stores as of December 31, 2022 to 7,789 stores as of December 31, 2023, and further increased by 17.8% to 9,176 stores as of December 31, 2024. Our GMV increased by 60.4% from RMB6,068.0 million in 2022 to RMB9,731.8 million in 2023, and further increased by 10.3% to RMB10,736.4 million in 2024. Our total revenue increased by 52.3% from RMB2,199.0 million in 2022 to RMB3,348.2 million in 2023, and remained relatively stable at RMB3,284.6 million in 2024. Our gross profit increased by 73.5% from RMB586.3 million in 2022 to RMB1,017.4 million in 2023, and remained relatively stable at RMB1,027.3 million in 2024, with gross profit margin increasing from 26.7% in 2022 to 30.4% in 2023, and further to 31.3% in 2024.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Consumer Demand for Freshly-made Tea Beverage

Our results of operations have been and are expected to be affected by consumer demand for freshly-made tea beverage. Strong growth of China's freshly-made tea beverage industry, especially in the lower-tier markets, have been, and is expected to be, the major driver for our business growth. According to the CIC Report, the market size of freshly-made tea shop in terms of GMV in China increased from RMB70.2 billion in 2018 to RMB211.5 billion in 2023 with a CAGR of 24.7%, and is expected to further increase from RMB211.5 billion in 2023 to RMB519.3 billion in 2028 with a CAGR of 19.7%. In particular, third and lower-tier cities in China, which have a substantial population, accounted for 45.4% of China's freshly-made tea shop market in 2023 and is the largest and is expected to be the fastest-growing segment in China from 2023 to 2028 in terms of GMV with a CAGR of 22.8%. Our market leading position in the lower-tier markets with an extensive network of 4,629 stores in third and lower-tier cities as of December 31, 2024 positions us well in capitalizing on such growth trend.

Many factors, including economy and culture, may affect the consumer demand for freshly-made tea beverage in China. China's per capita disposable income has been increasing alongside its economic growth, which gradually shifted the consumption habits of the Chinese population to more upscale product offerings and led to the significant growth in demand for high-quality freshly-made tea beverage. Moreover, consumers in China are becoming more mindful of factors such as food safety, nutritional content and the quality of ingredients. Companies that provide fresh and healthy beverages with affordable prices have captured consumers' attention. As a result, according to the CIC Report, China's freshly-made tea drinking population has increased from 224.8 million in 2018 to 320.0 million in 2023, with a CAGR of 7.3%, and the annual consumption of freshly-made tea beverage per capita in China has increased from 5.0 cups in 2018 to 11.1 cups in 2023. With the continuous ascent of China's per capita disposable income and residents' purchasing power, China's freshly-made tea drinking population is expected to reach 482.7 million in 2028, representing a CAGR of 8.6% from 2023 to 2028, and the annual consumption of freshly-made tea beverage per capita in China is expected to reach 25.7 cups in 2028, representing a CAGR of 18.3% from 2023 to 2028.

Other factors such as product offering and consumer experience also affect consumer demand. In light of growing competitiveness within the freshly-made tea shop industry, freshly-made tea shop brands have been diversifying their product offerings and innovating, which extended to areas such as tea base extraction techniques, scents and the use of distinctive fruit and other ingredients. To satisfy the diverse taste preference of consumers, we offer a wide range of products under the *Auntea Jenny* brand concept which we make regular seasonal updates, with fresh fruit tea, milk tea and yogurt being the major menu items. We offer various types of coffee under *Jenny x Coffee*, and have rolled out "oriental latte," including coffee latte, tea latte and coffee-tea latte to broaden our addressable market. We also offer more price-for-value option of tea drinks under *Version Lite*. In terms of consumer experience, we offer a convenient shopping experience for our customers through efficient store planning and the use of a wide range of technologies such as digital payment and online ordering systems. As a leading freshly-made tea beverage brand in China, we believe we are well-positioned to capture the massive growth opportunities in consumer demand for freshly-made tea beverage products.

Expansion and Performance of Our Store Network

During the Track Record Period, we generated a substantial majority of revenue from our franchising operation, mainly consisting of (i) sales of goods, including ingredients, packaging and other raw materials, as well as equipment, to franchisees, and (ii) franchising service fees including (a) a non-refundable upfront franchise fee at initial stage, and (b) continuous franchise fees for operation, training, marketing and various other support, which are primarily linked to the procurement amount by our franchisees. See "— Principal Components of Results of Operations — Revenue." Therefore, the number of our franchisees and our franchised stores could significantly affect our results of operations. As of December 31, 2022, 2023 and 2024, we had 5,244, 7,756 and 9,152 franchised stores, revenue from which accounted for 94.3%, 96.3% and 96.5% of our total revenue in 2022, 2023 and 2024. We plan to continue our expansion and replicate our success through further penetration of existing markets in China, especially in lower-tier markets to capture the growth potential, mainly through our franchised stores. See "Business — Growth Strategies — Further penetrate existing markets and grow our online and offline store network and online sales channel."

Sales of goods to franchisees accounted for a substantial majority of our revenue from our franchising operations. In 2022, 2023 and 2024, revenue from sales of goods to franchisees accounted for 82.4%, 82.9% and 83.1% of our revenue from our franchising operations, respectively. The performance of our franchised stores strongly affects their procurement volume with us, which in turn affects our results of operations. To improve the performance of stores within our network, we established a comprehensive management system, which involves periodic evaluation of performance of each store in our network as well as their adherence to our uniform standards or policies, and the analysis of the comprehensive data compiled by our advanced information technology system to help stores improve their operation and management. Moreover, to further stimulate our franchisees' enthusiasm to expand and explore new markets, we encourage one franchisee to open more than one franchised store and offer a comprehensive support system for our franchisees to establish their businesses. See "Business — Our Store Network — Operation Management." Separately, we accepted the franchisees to bring and use certain qualified equipment at franchised stores, such as refrigerators, that were procured from other suppliers than us since the end of 2023. We only accept equipment that meets our standards and requirements to ensure the quality of products. Such equipment procured from other suppliers than us shall be subject to our approval before being put into use at franchised stores. As we continued to optimize the store layout and procure cost-effective equipment with lower average selling prices, and accepted certain equipment brought by franchisees since the end of 2023, the spending on equipment in connection with opening a new store continued to decrease during the Track Record Period. Those further strengthened our low-initial investment value proposition to potential franchisees.

Franchising Terms

The terms of our franchise agreement directly affect our ability to attract qualified franchisees, our ability to penetrate in the lower-tier markets and our franchise-related revenue. Our franchisees typically agree to pay us initial payments including (i) a non-refundable upfront franchise fee at initial signing, which may be paid in installments typically by three years and recognized as our revenue over the duration of the franchise period, (ii) a fixed refundable franchise deposit at the beginning of the franchise period to ensure our franchisees' full compliance with the terms set forth in the franchise agreement, which we do not recognize as revenue, and (iii) full or partial purchase cost for equipment, as well as recurring payments including (i) purchase cost for ingredients, packaging and other raw materials and (ii) franchising service fees for operation, training, marketing and other various support, which are primarily linked to the procurement amount by our franchisees. Any change to the terms of the franchise agreements may affect our results of operations.

Going forward, as we continue our expansion, we aim to continue optimize our franchising terms to create a mutually beneficial arrangement to strengthen our ability to attract qualified franchisees in furtherance of our expansion plan in the lower-tier markets while ensuring a robust stream of revenue.

Our Ability to Control Costs and Operating Expenses

The procurement prices of our ingredients, packaging and other raw materials and equipment directly affected our cost of sales and our gross profit. In particular, the procurement costs for ingredients and other raw materials consists of the largest component of our cost of sales, accounting for 79.0%, 79.9% and 82.0% of our total cost of sales in 2022, 2023 and 2024, respectively. The market prices of raw materials we mainly use, including tea, fruit and dairy products, fluctuated in the past and may fluctuate in the future. According to the CIC Report, the consumer price index of fruits, one of the key ingredients we procure, fluctuated in recent years which decreased from 112.3 in 2019 to 88.9 in 2020 and then increased to 112.9 in 2022. The ability to obtain favorable procurement prices is crucial to our cost control. Our rapid growth of business scale and centralized procurement platform equips us with increasing bargaining power, enabling us to negotiate with our suppliers for favorable pricing, which had a positive impact on our cost of sales and our results of operations. Moreover, to control our costs and enhance our profitability, we increased the use of contract manufacturers for production of certain ingredients. As such, we grew our gross profit margin from 26.7% in 2022 to 31.3% in 2024. We will continue to explore means to improve our profitability in the future along with our growing business scale and gradually mature supply chain.

The following sensitivity analysis illustrates the effects of hypothetical fluctuation in our average procurement price of ingredients and other raw materials on our gross profit for the periods indicated, assuming all other factors affecting our profitability had remained unchanged.

	Year Ended December 31,		
	2022	2023	2024
	(in RMB thousands)		
Change in average procurement price of ingredients and other raw materials			
-/+ 5%	+/-63,697	+/-93,106	+/-92,538
-/+ 10%	+/-127,394	+/-186,212	+/-185,076

Our results of operations are also subject to our ability to control operating expenses. During the Track Record Period, our operating expenses increased in absolute terms. See "— Principal Components of Results of Operations — Selling and Marketing Expenses," "— Administrative Expenses" and "— Research and Development Expenses." Such increase was primarily in line with our rapid business growth. Going forward, as we enhance our operating efficiency through measures, including further digitalization of our franchising management and supervision system, and achieve better economies of scale, we expect our operating expenses to decrease as a percentage of our revenue.

THE IMPACT OF THE PANDEMIC OUTBREAK

During the Track Record Period, as affected by the pandemic outbreak from 2020 to 2022 and the related restrictive measures including regional travel restrictions and other anti-pandemic restrictive measures taken by the PRC government, the social networking, business activities and consumer traffic declined, which in turn had an adverse impact on the freshly-made tea shops market in China. For instance, 393 franchised stores in our store network closed in 2022.

However, our business maintained an upward trend in 2022 despite the challenges from the pandemic, which was partially due to the growth in online delivery orders during the pandemic outbreak. Our franchised store count was 5,244 as of December 31, 2022. Our revenue was RMB2,199.0 million in 2022.

BASIS OF PREPARATION

Our financial information has been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRSs effective for the accounting period commencing from January 1, 2024 together with the relevant transitional provisions, have been early adopted by the Group in the preparation of our financial information throughout the Track Record Period.

Our financial information has been prepared under the historical cost convention, except for financial investments or assets at fair value through profit or loss which have been measured at fair value.

MATERIAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

Note 3 to "Appendix I — Accountants' Report" to this prospectus sets forth certain material accounting policy information, which are important for understanding our financial conditions and results of operations. Some of our accounting policies involve subjective assumptions, estimates and judgments that are discussed in Note 4 to "Appendix I — Accountants' Report." The preparation of our financial information requires our management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. See Notes 3 and 4 to "Appendix I — Accountants' Report."

RESULTS OF OPERATIONS

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB thousands, except for percentages)					
Revenue	**2,199,005**	**100.0%**	**3,348,201**	**100.0%**	**3,284,576**	**100.0%**
Cost of sales	(1,612,726)	(73.3)%	(2,330,850)	(69.6)%	(2,257,257)	(68.7)%
Gross profit	**586,279**	**26.7%**	**1,017,351**	**30.4%**	**1,027,319**	**31.3%**
Other income and gains, net	26,976	1.2%	66,570	2.0%	48,127	1.5%
Selling and marketing expenses	(278,471)	(12.7)%	(360,892)	(10.8)%	(394,111)	(12.0)%
Administrative expenses	(113,228)	(5.1)%	(159,926)	(4.8)%	(174,890)	(5.3)%
Research and development expenses	(13,260)	(0.6)%	(46,402)	(1.4)%	(51,865)	(1.6)%
Finance costs	(6,356)	(0.3)%	(6,190)	(0.2)%	(5,178)	(0.2)%
Profit before tax	**201,940**	**9.2%**	**510,511**	**15.2%**	**449,402**	**13.7%**
Income tax expense	(52,470)	(2.4)%	(122,609)	(3.6)%	(120,471)	(3.7)%
Profit for the year	**149,470**	**6.8%**	**387,902**	**11.6%**	**328,931**	**10.0%**
Attributable to						
Owners of the parent	149,470	6.8%	387,902	11.6%	328,931	10.0%

NON-IFRS MEASURE

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use adjusted profit for the year (a non-IFRS measure) and adjusted net profit margin (a non-IFRS measure), as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impact of certain items. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated financial statements in the same manner as they help our management. However, our presentation of adjusted profit for the year (a non-IFRS measure) and adjusted net profit margin (a non-IFRS measure) may not be comparable to similar item measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our consolidated financial statements or financial condition as reported under IFRS. We define adjusted profit for the year (a non-IFRS measure) as profit for the year adjusted for share-based payment expenses and listing expenses. We define adjusted net profit margin (a non-IFRS measure) as adjusted profit for the year (a non-IFRS measure) as a percentage of total revenues.

	Year Ended December 31,		
	2022	2023	2024
	(in RMB thousands, except for percentages)		
Profit for the year	149,470	387,902	328,931
Add:			
Share-based payment expenses[1]	4,843	14,482	57,782
Listing expenses[2]	–	13,963	31,373
Adjusted profit for the year (a non-IFRS measure)	**154,313**	**416,347**	**418,086**
Adjusted net profit margin (a non-IFRS measure)	7.0%	12.4%	12.7%

Notes:

(1) Share-based payment expenses relate to the share rewards we granted to our employees, which is a non-cash item.

(2) Listing expenses represent the fees incurred in relation to the Global Offering.

Our share-based payment expenses increased from RMB4.8 million in 2022 to RMB14.5 million in 2023, primarily due to the grant of 618,392 RSUs in November 2023 under the Employee Incentive Schemes mainly to administrative and sales personnels (the "**2023 Granted RSUs**"), and the share-based payment expenses of those RSUs were recognized over the vesting periods in November and December 2023. Our share-based payment expenses further increased from RMB14.5 million in 2022 to RMB57.8 million in 2023, primarily due to the 2023 Granted RSUs and the share-based payment expenses of those RSUs were recognized over the vesting periods in 2024. The RSUs under the Employee Incentive Schemes were granted to those personnel mainly to recognize the contribution of those employees to the Group and motivate them to further promote the development of the Group.

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue mainly from (i) franchising and (ii) self-operated stores. Our franchise-related revenue includes (i) sales of goods, including ingredients, packaging and other raw materials, as well as equipment, to franchisees, and (ii) franchising service fees including (a) a non-refundable upfront franchise fee at initial stage, and (b) continuous franchise fees for operation, training, marketing and other various supports, which are determined at a certain percentage of procurement amounts by our franchisees. The non-refundable upfront franchise fee is recognised as revenue over the franchise period. The continuous franchise fees are recognised as revenue when the ingredients and other raw materials procured by the franchisees are under control of the franchisees, generally at the time of delivery. See note 3 to the "Appendix I — Accountants' Report." We also sell products directly to consumers from our self-operated stores and record revenue from such sales.

By Nature

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB thousands, except for percentages)					
Franchise-related revenue						
Sales of goods to franchisees	1,707,422	77.7%	2,672,283	79.8%	2,632,201	80.1%
Sales of ingredients and other raw materials	1,597,758	72.7%	2,514,821	75.1%	2,547,459	77.5%
Sales of equipment	109,664	5.0%	157,462	4.7%	84,742	2.6%
Franchising services	364,722	16.6%	553,137	16.5%	537,066	16.4%
Sub-total	**2,072,144**	**94.3%**	**3,225,420**	**96.3%**	**3,169,267**	**96.5%**
Revenue from self-operated stores	126,076	5.7%	115,498	3.4%	49,364	1.5%
Others[1]	785	0.0%	7,283	0.3%	65,945	2.0%
Total	**2,199,005**	**100.0%**	**3,348,201**	**100.0%**	**3,284,576**	**100.0%**

Note:

(1) Others mainly include revenue from sales on several e-commerce platforms and fees for paid membership benefit cards introduced in certain cities in December 2022. See "Business — Marketing and Promotion — Our Membership Program."

Our revenue increased by 52.3% from RMB2,199.0 million in 2022 to RMB3,348.2 million in 2023 primarily due to the growth in our total store count. Our revenue decreased slightly by 1.9% from RMB3,348.2 million in 2023 to RMB3,284.6 million in 2024, primarily due to (i) a decrease in franchise-related revenue, mainly including a decrease in sales of equipment, and (ii) a decrease in revenue from self-operated stores. See "Period-to-period Comparison of Results of Operations."

During the Track Record Period, we generated a substantial majority of our revenue from franchising, which accounted for over 90% of our total revenue during each of 2022, 2023 and 2024. We expect to continue expanding our store network mainly through franchisees, and thus the revenue contribution from franchised stores in the future is expected to be maintained at a high level.

Our revenue from others increased rapidly from RMB0.8 million in 2022 to RMB7.3 million in 2023, primarily due to (i) our enhanced online sales as we launched popular products such as *Little Milky Brick Toast* on e-commerce platforms, and (ii) the introduction of our paid membership benefit cards which provide additional benefits and discounts. Our revenue from others further increased from RMB7.3 million in 2023 to RMB65.9 million in 2024, primarily due to a significant increase in online sales in 2024.

By City Tier

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB thousands, except for percentages)					
First-tier cities	237,572	10.8%	352,976	10.5%	386,342	11.8%
New first-tier cities	597,941	27.2%	801,966	24.0%	677,247	20.6%
Second-tier cities	418,468	19.0%	668,783	20.0%	632,011	19.2%
Third and lower-tier cities	945,024	43.0%	1,524,476	45.5%	1,582,643	48.2%
Overseas	–	–	–	–	6,333	0.2%
Total	**2,199,005**	**100.0%**	**3,348,201**	**100.0%**	**3,284,576**	**100.0%**

During the Track Record Period, the revenue from lower-tier markets was the largest component of revenue as a result of our strategical focus on third and lower-tier cities. As the freshly-made tea shop market in third and lower-tier cities in China is the largest and fastest-growing segment with significant potential for future growth from 2023 to 2028 in terms of GMV, we expect to continue implementing our strategy of focusing on lower-tier markets and record a large portion of revenue from them.

Affected by the overall industry slowdown and intensified competition in China's freshly-made tea shop industry in 2024, the average GMV per franchised stores in our store network decreased from RMB1.6 million in 2023 to RMB1.4 million in 2024. Such decrease negatively impacted the demand for our ingredients and other raw materials from franchised stores, including those in new first-tier cities. As such, despite the increase in store count in new first-tier cities from 1,742 as of December 31, 2023 to 1,896 as of December 31, 2024, our revenue from new first-tier cities decreased from RMB802.0 million in 2023 to RMB677.2 million in 2024.

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of costs associated with (i) goods, primarily including ingredients and other raw materials used in the preparation of our products and equipment, (ii) franchising services and (iii) the operation of self-operated stores, including cost of ingredients and other raw materials, rental costs, staff costs and utility costs. In particular, our costs of ingredients and other raw materials mainly include procurement costs of ingredients and other raw materials, logistic costs, manufacturing costs, staff costs and other tax and surcharges.

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB thousands, except for percentages)					
Franchise-related costs						
Cost of goods						
Cost of ingredients and other raw materials	1,313,384	81.4%	1,952,316	83.8%	1,967,409	87.2%
Cost of equipment	101,540	6.3%	150,265	6.4%	77,998	3.5%
Cost of franchising services	85,662	5.3%	137,159	5.9%	129,502	5.7%
Sub-total	**1,500,586**	**93.0%**	**2,239,740**	**96.1%**	**2,174,909**	**96.4%**
Costs from self-operated stores	111,854	7.0%	88,308	3.8%	42,195	1.9%
Other costs[(1)]	286	0.0%	2,802	0.1%	40,153	1.7%
Total	**1,612,726**	**100.0%**	**2,330,850**	**100.0%**	**2,257,257**	**100.0%**

Note:

(1) Other costs represent cost of sales for products sold on the e-commerce platforms.

Gross Profit and Gross Profit Margin

	Year Ended December 31,					
	2022		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)					
From franchising						
Sales of goods						
Sales of ingredients and other raw materials	284,374	17.8%	562,505	22.4%	580,050	22.8%
Sales of equipment	8,124	7.4%	7,197	4.6%	6,744	8.0%
Franchising services	279,060	76.5%	415,978	75.2%	407,564	75.9%
Sub-total/Overall	**571,558**	**27.6%**	**985,680**	**30.6%**	**994,358**	**31.4%**
From self-operated stores	14,222	11.3%	27,190	23.5%	7,169	14.5%
Others	499	63.6%	4,481	61.5%	25,792	39.1%
Total/Overall	**586,279**	**26.7%**	**1,017,351**	**30.4%**	**1,027,319**	**31.3%**

During the Track Record Period, our gross profit margin from franchising operations increased as a result of our effective cost control measures, including (i) negotiating for favorable pricing from our suppliers as a result of our increased bargaining power attributable to the increase in our procurement and (ii) optimizing our production processes and supply chain management. In particular, our gross profit margin for sales of ingredients and other raw materials increased from 17.8% in 2022 to 22.8% in 2024, primarily due to (i) the favorable pricing we obtained from our suppliers, (ii) our engagement of contract manufacturers, (iii) our improvement in supply chain management, and (iv) our improved economies of scale as a result of the increased outputs from our production facilities. See "— Period-to-period Comparison of Results of Operations."

Other Income and Gains, Net

Our other income and gains, net primarily comprised (i) government grants, (ii) fair value changes on financial assets and financial investments at fair value through profit or loss, being the wealth management products, structured deposits and financial investment in upstream suppliers, (iii) interest income from bank deposits, (iv) losses or gains on early termination of leases mainly for our self-operated stores due to the closure or transfer of some of our self-operated stores after presence in the new or underpenetrated markets was established and (v) donations.

The government grants mainly represent various supports awarded by the local governments to support our operation, primarily including government incentives that are associated with our business growth and are awarded as a form of recognition for our contributions to local economy in accordance with relevant supportive policies. The government grants are usually subject to assessment and change in policies, and thus may not be recurring in nature. We recognize the income when the grants were received and all conditions attached are fulfilled. Our government grant increased from RMB24.1 million in 2022 to RMB54.3 million in 2023, primarily due to our rapid business growth. Our government grants decreased from RMB54.3 million in 2023 to RMB24.2 million in 2024, as (i) part of the government grants received in 2023 was not recurring in nature. For example, the government grants for a industrial technology upgrading project we received in 2023 were not recurring in 2024; and (ii) the time of receiving such subsidies is usually uncertain, resulting in fluctuations in the amounts.

	Year Ended December 31,		
	2022	**2023**	**2024**
	(in RMB thousands, except for percentages)		
Government grants	24,092	54,322	24,204
Fair value changes of financial assets and financial investments at fair value through profit or loss	3,451	11,444	20,301
Interest income	1,515	6,063	6,322
(Loss)/gain on early termination of leases	(697)	(190)	393
Donations	(460)	(4,610)	(755)
Others[(1)]	(925)	(459)	(2,338)
Total	26,976	66,570	48,127
as % of total revenue	*1.2%*	*2.0%*	*1.5%*

Note:

(1) Primarily include inventory loss, loss of deposits for early termination of leases and bank charges.

Selling and Marketing Expenses

Our selling and marketing expenses primarily comprise (i) employee compensations for our sales and marketing personnel, (ii) marketing and promotion fees, (iii) depreciation and amortization for properties and equipment related to selling and marketing activities and (iv) service fees mainly for online ordering and delivery platform services used by our self-operated stores and software and design services for our marketing activities.

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB thousands, except for percentages)					
Employee compensations	108,732	39.0%	133,474	37.0%	163,252	41.4%
Marketing and promotion fees	96,702	34.7%	126,515	35.1%	148,243	37.6%
Depreciation and amortization expense	33,454	12.0%	42,666	11.8%	44,185	11.2%
Service fees	23,119	8.3%	31,096	8.6%	20,755	5.3%
Others[1]	16,464	6.0%	27,141	7.5%	17,676	4.5%
Total	**278,471**	**100.0%**	**360,892**	**100.0%**	**394,111**	**100.0%**
as % of total revenue		*12.7%*		*10.8%*		*12.0%*

Note:

(1) Mainly include outsourced labor expenses, travel expenses, consumable expenses and utility expenses.

Administrative Expenses

Our administrative expenses primarily comprise (i) employee compensations for our administrative personnel, (ii) service fees mainly for expertise consultancy for our administrative activities, (iii) depreciation and amortization for properties and equipment related to administrative activities, (iv) listing expenses and (v) traveling expenses.

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB thousands, except for percentages)					
Employee compensations	67,288	59.4%	85,974	53.8%	107,022	61.2%
Service fees	13,533	12.0%	21,102	13.2%	12,405	7.1%
Depreciation and amortization expense	20,872	18.4%	21,281	13.3%	15,202	8.7%
Listing expenses	–	–	13,963	8.7%	31,373	17.9%
Traveling expenses	2,781	2.5%	3,936	2.5%	2,538	1.5%
Others[1]	8,754	7.7%	13,670	8.5%	6,350	3.6%
Total	**113,228**	**100.0%**	**159,926**	**100.0%**	**174,890**	**100.0%**
as % of total revenue		*5.1%*		*4.8%*		*5.3%*

Note:

(1) Mainly include office expenses, outsourced labor costs, utility expenses and consumable expenses.

Research and Development Expenses

Our research and development expenses primarily comprise (i) employee compensations for our research and development personnel, (ii) service fees for expertise consultation and software services, (iii) traveling expenses and (iv) consumables expenses for the research and development.

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB thousands, except for percentages)					
Employee compensations	9,584	72.3%	36,523	78.7%	33,571	64.70%
Service fees	1,428	10.8%	2,115	4.6%	11,504	22.20%
Traveling expenses	253	1.9%	1,766	3.8%	1,042	2.00%
Consumable expenses	845	6.4%	1,770	3.8%	890	1.70%
Others[(1)]	1,150	8.6%	4,228	9.1%	4,858	9.40%
Total	**13,260**	**100.0%**	**46,402**	**100.0%**	**51,865**	**100.00%**
as % of total revenue		*0.6%*		*1.4%*		*1.6%*

Note:

(1) Mainly include depreciation expenses of property, plant and equipment related to research and development activities, outsourced labor expenses and training expenses.

Finance Costs

Our finance costs primarily comprise interest on lease liabilities.

	Year Ended December 31,					
	2022		2023		2024	
	(in RMB thousands, except for percentages)					
Interest on lease liabilities	6,347	99.9%	6,037	97.5%	4,724	91.2%
Interest on interest-bearing bank borrowings	9	0.1%	153	2.5%	454	8.8%
Total	**6,356**	**100.0%**	**6,190**	**100.0%**	**5,178**	**100.0%**
as % of total revenue		*0.3%*		*0.2%*		*0.2%*

Our finance costs decreased from RMB6.4 million in 2022 to RMB5.2 million in 2024, primarily due to a decrease in interest on lease liabilities primarily attributable to a decrease in lease liabilities for our payment of rents.

Income Tax Expense

Income tax expense primarily represents income tax payable by us under relevant PRC income tax rules and regulations. Income tax expense consists of current income tax and deferred income tax. We recorded income tax expense of RMB52.5 million, RMB122.6 million and RMB120.5 million in 2022, 2023 and 2024, respectively.

Entities located in the PRC are subject to a statutory income tax rate of 25.0%. In 2022, 2023 and 2024, our effective tax rates (calculated as income tax expense divided by profit before tax) were 26.0%, 24.0% and 26.8%, respectively. Our effective tax rates were higher than the statutory income tax rate in 2022 and 2024, primarily because certain expenses were not deductible for tax.

We had certain subsidiaries that enjoyed preferential tax treatments. For example, certain of our PRC subsidiaries were qualified as small and micro enterprises and were entitled to a preferential tax rate of 2.5% for the amount of taxable income below RMB1 million during the years ended December 31, 2022 and a preferential tax rate of 5% for the amount of taxable income below RMB1 million during the year ended December 31, 2023 and 2024, a preferential tax rate of 5.0% for the amount of taxable income between RMB1 million and RMB3 million during the year ended December 31, 2022, 2023 and 2024. See Note 12 to "Appendix I — Accountants' Report."

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

	Year Ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Franchise-related revenue	3,225,420	3,169,267	(1.7)%
Revenue from self-operated stores	115,498	49,364	(57.3)%
Others	7,283	65,945	805.5%
Total	**3,348,201**	**3,284,576**	**(1.9)%**

Our revenue decreased slightly by 1.9% from RMB3,348.2 million in 2023 to RMB3,284.6 million in 2024, primarily due to a decrease in our franchise-related revenue and revenue from our self-operated stores, partially offset by an increase in revenue from others. Our revenue from others increased significantly from RMB7.3 million in 2023 to RMB65.9 million in 2024, primarily due to a significant increase in online sales in 2024.

Franchise-related Revenue

	Year Ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Sales of goods to franchisees			
Sales of ingredients and other raw materials	2,514,821	2,547,459	1.3%
Sales of equipment	157,462	84,742	(46.2)%
Sub-total	**2,672,283**	**2,632,201**	**(1.5)%**
as % of total revenue	*79.8%*	*80.1%*	
Franchising services	553,137	537,066	(2.9)%
as % of total revenue	*16.5%*	*16.4%*	
Total	**3,225,420**	**3,169,267**	**(1.7)%**
as % of total revenue	*96.3%*	*96.5%*	

The table below sets forth the movement of our franchised store count for all brands for the years indicated.

	Year Ended/ As of December 31,	
	2023	2024
Franchised store count at the beginning of the year	5,244	7,756
Number of franchised stores opened during the year	2,882	2,383
Number of franchised stores closed during the year	370	987
Franchised store count at the end of the year	**7,756**	**9,152**

Our franchise-related revenue decreased slightly by 1.7% from RMB3,225.4 million in 2023 to RMB3,169.3 million in 2024, primarily due to (i) a 1.5% decrease in sales of goods to franchisees and (ii) a 2.9% decrease in revenue from franchising services. In particular:

- our revenue from sales of goods to franchisees decreased slightly by 1.5% from RMB2,672.3 million in 2023 to RMB2,632.2 million in 2024, primarily due to a 46.2% decrease in sales of equipment from RMB157.5 million in 2023 to RMB84.7 million in 2024, primarily due to (i) the fact that we accepted the franchisees to bring and use certain qualified equipment at franchised stores, such as refrigerators, that were procured from other suppliers than us to further enhance our low initial-investment value position since the end of 2023, and (ii) the decrease in number of franchised stores opened during the year from 2,882 in 2023 to 2,383 in 2024. We only accept equipment that meets our standards and requirements to ensure the quality of products. See "Business — Our Store Network — Operation Management — Our Management and Supporting Platform." Affected by the overall industry slowdown and intensified competition in China's freshly-made tea shop industry in 2024, the average GMV per franchised stores in our store network decreased from RMB1.6 million in 2023 to RMB1.4 million in 2024. Such decrease negatively impacted the demand for our ingredients and other raw materials from franchised stores. However, our revenue from sales of ingredients and other raw materials increased by 1.3% from RMB2,514.8 million in 2023 to RMB2,547.5 million in 2024 primarily due to our continuous expansion of our franchised store network, with franchised store count increasing from 7,756 as of December 31, 2023 to 9,152 as of December 31, 2024.

- our revenue from franchising services decreased slightly by 2.9% from RMB553.1 million in 2023 to RMB537.1 million in 2024, primarily due to our promotion activities to further enhance our low initial-investment value position and in response to intensified market competition. For example, we waived part of or all upfront franchise fees for opening new stores for some franchisees as they satisfied our assessment requirements in performance. See "Business — Our Franchise-focused Business Model — Franchising Arrangements." In 2024, 2,926 franchised stores enjoyed such waiver in part of or all upfront franchisee fees, among which 1,665 franchised stores were newly opened in 2024.

Self-operated Stores

	Year Ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Revenue from self-operated stores ...	115,498	49,364	(57.3)%
as % of total revenue	*3.4%*	*1.5%*	

The table below sets forth the movement of our self-operated store count for all brands for the years indicated.

	Year Ended/ As of December 31,	
	2023	2024
Self-operated store count at the beginning of the year	63	33
Number of self-operated stores opened during the year	4	7
Number of self-operated stores closed/transferred during the year	34	16
Self-operated store count at the end of the year	**33**	**24**

Our revenue from self-operated stores decreased by 57.3% from RMB115.5 million in 2023 to RMB49.4 million in 2024, primarily due to a decrease in our self-operated store count, as we closed or transferred some of our self-operated stores to franchised stores after our presence in the new or underpenetrated markets was established. As a result, our revenue from self-operated stores as a percentage of our total revenue decreased from 3.4% in 2023 to 1.5% in 2024.

Cost of Sales

	Year Ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Franchise-related costs			
Cost of goods			
Cost of ingredients and other raw materials	1,952,316	1,967,409	0.8%
Cost of equipment	150,265	77,998	(48.1)%
Cost of franchising services	137,159	129,502	(5.6)%
Sub-total	**2,239,740**	**2,174,909**	**(2.9)%**
Costs from self-operated stores	**88,308**	**42,195**	**(52.2)%**
Other costs	**2,802**	**40,153**	**1,333.0%**
Total	**2,330,850**	**2,257,257**	**(3.2)%**
as % of total revenue	*69.6%*	*68.7%*	

Our cost of sales decreased by 3.2% from RMB2,330.9 million in 2023 to RMB2,257.3 million in 2024, primarily due to (i) a 2.9% decrease in franchised-related costs which mainly included a 48.1% decrease in cost of equipment, and (ii) a 52.2% decrease in costs from self-operated stores, which were generally in line with the decrease in the revenue from sales of equipment and revenue from self-operated stores. Our other costs increased significantly from RMB2.8 million in 2023 to RMB40.2 million in 2024, primarily due to a significant increase in online sales in 2024.

Gross Profit and Gross Profit Margin

	Year Ended December 31,			
	2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)			
From franchising	985,680	30.6%	994,358	31.4%
From self-operated stores	27,190	23.5%	7,169	14.5%
Others	4,481	61.5%	25,792	39.1%
Total/Overall	**1,017,351**	**30.4%**	**1,027,319**	**31.3%**

Our gross profit increased by 1.0% from RMB1,017.4 million in 2023 to RMB1,027.3 million in 2024, primarily due to (i) an increase in gross profit from franchising, and (ii) an increase in gross profit from others, which was partially offset by a decrease in gross profit from self-operated stores. Our gross profit margin increased from 30.4% in 2023 to 31.3% in 2024, primarily due to an increase in our gross profit margin from franchising. The gross profit margin from others decreased from 61.5% in 2023 to 39.1% in 2024, primarily due to a significant increase in the absolute amount and proportion of online sales in 2024, which generally had a lower gross profit margin as compared to that of our paid membership benefit cards.

Franchising

	Year Ended December 31,			
	2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)			
Sales of goods				
Sales of ingredients and other raw materials	562,505	22.4%	580,050	22.8%
Sales of equipment	7,197	4.6%	6,744	8.0%
Sub-total	**569,702**	**21.3%**	**586,794**	**22.3%**
Franchising services	415,978	75.2%	407,564	75.9%
Total/Overall	**985,680**	**30.6%**	**994,358**	**31.4%**

Our gross profit from franchising increased by 0.9% from RMB985.7 million in 2023 to RMB994.4 million in 2024, with gross profit margin increased from 30.6% in 2023 to 31.4% in 2024, primarily due to an increase in gross profit and gross profit margin for sales of goods. In particular:

- our gross profit from sales of goods to franchisees increased by 3.0% from RMB569.7 million in 2023 to RMB586.8 million in 2024, primarily due to the increased procurement of ingredients and other raw materials from our franchisees mainly attributable to the increase in our franchised store count. The gross profit margin from sales of equipment increased from 4.6% in 2023 to 8.0% in 2024, primarily due to the less inventory write-down for equipment in 2024 as most of the obsolete equipment were sold.

- our gross profit from providing franchising services to franchisees decreased by 2.0% from RMB416.0 million in 2023 to RMB407.6 million in 2024, primarily due to the less upfront franchise fees received from our franchisees as a result of our promotion activities to further enhance our low initial-investment value position and in response to the intensified market competition. Our gross profit margin from providing franchising services to franchisee remained relatively stable at 75.2% in 2023 to 75.9% in 2024.

Self-operated Stores

	Year Ended December 31,			
	2023		**2024**	
	Gross Profit	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**
	(in RMB thousands, except for percentages)			
Self-operated stores	27,190	23.5%	7,169	14.5%

Our gross profit from self-operated stores decreased by 73.6% from RMB27.2 million in 2023 to RMB7.2 million in 2024, primarily due to (i) a decrease in our self-operated store count, as we closed or transferred some of our self-operated stores to franchised stores after our presence in the new or underpenetrated markets was established, and (ii) a decrease in the gross profit margin from self-operated stores. The gross profit margin from our self-operated stores decreased from 23.5% in 2023 to 14.5% in 2024, primarily due to (i) the fact that the sales in our self-operated stores were also affected by the overall industry slowdown and intensified competition in China's freshly-made tea shop industry in 2024, (ii) a higher proportion of closed self-operated stores in 2024 which caused certain fixed costs such as compensations for redundant employees and the accelerated depreciation of remaining undepreciated leasehold improvements related to the closed self-operated stores, and (iii) costs associated with, among others, leases and employees incurred at certain newly-opened self-operated stores in high-potential areas where the operating costs were relatively higher.

Other Income and Gains, Net

Our other income and gains, net decreased by 27.7% from RMB66.6 million in 2023 to RMB48.1 million in 2024, primarily due to a decrease in government grants of RMB30.1 million as more government grants were received in 2023, which was partially offset by an increase in fair value changes of financial assets and financial investments at fair value through profit or loss of RMB8.9 million mainly attributable to an increase in our wealth management products.

Selling and Marketing Expenses

Selling and marketing expenses increased by 9.2% from RMB360.9 million in 2023 to RMB394.1 million in 2024, primarily due to (i) an increase in employee compensations of RMB29.8 million mainly attributable to an increase of share-based compensations, and (ii) an increase in marketing and promotion fees of RMB21.7 million for our increased investment in various online and offline channels, which was partially offset by a decrease in service fees of RMB10.3 million mainly for decreased online platform service fees for our self-operated stores due to the decreased in store count, and a decrease in others of RMB9.5 million mainly for a decreased in outsourced labor expenses. As a result, the selling and marketing expenses as a percentage to our total revenue increased from 10.8% in 2023 to 12.0% in 2024.

Administrative Expenses

Administrative expenses increased by 9.4% from RMB159.9 million in 2023 to RMB174.9 million in 2024, primarily due to (i) an increase in employee compensations of RMB21.0 million primarily as a result of an increase in share-based compensations, and (ii) an increase in listing expenses of RMB17.4 million, which was partially offset by a decrease in service fees of RMB8.7 million as a result of a decrease in outsourced expertise consultation. As a result, the administrative expenses as a percentage to our total revenue increased from 4.8% in 2023 to 5.3% in 2024.

Research and Development Expenses

Research and development expenses increased by 11.8% from RMB46.4 million in 2023 to RMB51.9 million in 2024, primarily due to an increase in service fees of RMB9.4 million related to the research and development of operating systems. As a result, the research and development expenses as a percentage to our total revenue increased from 1.4% in 2023 to 1.6% in 2024.

Finance Costs

Our finance costs decreased by 16.3% from RMB6.2 million in 2023 to RMB5.2 million in 2024 primarily due to a decrease in interest on lease liabilities mainly attributable to a decrease in our lease liabilities for our payment of rents.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 15.2% from RMB387.9 million in 2023 to RMB328.9 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

	Year Ended December 31,		
	2022	**2023**	**% Change**
	(in RMB thousands, except for percentages)		
Franchise-related revenue	2,072,144	3,225,420	55.7%
Revenue from self-operated stores	126,076	115,498	(8.4)%
Others	785	7,283	827.8%
Total	**2,199,005**	**3,348,201**	**52.3%**

Our revenue increased by 52.3% from RMB2,199.0 million in 2022 to RMB3,348.2 million in 2023, primarily due to the growth in franchise-related revenue, partially offset by a decrease in revenue from our self-operated stores.

Franchise-related Revenue

	Year Ended December 31,		
	2022	**2023**	**% Change**
	(in RMB thousands, except for percentages)		
Sales of goods to franchisees			
Sales of ingredients and other raw materials	1,597,758	2,514,821	57.4%
Sales of equipment	109,664	157,462	43.6%
Sub-total	**1,707,422**	**2,672,283**	**56.5%**
as % of total revenue	*77.7%*	*79.8%*	
Franchising services	364,722	553,137	51.7%
as % of total revenue	*16.6%*	*16.5%*	
Total	**2,072,144**	**3,225,420**	**55.7%**
as % of total revenue	*94.2%*	*96.3%*	

The table below sets forth the movement of our franchised store count for all brands for the periods indicated.

	Year Ended/ As of December 31,	
	2022	2023
Franchised store count at the beginning of the year	3,711	5,244
Number of franchised stores opened during the year	1,926	2,882
Number of franchised stores closed during the year	(393)	(370)
Franchised store count at the end of the year	5,244	7,756

Our franchise-related revenue increased by 55.7% from RMB2,072.1 million in 2022 to RMB3,225.4 million in 2023, primarily due to (i) a 56.5% increase in sales of goods to franchisees and (ii) a 51.7% increase in revenue from franchising services. In particular:

- our revenue from sales of goods to franchisees increased by 56.5% from RMB1,707.4 million in 2022 to RMB2,672.3 million in 2023, primarily due to a 57.4% increase in our sales of ingredients and other raw materials to our franchisees from RMB1,597.8 million in 2022 to RMB2,514.8 million in 2023, as our franchised store count increased. Separately, our sales of equipment increased by 43.6% from RMB109.7 million in 2022 to RMB157.5 million in 2023 primarily due to the fact that there were 2,882 new franchised stores opened in 2023, as compared with 1,926 in 2022.

- our revenue from franchising services increased by 51.7% from RMB364.7 million in 2022 to RMB553.1 million in 2023, primarily due to an increase in our franchised store count.

Self-operated Stores

	Year Ended December 31,		
	2022	2023	% Change
	(in RMB thousands, except for percentages)		
Revenue from self-operated stores	126,076	115,498	(8.4)%
as % of total revenue	*5.7%*	*3.4%*	

The table below sets forth the movement of our self-operated store count for all brands for the periods indicated.

	Year Ended/ As of December 31,	
	2022	2023
Self-operated store count at the beginning of the year	65	63
Number of self-operated stores opened during the year	20	4
Number of self-operated stores closed/transferred during the year	(22)	(34)
Self-operated store count at the end of the year	**63**	**33**

Our revenue from self-operated stores decreased by 8.4% from RMB126.1 million in 2022 to RMB115.5 million in 2023, primarily due to a decrease in our self-operated store count, as we closed or transferred some of our self-operated stores to franchised stores after our presence in the new or underpenetrated markets was established. As a result, our revenue from self-operated stores as a percentage of our total revenue decreased from 5.7% in 2022 to 3.4% in 2023.

Cost of Sales

	Year Ended December 31,		
	2022	2023	% Change
	(in RMB thousands, except for percentages)		
Franchise-related costs			
Cost of goods			
Cost of ingredients and other raw materials	1,313,384	1,952,316	48.6%
Cost of equipment	101,540	150,265	48.0%
Cost of franchising services	85,662	137,159	60.1%
Sub-total	**1,500,586**	**2,239,740**	**49.3%**
Costs from self-operated stores	111,854	88,308	(21.1)%
Other costs	286	2,802	879.7%
Total	**1,612,726**	**2,330,850**	**44.5%**
as % of total revenue	*73.3%*	*69.6%*	

Our cost of sales increased by 44.5% from RMB1,612.7 million in 2022 to RMB2,330.9 million in 2023, primarily due to a 49.3% increase in franchised-related costs which mainly included a 48.6% increase in cost of ingredients and other raw materials as a result of higher procurement volume, which in turn was due to an increase in our franchised store count. Such increases were partially offset by a 21.1% decrease in costs from self-operated stores, primarily due to a decrease in our self-operated store count as we closed or transferred some of our self-operated stores to franchised stores after our presence in those new or underpenetrated markets was established.

Gross Profit and Gross Profit Margin

	Year Ended December 31,			
	2022		2023	
	Gross Profit	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**
	(in RMB thousands, except for percentages)			
From franchising	571,558	27.6%	985,680	30.6%
From self-operated stores	14,222	11.3%	27,190	23.5%
Others	499	63.6%	4,481	61.5%
Total/Overall	**586,279**	**26.7%**	**1,017,351**	**30.4%**

Our gross profit increased by 73.5% from RMB586.3 million in 2022 to RMB1,017.4 million in 2023, primarily due to an increase in gross profit from franchising. Our gross profit margin increased from 26.7% in 2022 to 30.4% in 2023, primarily due to an increase in our gross profit margin from franchising.

Franchising

	Year Ended December 31,			
	2022		2023	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)			
Sales of goods				
Sales of ingredients and other raw materials	284,374	17.8%	562,505	22.4%
Sales of equipment	8,124	7.4%	7,197	4.6%
Sub-total	292,498	17.1%	569,702	21.3%
Franchising services	279,060	76.5%	415,978	75.2%
Total/Overall	**571,558**	**27.6%**	**985,680**	**30.6%**

Our gross profit from franchising increased by 72.5% from RMB571.6 million in 2022 to RMB985.7 million in 2023, with gross profit margin increased from 27.6% in 2022 to 30.6% in 2023, primarily due to an increase in gross profit and gross profit margin for sales of goods and an increase in gross profit for provision of franchising services to franchisees. In particular:

- our gross profit from sales of goods to franchisees increased by 94.8% from RMB292.5 million in 2022 to RMB569.7 million in 2023, primarily due to the increased procurement of ingredients and other raw materials from our franchisees mainly attributable to the increase in our franchised store count. Our gross profit margin from sales of ingredients and other raw materials to franchisees increased from 17.8% in 2022 to 22.4% in 2023, primarily due to (i) the favorable pricing we obtained from our suppliers as a result of our increased bargaining power attributable to the increase in our procurement volume, (ii) the improvement in supply chain management, and (iii) improved economies of scale as a result of the increased outputs from our production facilities. The gross profit margin from sales of equipment decreased from 7.4% in 2022 to 4.6% in 2023, primarily due to the inventory write-down for obsolete equipment as a result of the upgrade of equipment used at our store network.

- our gross profit from providing franchising services to franchisees increased by 49.1% from RMB279.1 million in 2022 to RMB416.0 million in 2023, primarily due to an increase in our franchised store count. Our gross profit margin from providing franchising services to franchisee remained relatively stable at 76.5% and 75.2% in 2022 and 2023, respectively.

Self-operated Stores

	Year Ended December 31,			
	2022		2023	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)			
Self-operated stores	14,222	11.3%	27,190	23.5%

Our gross profit from self-operated stores increased by 91.2% from RMB14.2 million in 2022 to RMB27.2 million in 2023, primarily due to the increase in gross profit margin from our self-operated stores. Our gross profit margin from self-operated stores increased from 11.3% in 2022 to 23.5% in 2023, primarily because (i) we streamlined the store operating procedure and used equipment that better suited our store operations such as smart tea making machines, which optimized staffing and (ii) we closed certain self-operated stores with relatively low profitability. The smart tea-making machine features an automatic ingredient dispensing function that supports up to 21 types of ingredients, including tea, fruit juices, and ice water, which can improve the operating efficiency at stores by shortening the time needed for ingredients dispensing. It can also notify the staffs when the ingredients levels are low to avoid the interruption caused by shortage of ingredients. Moreover, it integrates a built-in refrigerator to ensure the freshness of ingredients and optimize the store layout for equipment.

Other Income and Gains, Net

Our other income and gains, net increased by 146.8% from RMB27.0 million in 2022 to RMB66.6 million in 2023, primarily due to an increase in government grants of RMB30.2 million associated with our business growth.

Selling and Marketing Expenses

Selling and marketing expenses increased by 29.6% from RMB278.5 million in 2022 to RMB360.9 million in 2023, primarily due to (i) an increase in marketing and promotion fees of RMB29.8 million for our increased investment in promotion and marketing activities in various online and offline channels and (ii) an increase in employee compensations of RMB24.7 million as a result of an increase in number and average salaries of our selling and marketing personnel and (iii) an increase in depreciation and amortization expenses of RMB9.2 million for leased properties for our selling and marketing activities. As a percentage to our total revenue, the selling and marketing expenses decreased from 12.7% in 2022 to 10.8% in 2023, primarily due to (i) the improvement of digitalization of our operating systems and (ii) the economies of scale we achieved as our business grew.

Administrative Expenses

Administrative expenses increased by 41.2% from RMB113.2 million in 2022 to RMB159.9 million in 2023, primarily due to (i) an increase in employee compensations of RMB18.7 million as a result of an increase in number and average salaries of our administrative personnel, (ii) an increase in service fees of RMB7.6 million mainly attributable to the increased consultancy fees, and (iii) the listing expenses of RMB14.0 million incurred in 2023. As a percentage to our total revenue, the administrative expenses remained relatively stable at 5.1% and 4.8% in 2022 and 2023, respectively.

Research and Development Expenses

Research and development expenses increased by 249.9% from RMB13.3 million in 2022 to RMB46.4 million in 2023, primarily due to an increase in employee compensations of RMB26.9 million attributable to an increase in the number of research and development personnel and an increase in average salaries to attract more talents. As a result, the research and development expenses as a percentage to our total revenue increased from 0.6% in 2022 to 1.4% in 2023.

Finance Costs

Our finance costs remained relatively stable at RMB6.4 million in 2022 and RMB6.2 million in 2023.

Profit for the Year

As a result of the foregoing, our profit for the period increased by 159.5% from RMB149.5 million in 2022 to RMB387.9 million in 2023.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we have funded our cash requirements primarily through cash generated from our operating activities and capital contribution by Shareholders. As of December 31, 2022, 2023 and 2024 and February 28, 2025, we had cash and cash equivalents of RMB193.0 million, RMB631.3 million, RMB342.7 million and RMB305.1 million, respectively. As of February 28, 2025, we had financial assets at fair value through profit or loss of RMB848.4 million, consisting of wealth management products and structured deposits, which will be due within one year.

Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash generated from our operating activities and net proceeds from the Global Offering.

Taking into account the net proceeds from the Global Offering, cash generated from our operating activities and bank facilities available to us, our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of publication of this prospectus.

Net Current Assets

	As of December 31,			As of February 28,
	2022	2023	2024	2025
	(in RMB thousands)			
				(unaudited)
Current Assets				
Inventories	155,535	153,409	168,068	141,096
Trade receivables	–	697	1,471	1,075
Prepayments, other receivables and other assets	57,791	59,634	97,137	123,143
Financial assets at fair value through profit or loss	260,901	431,262	948,140	848,435
Restricted cash	–	30,359	80,000	58,694
Time deposits	–	–	20,228	20,283
Cash and cash equivalents	193,014	631,310	342,659	305,083
Total current assets	**667,241**	**1,306,671**	**1,657,703**	**1,497,809**
Current Liabilities				
Trade payables	186,508	219,805	226,253	87,383
Other payables and accruals	126,070	180,442	213,016	179,000
Contract liabilities	74,774	95,045	56,826	46,563
Interest-bearing bank borrowings	1,000	–	29,923	–
Lease liabilities	52,943	54,631	41,631	38,718
Dividend payable	–	51,297	–	–
Tax payable	17,188	24,110	48,464	41,914
Total current liabilities	**458,483**	**625,330**	**616,113**	**393,578**
Net current assets	**208,758**	**681,341**	**1,041,590**	**1,104,231**

Comparison between February 28, 2025 and December 31, 2024

Our net current assets increased from RMB1,041.6 million as of December 31, 2024 to RMB1,104.2 million as of February 28, 2025, primarily due to a decrease in current liabilities, mainly including (i) a decrease in trade payables of RMB138.9 million primarily attributable to the subsequent settlement with our suppliers, and (ii) a decrease in other payables and accruals of RMB34.0 million primarily attributable to the subsequent settlement. Such decrease was partially offset by a decrease in current assets, mainly including a decrease in financial assets at fair value through profit or loss of RMB99.7 million, primarily attributable to the maturity and redemption of our wealth management products and structured deposits.

Comparison between December 31, 2024 and December 31, 2023

Our net current assets increased from RMB681.3 million as of December 31, 2023 to RMB1,041.6 million as of December 31, 2024, primarily due to an increase in current assets, mainly including an increase in financial assets at fair value through profit or loss of RMB516.9 million primarily attributable to our increased purchase of wealth management products and structured deposits, which was partially offset by a decrease in cash and cash equivalents of RMB288.7 million mainly for the purchase of wealth management products and structured deposits.

Comparison between December 31, 2023 and December 31, 2022

Our net current assets increased from RMB208.8 million as of December 31, 2022 to RMB681.3 million as of December 31, 2023, primarily due to an increase in current assets, mainly including (i) an increase in financial assets at fair value through profit or loss of RMB170.4 million primarily attributable to our increased purchase of wealth management products and structured deposits and (ii) an increase in cash and cash equivalents of RMB438.3 million primarily attributable to our increased cash from operating activities as a result of our business growth and a capital injection from our Shareholders. See "— Cash Flow." Such increase was partially offset by an increase in current liabilities, mainly including (i) an increase in other payables and accruals of RMB54.4 million and (ii) an increase in dividend payable of RMB51.3 million.

SELECTED BALANCE SHEET ITEMS

Inventories

Our inventories include (i) raw materials that require further processing, and (ii) finished goods consisting of inventories that are readily available to be sold.

	As of December 31,		
	2022	2023	2024
	(in RMB thousands)		
Raw materials	12,042	20,924	18,282
Finished goods	143,493	132,485	149,786
Total	**155,535**	**153,409**	**168,068**

During the Track Record Period, the finished goods were the largest component of our inventories. As of December 31, 2022, 2023 and 2024, we had finished goods of RMB143.5 million, RMB132.5 million and RMB149.8 million, accounting for 92.3%, 86.4% and 89.1% of our total inventories, respectively. Our inventories remained relatively stable at RMB155.5 million as of December 31, 2022 and RMB153.4 million as of December 31, 2023, which increased to RMB168.1 million as of December 31, 2024 primarily due to our stock-up of some ingredients by the end of 2024 in anticipation of Chinese New Year in January 2025.

Aging Analysis

The table below sets forth an aging analysis of our inventories as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(in RMB thousands)		
Within six months	155,229	150,286	161,034
Between six months to one year	306	3,123	7,034
Total	**155,535**	**153,409**	**168,068**

Turnover Days

	Year Ended December 31,		
	2022	2023	2024
Inventory turnover days[(1)]	28	24	26

Note:

(1) Inventory turnover days for each year equals the average of the beginning and ending balances of inventories for that year divided by cost of sales for that year and multiplied by 365 days.

We implement stringent controls and periodically review on inventory efficiency and have in place a set of policies and procedures to manage our inventories. See "Business — Our Inventory Control Measures." We believe maintaining appropriate levels of inventories could help us adequately address our consumers' and franchisees' demands. Our inventory turnover days were 28 days in 2022, and increased from 24 days in 2023 to 26 days in 2024, because we stocked up the inventories in advance by the end of 2022 and 2024 in anticipation of the Chinese New Year in January 2023 and 2025, respectively.

Specifically, in each of 2022, 2023 and 2024, inventories turnover days of our self-operated stores, calculated by the average of the beginning and ending balances of self-operated stores' inventories divided by cost of sales incurred at self-operated stores for that year and multiplied by 365 days, amounted to 10.9 days, 10.0 days and 8.7 days, respectively. Such decease was primarily attributable to the continuous decrease in self-operated store count during the Track Record Period, which lead to a continuous decrease inventory level of our self-operated stores.

Subsequent Utilization

As of February 28, 2025, 86.3% of our total inventories as of December 31, 2024, or RMB145.0 million, were utilized or sold.

Trade Receivables

Our trade receivables were related to (i) receivables for the installment payment of the upfront franchise fees, and (ii) receivables for sales of ingredients and other raw materials payable by certain franchisees which were granted credit terms as agreed by us in written form. See "Business — Our Franchise-focused Business Model — Franchising Arrangements." We may grant credit terms of typically (i) one month to our franchisees for the installment payments of the upfront franchise fees and (ii) 10 working days to our franchisees for sales of ingredients and other raw materials.

	As of December 31,		
	2022	2023	2024
	(in RMB thousands)		
Trade receivables	–	697	1,951
Impairment	–	–	(480)
Total	**–**	**697**	**1,471**

Our trade receivables increased from RMB0.7 million as of December 31, 2023 to RMB1.5 million as of December 31, 2024, primarily due to the facts that (i) more franchisees were granted credit terms for the installment payments of upfront franchise fees in 2024, and (ii) certain franchisees were granted credit terms for the procurement of ingredients and other raw materials as agreed by us in written form in 2024.

Aging Analysis

The table below sets forth an aging analysis of our trade receivables as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(in RMB thousands)		
Within one month	–	266	714
Over one month	–	431	757
Total	**–**	**697**	**1,471**

Turnover Days

	Year Ended December 31,		
	2022	2023	2024
Trade receivables turnover days(1)	–	0	0

Note:

(1) Trade receivables turnover days for each year equals the average of the beginning and ending balances of trade receivables for that year divided by revenue for that year and multiplied by 365 days.

Subsequent Settlement

As of February 28, 2025, 61.3% of our trade receivables as of December 31, 2024, or RMB0.9 million, were settled.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily include (i) VAT recoverable, which was mainly attributable to the input tax to be deducted due to business expansion and purchase increase, (ii) prepayments to certain suppliers mainly for goods and services, (iii) receivable from online platforms, which represented receivables of our self-operated stores on various online platforms, (iv) prepayments of income tax, (v) deposits, which mainly represented rental deposits with remaining terms of lease within one year, (vi) listing expenses, (vii) other receivables mainly for petty cash and receivables from franchised stores on behalf of suppliers for delivery of ingredients, and (viii) financial lease receivables.

	As of December 31,		
	2022	**2023**	**2024**
	(in RMB thousands)		
VAT recoverable	32,197	23,241	35,736
Prepayments	13,023	18,892	29,627
Receivable from online platforms	8,043	10,607	14,902
Prepayments of income tax	2,107	–	985
Deposits	1,987	3,245	3,235
Listing expenses	–	2,685	1,736
Other receivables	438	988	9,588
Financial lease receivables	–	–	1,429
Impairment allowance	(4)	(24)	(101)
Total	**57,791**	**59,634**	**97,137**

Our prepayments, other receivables and other assets remained relatively stable at RMB57.8 million and RMB59.6 million as of December 31, 2022 and 2023. Our prepayment, other receivables and other assets increased from RMB59.6 million as of December 31, 2023 to RMB97.1 million as of December 31, 2024, primarily due to (i) an increase in VAT recoverable of RMB12.5 million, (ii) an increase in prepayments to suppliers for goods and services of RMB10.7 million, and (iii) an increase in other receivables of RMB8.6 million mainly for the increased receivables from franchised stores on behalf of suppliers for delivery of ingredients and other raw materials.

Subsequent Settlement

As of February 28, 2025, 77.8% of our prepayments, other receivables and other assets as of December 31, 2024, or RMB75.6 million, were settled.

Financial Assets at Fair Value through Profit or Loss

	As of December 31,		
	2022	**2023**	**2024**
	(in RMB thousands)		
Wealth management products	130,454	230,958	160,835
Structured deposits	130,447	200,304	787,305
Total	**260,901**	**431,262**	**948,140**

Our wealth management products and structured deposits were purchased from creditworthy commercial banks in the PRC. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. Our financial assets at fair value through profit or loss increased from RMB260.9 million as of December 31, 2022 to RMB431.3 million as of December 31, 2023, and further to RMB948.1 million as of December 31, 2024, primarily due to our increased purchase of wealth management products and structured deposits as we generated more cash from our operating activities in line with our business growth.

We form our portfolio of financial assets with the view of achieving (i) a relatively low level of risk, (ii) good liquidity and (iii) an enhanced yield. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, including but not limited to our overall financial condition, market and investment conditions, economic developments, investment cost, duration of investment and the expected returns and potential risks of such investment.

We have also established a set of internal control measures to safeguard our exposure to investment risks in connection with the purchase of wealth management products and structured deposits. Such measures include: (i) our investment in financial assets shall be authorized and approved by our financial department, (ii) our finance department is responsible for ensuring that the financial assets are properly recorded in our financial statements and monitoring the performance of our financial assets, and any significant or adverse fluctuation in the financial assets shall be reported to our management in a timely manner. Any proposed investment in financial assets which are not made in accordance with our treasury policy shall be subject to the approval of our Board.

After Listing, we intend to continue our investments in the financial assets strictly in accordance with our internal policies and measures and the requirements under Chapter 14 of the Listing Rules.

Property, Plant and Equipment

Our property, plant and equipment include (i) leasehold improvements for the premises we leased to be used as our factory, offices and self-operated stores, (ii) plant and machinery, (iii) furniture, fixtures and equipment, (iv) motor vehicles and (v) construction in progress mainly including decoration of offices and self-operated stores and the construction of production facilities.

	As of December 31,		
	2022	**2023**	**2024**
	(in RMB thousands)		
Leasehold improvements	28,078	23,625	17,074
Plant and machinery	7,710	11,163	11,758
Furniture, fixtures and equipment	15,580	13,722	11,088
Motor vehicles	4,154	3,452	2,309
Construction in progress	13,987	10,474	653
Total	**69,509**	**62,436**	**42,882**

Our property, plant and equipment decreased from RMB69.5 million as of December 31, 2022 to RMB62.4 million as of December 31, 2023 primarily due to the decrease in amount of leasehold improvements because of the amortization. Our property, plant and equipment decreased from RMB62.4 million as of December 31, 2023 to RMB42.9 million as of December 31, 2024, primarily due to the depreciation and amortization of such assets.

Right-of-use Assets

Our right-of-use assets include our offices, warehouses, self-operated stores and a factory. We have lease contracts for those properties with lease terms from two to six years.

	As of December 31,		
	2022	**2023**	**2024**
	(in RMB thousands)		
Offices	29,552	23,343	20,003
Warehouses	50,617	73,347	45,595
Self-operated stores	45,704	20,721	26,206
Factory	9,456	7,070	2,208
Total	**135,329**	**124,481**	**94,012**

We recognize right-of-use assets when we sign lease contracts for premises (except for short-term leases and leases of low-value assets), which depreciate during the tenure of the lease. In 2023, we did not lease any new premises for production facilities and our self-operated store count decreased by 11, while the right-of-use assets continued to depreciate, which together resulted in a decrease in the balance of our right-of-use assets from RMB135.3 million as of December 31, 2022 to RMB124.5 million as of December 31, 2023. Our right-of-use assets decreased from RMB124.5 million as of December 31, 2023 to RMB94.0 million as of December 31, 2024, primarily due to the depreciation during the tenure of the leases.

Trade Payables

Our trade payables primarily comprise payables to our suppliers, mainly for ingredients, raw materials and equipment. Our trade payables are non-interest-bearing and are typically settled around 30 days.

	As of December 31,		
	2022	2023	2024
	(in RMB thousands)		
Within one month	171,156	202,215	203,450
One to three months	13,916	15,849	21,562
Three to six months	882	1,358	1,089
Over six months	554	383	152
Total	**186,508**	**219,805**	**226,253**

As of December 31, 2022, 2023 and 2024, our trade payables were RMB186.5 million, RMB219.8 million and RMB226.3 million, respectively. Such continuous increase in our trade payables was primarily due to the increased procurement from our suppliers to satisfy the overall increasing demand from our franchisees as a result of our continuously expanded store network.

Turnover Days

	Year Ended December 31,		
	2022	2023	2024
Trade payables turnover days[1]	35	32	36

Note:

(1) Trade payables turnover days for each year equals the average of the beginning and ending balances of trade payables for that year divided by cost of sales for that year and multiplied by 365 days.

Our trade payables turnover days were 35 days in 2022, primarily due to (i) our stock-up of raw materials and ingredients by the end of 2022, and (ii) the delay in payments as affected by the COVID-19 pandemic. Our trade payables turnover days increased from 32 days in 2023 to 36 days in 2024, primarily due to the extended credit terms granted by certain suppliers in consideration of our long-term business relationship.

Subsequent Settlement

As of February 28, 2025, 98.4% of our trade payables as of December 31, 2024, or RMB222.6 million, were settled.

Other Payables and Accruals

Our other payables and accruals primarily comprise (i) payroll and welfare payables, (ii) deposits from our franchisees, (iii) accrued expenses mainly for rent, utility expenses and marketing expenses, and (iv) other tax payables.

	As of December 31,		
	2022	**2023**	**2024**
	(in RMB thousands)		
Payroll and welfare payables	52,260	74,551	60,918
Deposits	37,313	50,992	60,113
Accrued expenses and others	26,200	42,716	74,806
Other tax payables	10,297	12,183	17,179
Total	**126,070**	**180,442**	**213,016**

Our other payables and accruals increased from RMB126.1 million as of December 31, 2022 to RMB180.4 million as of December 31, 2023, primarily due to (i) an increase of RMB22.3 million in payroll and welfare payables as a result of an increase in the average salaries of our employees, (ii) an increase in deposits from franchisees of RMB13.7 million as a result of an increase in our franchised store count and (iii) an increase of RMB16.5 million in accrued expenses and others mainly attributable for the listing expenses. Our other payables and accruals increased from RMB180.4 million as of December 31, 2023 to RMB213.0 million as of December 31, 2024, primarily due to an increase in accrued expenses and others of RMB32.1 million primarily attributable to (i) an increase in the remaining balance of the pre-paid cards in line with an increase in number of users of pre-paid cards, and (ii) an increased in delivery expenses.

Subsequent Settlement

As of February 28, 2025, 58.7% of our other payables and accruals as of December 31, 2024, or RMB125.1 million, were settled.

Contract Liabilities

Current portion of our contract liabilities mainly arise from the advance payments received from franchisees for (i) the sales of goods and (ii) the franchising services.

	As of December 31,		
	2022	**2023**	**2024**
	(in RMB thousands)		
Current			
Sales of goods	33,488	52,475	38,077
Franchising services	41,286	42,570	12,523
Others	–	–	6,226
Sub-total	**74,774**	**95,045**	**56,826**
Non-current			
Franchising services	19,459	9,279	1,106
Total	**94,233**	**104,324**	**57,932**

Our contract liabilities increased from RMB94.2 million as of December 31, 2022 to RMB104.3 million as of December 31, 2023 primarily due to the increase in the number of our franchised store count and short-term advances received from the franchisees for the purchase of products at the end of the year. Our contract liabilities decreased from RMB104.3 million as of December 31, 2023 to RMB57.9 million as of December 31, 2024, primarily due to the fact that (i) some franchisees paid upfront franchise fees by installment and our promotion activities which waived part of the upfront franchise fee, and (ii) the accelerated subsequent recognition of contract liabilities as revenue as a result of our more efficient delivery of ingredients and other raw materials to franchisees after they placed orders.

Subsequent Recognition

As of February 28, 2025, 83.7% of our current portion of contract liabilities as of December 31, 2024, or RMB47.5 million, were recognized as revenue.

CASH FLOWS

	Year Ended December 31,		
	2022	2023	2024
	(in RMB thousands)		
Operating profit before working capital changes	289,364	610,320	569,384
Changes in working capital	30,866	98,577	(55,159)
Income tax paid	(52,457)	(116,076)	(93,681)
Net cash flows generated from operating activities	267,773	592,821	420,544
Net cash flows used in investing activities	(79,191)	(210,745)	(584,214)
Net cash (used in)/generated from financing activities	(48,752)	56,220	(125,140)
Net increase/(decrease) in cash and cash equivalents	139,830	438,296	(288,810)
Cash and cash equivalents at beginning of year	53,184	193,014	631,310
Effect of foreign exchange rate changes, net	–	–	159
Cash and cash equivalents at end of year	**193,014**	**631,310**	**342,659**

Operating Activities

In 2024, we had net cash generated from operating activities of RMB420.5 million, primarily due to our profit before tax of RMB449.4 million, as adjusted for items including (i) income tax paid of RMB93.7 million, (ii) non-cash and non-operating items, primarily comprising (a) share-based payment expenses of RMB57.8 million and (b) depreciation of right-of-use assets of RMB54.8 million, and (iii) changes in working capital, primarily comprising (a) an increase in prepayments, other receivables and other assets of RMB36.0 million and (b) a decrease in contract liabilities of RMB46.4 million, which was partially offset by an increase in other payables and accruals of RMB36.3 million.

In 2023, we had net cash generated from operating activities of RMB592.8 million, primarily due to our profit before tax of RMB510.5 million, as adjusted for items including (i) income tax paid of RMB116.1 million, (ii) non-cash and non-operating items, primarily comprising (a) share-based payment expenses of RMB14.5 million, (b) depreciation of property, plant and equipment of RMB28.2 million and (c) depreciation of right-of-use assets of RMB61.8 million, and (iii) changes in working capital, primarily comprising (a) an increase in trade payables of RMB33.3 million and (b) an increase in other payables and accruals of RMB56.8 million.

In 2022, we had net cash generated from operating activities of RMB267.8 million, primarily due to our profit before tax of RMB201.9 million, as adjusted for items including (i) income tax paid of RMB52.5 million, (ii) non-cash and non-operating items, primarily comprising (a) finance costs of RMB6.4 million, (b) fair value gain of financial assets and financial investments at fair value through profit or loss of RMB3.5 million, (c) depreciation of property, plant and equipment of RMB21.4 million, (d) depreciation of right-of-use assets of RMB56.4 million, and (iii) changes in working capital, primarily comprising (a) an increase in trade payables of RMB67.4 million, (b) an increase in other payables and accruals of RMB20.1 million and (c) an increase in contract liabilities of RMB10.6 million, which was partially offset by an increase in inventories of RMB59.4 million.

Investing Activities

In 2024, we had net cash used in investing activities of RMB584.2 million, primarily due to the purchase of financial assets at fair value through profit or loss of RMB3,750.0 million, which was partially offset by the proceeds of RMB3,392.9 million from redemption of wealth management products and structured deposits.

In 2023, we had net cash used in investing activities of RMB210.7 million, primarily due to (i) the purchase of wealth management products and structured deposits of RMB1,790.0 million, (ii) the purchase of property, plant and equipment of RMB28.0 million and (iii) an increase in restricted cash of RMB30.0 million for the purchase of structured deposits, which was partially offset by the proceeds of RMB1,631.6 million from redemption of wealth management products and structured deposits.

In 2022, we had net cash used in investing activities of RMB79.2 million, primarily due to (i) the purchase of wealth management products and structured deposits of RMB913.0 million, and (ii) the purchase of items of property, plant and equipment of RMB44.1 million, which was partially offset by the proceeds of RMB883.5 million from redemption of wealth management products and structured deposits.

Financing Activities

In 2024, we had net cash used in financing activities of RMB125.1 million, primarily due to (i) the dividends paid of RMB210.1 million, and (ii) our lease payment of RMB61.7 million for principal and interests, which was partially offset by the capital injection from our Shareholders of RMB117.1 million and the proceeds from interest-bearing bank borrowings of RMB79.5 million.

In 2023, we had net cash generated from financing activities of RMB56.2 million, primarily due to the capital injection of RMB132.0 million from our Shareholders, which was partially offset by our lease payment of RMB63.7 million for principal and interests.

In 2022, we had net cash used in financing activities of RMB48.8 million, primarily due to our lease payment of RMB49.7 million for principal and interests.

INDEBTEDNESS

The following table sets forth our indebtedness as of the dates indicated.

	As of December 31,			As of February 28,
	2022	**2023**	**2024**	**2025**
	(in RMB thousands)			*(unaudited)*
Interest-bearing bank borrowings	1,000	–	29,923	–
Lease liabilities	135,621	129,132	96,088	87,499
Total	**136,621**	**129,132**	**126,011**	**87,499**

Interest-bearing Bank Borrowings

	As of December 31,			As of February 28,
	2022	2023	2024	2025
	(in RMB thousands)			*(unaudited)*
Bank loans — unsecured	1,000	–	29,923	–

As of December 31, 2022 and 2024, we had interest-bearing bank borrowings of RMB1.0 million and RMB29.9 million, with effective interest rate of 2.05% and 1.65%, respectively.

As of February 28, 2025, we had unutilized banking facilities of RMB250 million.

Lease Liabilities

	As of December 31,			As of February 28,
	2022	2023	2024	2025
	(in RMB thousands)			*(unaudited)*
Current				
Lease liabilities	52,943	54,631	41,631	38,718
Non-current				
Lease liabilities	82,678	74,501	54,457	48,781
Total	**135,621**	**129,132**	**96,088**	**87,499**

Our lease liabilities decreased from RMB135.6 million as of December 31, 2022 to RMB87.5 million as of February 28, 2025, primarily due to our payment of rents.

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. 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.

Contingent Liabilities

As of December 31, 2022, 2023, 2024 and February 28, 2025 and the Latest Practicable Date, we did not have any material contingent liabilities.

Save as disclosed above, we did not have any bank and other loan, or any loan capital issued and outstanding or agreed to be issued, bank overdraft, borrowing or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities as of the Latest Practicable Date for our indebtedness statement. Our Directors confirm that there has not been any material change in our indebtedness since February 28, 2025 up to the date of this prospectus.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

.	Year Ended December 31,		
	2022	**2023**	**2024**
	(in RMB thousands)		
Purchases of property, plant and equipment	44,078	28,044	17,471
Purchases of intangible assets	3,517	5,293	6,676
Total	**47,595**	**33,337**	**24,147**

Our capital expenditure decreased from RMB47.6 million in 2022 to RMB33.3 million in 2023, primarily due to the decrease in purchases of property, plant and equipment of RMB16.0 million as we opened fewer self-operated stores in 2023. Our capital expenditure decreased from RMB33.3 million in 2023 to RMB24.1 million in 2024, primarily due to the decrease in purchase of property, plant and equipment as we have finished the building of certain production lines in 2023.

Capital Commitments

Our capital commitments primarily relate to procurement of smart tea-making machines and softwares. As of December 31, 2022, 2023 and 2024, our capital commitments were RMB10.4 million, RMB5.5 million and RMB2.4 million, respectively.

	As of December 31,		
	2022	2023	2024
	(in RMB thousands)		
Contracted, but not provided for purchase of Property, plant and equipment and other intangible assets	10,404	5,538	2,404

KEY FINANCIAL RATIOS

	Year Ended/ As of December 31,		
	2022	2023	2024
Revenue growth		52.3%	(1.9)%
Net profit margin(1)	6.8%	11.6%	10.0%
Return on assets(2)	19.6%	31.4%	19.3%
Return on equity(3)	52.0%	64.5%	32.5%
Current ratio(4)	1.5	2.1	2.7

Notes:

(1) Net profit margin is calculated based on the net profit for the relevant year divided by the revenue for the respective year and multiplied by 100%.

(2) Return on assets is calculated based on the total profit for the relevant year divided by the average of beginning and ending balance of total assets of the respective year and multiplied by 100%.

(3) Return on equity is calculated based on the total profit for the relevant year divided by the average of beginning and ending balance of total equity of the respective year and multiplied by 100%.

(4) Current ratio is calculated based on the total current assets as of the end of the relevant year divided by the total current liabilities as of the end of the respective year.

Return on Assets

Our return on assets increased from 19.6% in 2022 to 31.4% in 2023, primarily due to our increased profitability for the period. Our return on assets decreased from 31.4% in 2023 to 19.3% in 2024, primarily due to the decrease in our profit primarily attributable to a significant increase in share-based payment expenses and listing expenses in 2024.

Return on Equity

Our return on equity increased from 52.0% in 2022 to 64.5% in 2023, primarily due to our increased profitability for the period. Our return on equity decreased from 64.5% in 2023 to 32.5% in 2024, primarily due to the decrease in our profit primarily attributable to a significant increase in share-based payment expenses and listing expenses in 2024.

Current Ratio

Our current ratio increased from 1.5 as of December 31, 2022 to 2.1 as of December 31, 2023, primarily due to our increased current assets, including (i) an increase in fair value assets at fair value through profit or loss of RMB170.4 million primarily attributable to our increased purchase of wealth management products and structured deposits, and (ii) an increase in cash and cash equivalents of RMB438.3 million primarily attributable to our increased cash from operating activities as a result of our business growth and a capital injection from our Shareholders. Our current ratio increased from 2.1 as of December 31, 2023 to 2.7 as of December 31, 2024, primarily due to an increase in current assets of RMB351.0 million, mainly including an increase in financial assets at fair value through profit or loss of RMB516.9 million primarily attributable to our increased purchase of wealth management products and structured deposits, which was partially offset by a decrease in cash and cash equivalents of RMB288.7 million mainly for the purchase of wealth management products and structured deposits. See "— Selected Balance Sheet Items."

DISCLOSURE ABOUT FINANCIAL RISK

The main risks arising from our financial instruments are credit risk and liquidity risk.

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. See Note 38 to "Appendix I — Accountants' Report."

Liquidity Risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both our financial instruments and financial assets and projected cash flows from operations.

Our liquidity is primarily dependent on our ability to maintain adequate cash inflows from operations to meet our debt obligations as they fall due, and our ability to obtain external financing to meet our committed future capital expenditure. See Note 38 to "Appendix I — Accountants' Report."

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of manufacturing partners. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

DIVIDEND

In 2023, we declared a dividend of RMB60.0 million, which has been fully paid by January 25, 2024. On May 13, 2024, we declared a dividend of RMB158.8 million to our shareholders, which has been fully paid on May 20, 2024. See Note 13 to "Appendix I — Accountants' Report".

As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, the Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

After the Listing, we may declare and pay dividends mainly by cash or by stock that we consider appropriate. Decisions to declare or to pay any dividends in the future, will depend on, among other things, our Company's profitability, operation and development plans, external financing environment, costs of capital, our Company's cash flows and other factors that our Directors may consider relevant. Our ability to make dividend in the future also depends on whether we can receive dividends from our subsidiaries.

DISTRIBUTABLE RESERVE

As of December 31, 2024, we had distributable reserve of RMB229.4 million.

DISCLOSURE REQUIRED UNDER RULES 13.13 to 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this prospectus, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 35 to "Appendix I — Accountants' Report." Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and at arm's length basis.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma adjusted consolidated net tangible assets of us prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of us attributable to owners of the Company as of December 31, 2024 as if the Global Offering had taken place on December 31, 2024.

The unaudited pro forma statement of adjusted consolidated net tangible assets of us has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of us attributable to owners of the Company had the Global Offering been completed as of December 31, 2024 or at any future date.

	Consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2024	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets as of December 31, 2024	Unaudited pro forma adjusted consolidated net tangible assets per Share as of December 31, 2024	
	RMB'000 *(Note 1)*	*RMB'000* *(Note 2)*	*RMB'000*	*RMB* *(Note 3)*	*HK$* *(Note 4)*
Based on an Offer Price of HK$95.57 per Share	1,173,011	189,044	1,362,055	12.99	13.99
Based on an Offer Price of HK$103.37 per Share	1,173,011	205,631	1,378,642	13.15	14.17
Based on an Offer Price of HK$113.12 per Share	1,173,011	226,365	1,399,376	13.35	14.38

Notes:

1. The consolidated net tangible assets of us attributable to owners of the Company as of December 31, 2024 was equal to the consolidated net assets attributable to owners of the Company as of December 31, 2024 of RMB1,184.1 million after deducting of intangible assets of the Group as at December 31, 2024 of RMB11.1 million set out in the Accountants' Report in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on the offer price of HK$95.57, HK$103.37 and HK$113.12 per share, respectively, after deduction of the underwriting fees and other related expenses payable by the Company (excluding listing expenses of RMB45.3 million which have been charged to profit or loss during the Track Record Period) and do not take into account any share which may be sold and offered upon exercise of the Over-allotment Option.

3. The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 104,841,340 Shares are in issue assuming the Global Offering had been completed on December 31, 2024, without taking into account any shares which may be allotted and issued upon the exercise of the Over-allotment Option.

4. For the purpose of this unaudited pro forma adjusted consolidated net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at a rate of HK$1.00 to RMB0.92831. No representation is made that the Hong Kong dollars amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or any other rates or at all.

5. No other 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.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and fees incurred in connection with the Listing and the Global Offering. Our listing expenses are estimated to be approximately RMB71.1 million (including underwriting commission) accounted for 30.7% of the gross proceeds of the Global Offering, assuming that an Offer Price of HK$103.37 per Share (being the mid-point of the Offer Price range stated in this prospectus) and the Over-allotment Option is not exercised, among which, approximately RMB13.8 million is directly attributable to the issuance of Shares and will be charged to equity upon completion of the Listing, and approximately RMB57.3 million will be charged to our consolidated statement of comprehensive income. The listing expenses we incurred in the Track Record Period and expect to incur would consist of approximately RMB11.6 million underwriting related expenses and fees (including underwriting commissions, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), approximately RMB41.1 million non-underwriting-related expenses and fees including fees for the Joint Sponsors, legal advisors and reporting accountant, and approximately RMB18.4 million other non-underwriting related fees and expenses. During the Track Record Period, we incurred RMB47.0 million of listing expenses, among which, RMB1.7 million was included in prepayments, other receivables and other assets and will be subsequently charged to our equity upon completion of the Listing and RMB45.3 million was charged to our consolidated statement of comprehensive income.

The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that, as of 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 that would materially affect the information as set out in the Accountants' Report in Appendix I to this prospectus.

OUR SHARE CAPITAL

Before completion of the Global Offering

As of the Latest Practicable Date, the registered share capital of our Company was RMB102,430,000, comprising 102,430,000 Shares with a nominal value of RMB1.00 each.

Upon completion of the Global Offering

Immediately after completion of the Global Offering and Conversion of Domestic Unlisted Shares into H Shares (assuming that the Over-allotment Option is not exercised), the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after completion of the Global Offering
Domestic Unlisted Shares	45,776,294	43.66%
H Shares converted from Domestic Unlisted Shares	56,653,706	54.04%
H Shares to be issued pursuant to the Global Offering	2,411,340	2.30%
Total	**104,841,340**	**100.00%**

The Conversion of Domestic Unlisted Shares into H Shares will involve an aggregate of 56,653,706 Domestic Unlisted Shares held by our 17 existing Shareholders, representing approximately 54.04% of total issued Shares of the Company upon completion of the Conversion of Domestic Unlisted Shares into H Shares and the Global Offering (assuming the Over-allotment Option is not exercised). Set out below are such Shares held by our existing Shareholders and their respective shareholding upon completion of the Conversion of Domestic Unlisted Shares into H Shares and the Global Offering (assuming the Over- allotment Option is not exercised).

		Shares immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised) and the Conversion of Domestic Unlisted Shares into H Shares			
Shareholders	**Number of Domestic Unlisted Shares to be converted into H Shares**	**H Shares**	**Approximate Percentage**	**Domestic Unlisted Shares**	**Approximate Percentage**
			(%)		*(%)*
Shanghai Puhai	24,699,240	24,699,240	23.56%	22,391,756	21.36%
Shanghai Senrui	9,594,900	9,594,900	9.15%	8,698,500	8.30%
Shanghai Yuchao	9,027,040	9,027,040	8.61%	8,183,685	7.81%
Suzhou Yizhong	4,169,740	4,169,740	3.98%	3,780,169	3.61%
Jinyi Capital	1,494,840	1,494,840	1.43%	1,355,161	1.29%
Shanghai Yuhong	760,520	760,520	0.73%	689,458	0.66%
Shanghai Yuyun	1,449,978	1,449,978	1.38%	0	–
Suzhou Xiangzhong	597,940	597,940	0.57%	542,064	0.52%
Hanshuai Investment	1,000,000	1,000,000	0.95%	0	–
InnoVision Capital	855,003	855,003	0.82%	0	–
Desai Innovation	855,003	855,003	0.82%	0	–
Jinxiao Investment	770,000	770,000	0.73%	0	–
Shibei Hi-tech	527,251	527,251	0.50%	0	–
Shanghai Yipu	500,000	500,000	0.48%	0	–
Nanjing Xiangzhong	149,500	149,500	0.14%	135,501	0.13%
Yinlin Investment	160,000	160,000	0.15%	0	–
Yiyu Consulting	42,751	42,751	0.04%	0	–
Total	**56,653,706**	**56,653,706**	**54.04%**	**45,776,294**	**43.66%**

Immediately after completion of the Global Offering and Conversion of Domestic Unlisted Shares into H Shares (assuming that the Over-allotment Option is fully exercised), the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after completion of the Global Offering
Domestic Unlisted Shares	45,776,294	43.51%
H Shares converted from Domestic Unlisted Shares	56,653,706	53.85%
H Shares to be issued pursuant to the Global Offering	2,773,020	2.64%
Total	**105,203,020**	**100.00%**

DOMESTIC UNLISTED SHARES AND H SHARES

Upon completion of the Global Offering and the Conversion of Domestic Unlisted Shares into H Shares, the Shares will consist of Domestic Unlisted Shares and H Shares. Domestic Unlisted Shares and H Shares are all ordinary Shares in the share capital of our Company.

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities (such as our certain existing shareholders the Domestic Unlisted Shares held by whom will be converted into H Shares according to the filing information of CSRC), H Shares generally cannot be subscribed for by or traded between legal or natural PRC persons.

Domestic Unlisted Shares and H Shares shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Domestic Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares.

CONVERSION OF DOMESTIC UNLISTED SHARES INTO H SHARES

If any of the Domestic Unlisted Shares are to be converted, listed and traded as H Shares on the Hong Kong Stock Exchange, such conversion, listing and trading will need the filing of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Hong Kong Stock Exchange.

File with the CSRC for Full Circulation

In accordance with the Overseas Listing Trial Measures and related guidelines, H-share listed companies shall file with the CSRC for the conversion of Domestic Unlisted Shares into H shares for listing and circulation on the Hong Kong Stock Exchange. An unlisted domestic joint stock company may file for "full circulation" when applying for an overseas initial public offering.

We have filed with the CSRC for the conversion of 56,653,706 Domestic Unlisted Shares into H Shares on a one-for-one basis ("**Conversion of Domestic Unlisted Shares into H Shares**") upon the completion of the Global Offering ("**Full Circulation Filing of the Company**") and CSRC issued the filing notice in respect of the Global Offering dated January 10, 2025.

Listing Approval by the Hong Kong Stock Exchange

We have applied to the Listing Committee of the Hong Kong Stock Exchange 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 Over-allotment Option), and the H Shares to be converted from 56,653,706 Domestic Unlisted Shares on the Hong Kong Stock Exchange, which is subject to the approval by the Hong Kong Stock Exchange.

We will perform the following procedures for the conversion of Domestic Unlisted Shares into H Shares after receiving the approval of the Hong Kong Stock Exchange: (1) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS.

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

Pursuant to the PRC Company Law, our Shares issued prior to the Global Offering shall not be transferred within one year from the Listing Date.

Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations.

The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors, Supervisors and members of the senior management in our Company.

For details of the lock-up undertaking given by our Controlling Shareholders pursuant to Rule 10.07 of the Listing Rules, see the section headed “Underwriting”.

CIRCUMSTANCES UNDER WHICH SHAREHOLDERS' MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, issue or repurchase of shares. See “Appendix III — Summary of the Articles of Association” in this prospectus.

So far as our Directors are aware, immediately following completion of the Global Offering and the Conversion of Domestic Unlisted Shares into H Shares and without taking into account any H Shares which may be issued pursuant to the exercise of the Over-allotment Option, the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, 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 shareholders' meetings of our Company:

Shareholder	Nature of Interest	Number and Class of Shares[1]	Approximate Percentage of Shareholding in the Relevant Class of Shares immediately after completion of the Global Offering	Approximate Percentage of Shareholding in the Total Issued Share Capital of our Company immediately after completion of the Global Offering
			(%)	(%)
Mr. Shan[(2)(3)(4)(5)(6)]	Interest in controlled corporation, interests held jointly with other person and interest of Spouse	39,273,941 Domestic Unlisted Shares	85.80%	37.46%
		43,321,180 H Shares	73.34%	41.32%
Ms. Zhou[(2)(3)(4)(5)(6)]	Interest in controlled corporation, interests held jointly with other person and interest of Spouse	39,273,941 Domestic Unlisted Shares	85.80%	37.46%
		43,321,180 H Shares	73.34%	41.32%
Shanghai Puhai[(2)(5)]	Beneficial owner	22,391,756 Domestic Unlisted Shares	48.92%	21.36%
		24,699,240 H Shares	41.82%	23.56%
Shanghai Senrui[(3)(5)]	Beneficial owner	8,698,500 Domestic Unlisted Shares	19.00%	8.30%
		9,594,900 H Shares	16.24%	9.15%

Shareholder	Nature of Interest	Number and Class of Shares[1]	Approximate Percentage of Shareholding in the Relevant Class of Shares immediately after completion of the Global Offering	Approximate Percentage of Shareholding in the Total Issued Share Capital of our Company immediately after completion of the Global Offering
			(%)	*(%)*
Shanghai Yuchao[4][5]	Beneficial owner	8,183,685 Domestic Unlisted Shares	17.88%	7.81%
		9,027,040 H Shares	15.28%	8.61%
Suzhou Yizhong[7]	Beneficial owner	3,780,169 Domestic Unlisted Shares	8.26%	3.61%
		4,169,740 H Shares	7.06%	3.98%
Suzhou Weitelixin[7]	Interest in controlled corporation	4,457,734 Domestic Unlisted Shares	9.74%	4.25%
		4,917,180 H Shares	8.33%	4.69%
Mr. Wei Zhe[7]	Interest in controlled corporation	4,457,734 Domestic Unlisted Shares	9.74%	4.25%
		4,917,180 H Shares	8.33%	4.69%

Notes:

(1) All interests are long positions.

(2) As of the Latest Practicable Date, Ms. Zhou held 80% of the equity interest in Shanghai Puhai. Therefore, Ms. Zhou is deemed to be interested in the Shares held by Shanghai Puhai in the Company under the SFO.

(3) As of the Latest Practicable Date, Mr. Shan was the general partner of Shanghai Senrui. Meanwhile, Mr. Shan and Ms Zhou held approximately 44.67% and 45.49% of the partnership interest in Shanghai Senrui, respectively. Therefore, Mr. Shan and Ms. Zhou are deemed to be interested in the Shares held by Shanghai Senrui in the Company under the SFO.

(4) As of the Latest Practicable Date, Mr. Shan was the general partner of Shanghai Yuchao. Meanwhile, Mr. Shan and Ms Zhou held approximately 38.57% and 41.63% of the partnership interest in Shanghai Yuchao, respectively. Therefore, Mr. Shan and Ms. Zhou are deemed to be interested in the Shares held by Shanghai Yuchao in the Company under the SFO.

(5) On September 25, 2023, Mr. Shan and Ms. Zhou entered into a concert party agreement, pursuant to which Mr. Shan and Ms. Zhou have agreed and confirmed that the Company have been jointly controlled by them since its establishment and they have acted in concert since the establishment of the Company and will continue, and shall procure entities under their control which directly hold Shares in our Company, to act in concert in respect of the management and operations of our Company. Pursuant to the act in concert arrangements, Mr. Shan and Ms. Zhou have consulted and would consult with each other to reach a unanimous consensus among themselves at the shareholders' meeting of the Company. In the event that they are unable to reach consensus on any matter presented, they have aligned and will continue to align their votes in accordance with Mr. Shan's decisions at the shareholders' meeting of the Company. Therefore, Mr. Shan and Ms. Zhou are deemed to be jointly interested in the Shares held by Shanghai Puhai, Shanghai Senrui and Shanghai Yuchao in the Company under the SFO.

(6) Mr. Shan is the spouse of Ms. Zhou. Therefore, each of Mr. Shan and Ms. Zhou is deemed to be interested in the Shares held by each other under the SFO.

(7) As of the Latest Practicable Date, each of Suzhou Yizhong, Suzhou Xiangzhong and Nanjing Xiangzhong was managed by Suzhou Weitelixin Venture Capital Management Co., Ltd. (蘇州維特力新創業投資管理有限公司) ("**Suzhou Weitelixin**"), which is ultimately controlled by Mr. Wei Zhe, an Independent Third Party.

For those who are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at shareholders' meeting of any other member of our Group, see "Appendix IV — Statutory and General Information — Further Information About Our Directors, Supervisors, Management And Substantial Shareholders — 2. Disclosure of Interests of Substantial Shareholders — Interest in the Shares of Other Members of Our Company."

Save as disclosed herein, the Directors are not aware of any other person who will, immediately following completion of the Global Offering and the Conversion of Domestic Unlisted Shares into H Shares (without taking into account any H Shares which may be issued pursuant to the exercise of the Over-allotment Option), have an interest or short position in Shares or underlying Shares of the Company, which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will, 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 shareholders' meeting of the Company.

As at the Latest Practicable Date, our Company is not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Shan and Ms. Zhou, by virtue of the concert party agreement among them, were collectively entitled to control the voting rights of approximately 80.64% of our total issued share capital through Shanghai Puhai, Shanghai Senrui[(1)] and Shanghai Yuchao[(2)] holding approximately 45.97%, 17.86% and 16.80% of the issued share capital of our Company, respectively.

On September 25, 2023, Mr. Shan and Ms. Zhou entered into a concert party agreement, pursuant to which Mr. Shan and Ms. Zhou have agreed and confirmed that the Company have been jointly controlled by them since its establishment and they have acted in concert since the establishment of the Company and will continue, and shall procure entities under their control which directly hold Shares in our Company, to act in concert in respect of the management and operations of our Company. Pursuant to the act in concert arrangements, Mr. Shan and Ms. Zhou have consulted and would consult with each other to reach a unanimous consensus among themselves at the shareholders' meeting of the Company. In the event that they are unable to reach consensus on any matter presented, they have aligned and will continue to align their votes in accordance with Mr. Shan's decisions at the shareholders' meeting of the Company. See the section headed "History, Development and Corporate Structure — The Concert Party Group" in this prospectus for details.

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Mr. Shan and Ms. Zhou will be entitled to exercise or control the exercise of an aggregate of approximately 78.78% of the voting power at shareholders' meeting of our Company. Therefore, Mr. Shan, Ms. Zhou, Shanghai Puhai, Shanghai Senrui and Shanghai Yuchao will constitute a group of Controlling Shareholders of our Company under the Listing Rules.

Notes:

(1) As of the Latest Practicable Date, Shanghai Senrui was owned as to i) 44.67% by Mr. Shan as its sole general partner and ii) 45.49% and 9.84% by Ms. Zhou and Mr. Chen Zhixin (陳志新) ("**Mr. Chen**") (an Independent Third Party), as its limited partners. As Mr. Chen is not involved in the management of Shanghai Senrui as a limited partner, has no concert party arrangement with Mr. Shan and Ms. Zhou and is only entitled to the passive economic interest in Shanghai Senrui, Mr. Chen should not be treated as a controlling shareholder of our Company.

(2) As of the Latest Practicable Date, Shanghai Yuchao was owned as to approximately i) 38.57% by Mr. Shan as its sole general partner; ii) 41.63% by Ms. Zhou as its limited partner and iii) 19.80% by 33 individuals who are current employees of our Company as its limited partners. As these individuals are not involved in the management of Shanghai Yuchao, have no concert party arrangement with Mr. Shan and Ms. Zhou and are only entitled to the passive economic interest in Shanghai Yuchao, they should not be treated as controlling shareholders of our Company.

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 Board consists of seven Directors, namely four executive Directors and three independent non-executive Directors. Mr. Shan, one of our Controlling Shareholders, is an executive Director, chairman of the Board and chief executive officer. Ms. Zhou, one of our Controlling Shareholders, is also an executive Director.

Our Directors consider that we are able to carry on our business independently from our Controlling Shareholders from a management perspective for the following reasons:

(a) Mr. Shan and Ms. Zhou currently serve as a director and a supervisor of Shanghai Puhai, respectively. In addition, Mr. Shan currently serves as the general partner of Shanghai Yuchao and Shanghai Senrui. Shanghai Puhai, Shanghai Senrui and Shanghai Yuchao are the shareholding platforms and do not have any business other than its shareholding in the Company. Other than above, our executive Directors and all our senior management members do not hold any management position and/or directorship in the Controlling Shareholders Group or its close associates (other than our Group) as of the Latest Practicable Date;

(b) our daily management and operations are carried out by a senior management team, all of whom have relevant experience in relation to their responsibilities, and will therefore be able to make business decisions that are in the best interests of our Group. For details of the experience of our senior management team, please refer to the section headed "Directors, Supervisors and Senior Management" in this prospectus;

(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 shall abstain from voting and shall not be counted towards the quorum for the voting;

(d) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. For details, see "— Corporate Governance" in this section.

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 business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas 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 have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

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 internal control and accounting systems and an independent finance department in charge of our treasury function. 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 equivalent on hand as well as the proceeds from the Global Offering.

In addition, we are capable of obtaining financing from Independent Third Parties without relying on any guarantee or security provided by our Controlling Shareholders and their respective close associates. As of the Latest Practicable Date, there was no outstanding loan or guarantee provided by our Controlling Shareholders and their respective close associates.

Based on the above, our Directors believe that we are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholders and their respective close associates after the Listing.

INTERESTS OF THE CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Our Controlling Shareholders confirmed that as of the Latest Practicable Date, they did not have any interest in other business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE

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 good corporate governance 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:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which any Shareholders or any of their respective associates has a material interest, the interested 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 Global Offering, 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 be abstained from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close 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 Listing, if our Company enters into connected transactions with our Controlling Shareholders and their respective close associates, our Company 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 in any material manner with the exercise of their independent judgment, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. For details of the independent non-executive Directors, see the section headed "Directors, Supervisors and Senior Management" in this prospectus;

(e) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(f) we have appointed Haitong International Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage existing and potential conflicts of interest, and to protect minority Shareholders' interests after the Listing.

OVERVIEW

Upon Listing, certain transactions between us and our connected persons, which are entered into in our ordinary course of business, will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions with the following connected persons, which will constitute our continuing connected transactions upon Listing:

Name of our connected persons	Connected relationship
Mr. Shan Guohua (單國華)	Brother of Mr. Shan, our executive Director and Controlling Shareholder, and hence an associate (as defined under Chapter 14A of the Listing Rules) of Mr. Shan and our connected person
Ms. Lin Hong (林紅)	Cousin of Ms. Zhou, our executive Director and Controlling Shareholder, and hence an associate (as defined under Chapter 14A of the Listing Rules) of Ms. Zhou and our connected person
Mr. Zhou Zishuo (周子碩)	Nephew of Ms. Zhou, our executive Director and Controlling Shareholder, and hence an associate (as defined under Chapter 14A of the Listing Rules) of Ms. Zhou and our connected person
Ms. Zhou Jia (周佳)	Cousin of Ms. Zhou, our executive Director and Controlling Shareholder, and hence an associate (as defined under Chapter 14A of the Listing Rules) of Ms. Zhou and our connected person

OUR CONNECTED TRANSACTIONS

Nature of transaction	Applicable Listing Rules	Waiver sought
Fully-exempt Continuing Connected Transactions		
Franchise Framework Agreements	14A.76(1)	N/A
Non-exempt Continuing Connected Transactions (subject to reporting, annual review and announcement requirements)		
Franchise Framework Agreements	14A.35, 14A.76(2), 14A.105	Announcement

(A) FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Franchise Framework Agreements with Mr. Shan Guohua, Ms. Lin Hong and Mr. Zhou Zishuo

Our Company (as the franchisor) have entered into a franchise framework agreement with each of Mr. Shan Guohua, Ms. Lin Hong and Mr. Zhou Zishuo (each, as the franchisee) to grant each of them a right and license to operate business of sales of products including drinks, yogurt shakes and snack packs under the brand "*Auntea Jenny* (滬上阿姨)" and *Jenny x Coffee* as a franchisee. These transactions are made in the ordinary and usual course of business and on normal commercial terms where, as our Directors currently expect, the highest applicable percentage ratios for the purpose of Chapter 14A of the Listing Rules will be less than 0.1% on an annual basis. Accordingly, these transactions will constitute de minimis continuing connected transactions of our Company that will be fully exempt from reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Franchise Framework Agreement with Ms. Zhou Jia

Our Company (as the franchisor) have entered into a franchise framework agreement with Ms. Zhou Jia (as the franchisee) (the "**Franchise Framework Agreement**"), pursuant to which we agree to grant a right and license to Ms. Zhou Jia to operate business of sales of products including drinks, yogurt shakes and snack packs under the brand "Auntea Jenny (滬上阿姨)" and *Jenny x Coffee* at specified premises as stipulated in such franchise framework agreement in strict accordance with the system developed and rules implemented by our Company. Under the Franchise Framework Agreement, the total transaction amount payable to our Group is mainly consisted of (i) sales of goods to franchisee, primarily including ingredients, packaging and other raw materials and equipment, and (ii) fees for franchise services rendered to franchised stores with respect to operation, training, marketing and other various support, which are primarily linked to the procurement amount by our franchisee. The Franchise Framework Agreement will expire on December 31, 2026 unless renewed otherwise. The Franchise Framework Agreement is entered into in the ordinary and usual course of business of our Group. The transactions are conducted on normal commercial terms and are in the interests of our Company and our Shareholders as a whole.

Pricing basis and pricing policy

The prices of transactions contemplated under the Franchise Framework Agreement shall be determined based on the Group's unified pricing to all franchisees, which should be no less than the selling price offered by our Group to Independent Third Parties of comparable scale in the same region.

Historical figures

The total transaction amounts between the Group and Ms. Zhou Jia during the Track Record Period is set out below:

		Year ended December 31,		
		2022	2023	2024
		(RMB in thousands)		
Ms. Zhou Jia	Sales of goods to franchisee	3,418	5,495	5,152
	Franchising services	648	1,033	967
	Total	4,066	6,528	6,119

Annual Caps

The maximum total transaction amount payable by Ms. Zhou Jia to our Group for the years ending December 31, 2025 and 2026, respectively, shall not exceed the caps set out below:

		Proposed Annual Cap for the year ending December 31,	
		2025	2026
		(RMB in thousands)	
Ms. Zhou Jia	Sales of goods to franchisee	5,280	6,140
	Franchising services	990	1,160
	Total	**6,270**	**7,300**

Basis of Annual Caps

In determining the above proposed annual caps, our Directors have considered, among other things, the following factors:

i. Historical transaction amounts during the Track Record Period paid by Ms. Zhou Jia to our Group;

ii. The expected increase in procurement volume of franchised stores operated by Ms. Zhou Jia due to the potential growth of sales of the stores. The average daily sales of the franchised stores operated by Ms. Zhou Jia is expected to increase by 5% per year in 2025 and 2026, taking into account the historical growth rate of 4% in 2023 compared to 2022, the expected market growth and the enhancement of brand recognition after Listing, attracting more customers to the franchised stores; and

iii. The expected increase in the franchised stores operated by Ms. Zhou Jia as the successful operation of the existing franchised stores prompts her to open new franchised stores. In 2024, Ms. Zhou Jia operated 13 franchised stores. It is expected that the franchised stores operated by Ms. Zhou Jia will increase to 15 and 16 in 2025 and 2026, respectively.

Listing Rules Implication

As the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5%, each of the transaction with Ms. Zhou Jia will, upon Listing, constitute continuing connected transaction of our Company and be subject to the reporting, annual review and announcement requirements but exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTION

Under Rule 14A.76(2) of the Listing Rules, the abovementioned non-exempt continuing connected transactions will constitute our continuing connected transactions subject to those requirements under Chapter 14A of the Listing Rules upon the Listing.

As the non-exempt continuing connected transactions are expected to continue on a recurring and continuing basis and have been fully disclosed in this prospectus, our Directors consider that the announcement requirements thereof immediately after the Listing would be impractical and unduly burdensome, and would lead to unnecessary administrative costs to us.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, waivers exempting us from strict compliance with the announcement requirements under Chapter 14A of the Listing Rules in respect of the non-exempt continuing connected transactions, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this prospectus, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions as set out above have been and will be entered into on normal commercial terms or better and in the Group's ordinary and usual course of business and are fair and reasonable and in the interests of our Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that the non-exempt continuing connected transactions as set out above have been and will be entered into on normal commercial terms or better and in the Group's ordinary and usual course of business and are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and the proposed annual caps are fair and reasonable and in the interests of the Group's Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- Our Group has approved internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules;

- Our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of our Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap; and

- When considering any renewal or revisions to the agreements after Listing, the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at board meetings or shareholders' meetings (as the case may be). If the independent Directors' or independent Shareholders' approvals cannot be obtained, we will not continue the transactions under the framework agreements to the extent that they constitute non-exempt continuing connected transactions under rule 14A.35 of the Listing Rules.

BOARD OF DIRECTORS

Our Board of Directors comprises of seven Directors, including four executive Directors and three independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments.

The following table sets out information in respect of the Directors:

Name	Age	Position/Title	Date of Appointment as Director	Date of Joining our Group	Key responsibilities	Relationship with Directors, Supervisors and senior management
Executive Directors						
Mr. Shan Weijun (單衛鈞先生) …	48	Co-founder, chairperson of the Board, executive Director and chief executive officer	November 2013	November 2013	Responsible for the brand strategy, major development plans and corporate culture values implementation of our Group	Spouse of Ms. Zhou
Ms. Zhou Rongrong (周蓉蓉女士) …	48	Co-founder, executive Director, deputy chief executive officer and chief product officer	November 2020	November 2013	Responsible for making major business and development plans and product chain management of our Group with our chairperson	Spouse of Mr. Shan
Mr. Zhou Tianmu (周天牧先生) …	45	Executive Director and deputy chief executive officer	November 2023	May 2022	Responsible for assisting our chairperson in overall business strategies and operations management of our Group	None
Mr. Wang Jiaxing (汪加興先生) …	49	Executive Director and senior director of online operation department	November 2023	December 2014	Responsible for the online operation support and operation management in East China region	None

Name	Age	Position/Title	Date of Appointment as Director	Date of Joining our Group	Role and Responsibility	Relationship with Directors, Supervisors and senior management
Independent Non-executive Directors						
Mr. Han Ding-Gwo (韓定國先生) …	73	Independent non-executive Director	November 2023	November 2023	Providing independent strategic advice and guidance on the business and operations of our Group	None
Mr. Chung Chong Sun (鍾創新先生) …	49	Independent non-executive Director	February 2024 (effective from the prospectus date)	February 2024	Providing independent strategic advice and guidance on the business and operations of our Group	None
Ms. Yu Fang Jing (郁昉瑾女士) …	47	Independent non-executive Director	February 2024 (effective from the prospectus date)	February 2024	Providing independent strategic advice and guidance on the business and operations of our Group	None

Executive Directors

Mr. Shan Weijun (單衛鈞先生), aged 48, is our co-founder, chairperson of the Board, executive Director and chief executive officer. He is primarily responsible for the brand strategy, major development plans and corporate values implementation of our Group.

Mr. Shan has over 10 years of experience in freshly-made tea industry and over 20 years of experience in sales management. Mr. Shan co-founded our Group in November 2013 and has been acting as a director of our certain subsidiaries, including acting as an executive director of Shanghai Senying since June 2017, Shanghai Ruizhong since February 2021 and Zhejiang Senyi since June 2021, respectively. Prior to founding our Group, Mr. Shan has provided services to Amway (China) Co., Ltd. (安利(中國)日用品有限公司) since November 1996, with his latest title as senior sales manager.

Mr. Shan obtained a college diploma in marine engineering management from Jiangsu Maritime Institute (江蘇海事職業技術學院), formerly known as Nanjing Shipping School (南京航運學校) in the PRC, in July 1996.

Mr. Shan was awarded the iSEEAWARD – Innovator of the Year (全球食品創新獎—年度創新人物) by Foodaily (每日食品) in 2023.

Ms. Zhou Rongrong (周蓉蓉女士), aged 48, is our co-founder, executive Director, deputy chief executive officer and chief product officer. She is primarily responsible for making major business and development plans and product chain management of our Group with our chairperson.

Ms. Zhou has over 10 years of experience in freshly-made tea industry and over 20 years of experience in sales management. Ms. Zhou co-founded our Company in November 2013. Prior to founding our Group, from October 1999 to April 2006, Ms. Zhou worked in AVON China Co., Ltd. (雅芳(中國)有限公司) with her last position as a regional sales manager. Since June 2007, Ms. Zhou has provided services to Amway (China) Co., Ltd. (安利(中國)日用品有限公司) with her latest title as senior sales manager.

Ms. Zhou obtained a college's degree in English from Northeast Normal University (東北師範大學) in the PRC in July 1997.

Mr. Zhou Tianmu (周天牧先生), aged 45, is our executive Director and deputy chief executive officer. He is responsible for assisting our chairperson in overall business strategies and operations management of our Group.

Mr. Zhou has approximately 20 years of experience in marketing. Mr. Zhou joined our Group in May 2022 as the chief operating officer and has served as the executive Director and deputy chief executive officer of our Company since November 2023. Prior to joining our Group, Mr. Zhou served as the petty commodity channel national sales director in Guangzhou Procter & Gamble Co., Ltd. Shanghai Branch (廣州寶潔有限公司上海分公司) from July 2004 to June 2012 and as a marketing director of Greater China shaving care and battery category in Procter & Gamble (China) Sales Co., Ltd. (寶潔(中國)營銷公司) from July 2012 to May 2015, both of which are subsidiaries of Procter & Gamble (寶潔), a company listed on the New York Stock Exchange (NYSE: PG). From September 2015 to May 2016, Mr. Zhou served as the business strategy and planning director in China in Vitasoy (Shanghai) Co., Ltd. (維他奶(上海)有限公司), a subsidiary of Vitasoy International Holdings Ltd. (維他奶國際集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 345). Mr. Zhou worked in Alibaba Group Holding Limited (阿里巴巴集團) ("**Alibaba Group**"), a company listed on the New York Stock Exchange (NYSE: BABA) and on the Main Board of the Stock Exchange (stock code: 9988), from May 2016 to May 2022, successively serving as the general manager of Koubei (口碑) fast-moving consumer goods retail division and the general manager of Alibaba Group supermarket ecological business department.

Mr. Zhou obtained a bachelor's degree in biology and a master's degree in ecology from Nanjing University (南京大學) in the PRC in June 2002 and June 2004, respectively.

Mr. Wang Jiaxing (汪加興先生), aged 49, is our executive Director and senior director of online operation department. He is primarily responsible for the online operation support and operation management in East China region.

Mr. Wang joined our Group in December 2014 successively serving as the operating director, senior operating director of the East China region and senior director of online operation department, and has served as the executive Director since November 2023. Mr. Wang worked in Shanghai Daili Catering Management Co., Ltd. (上海岱麗餐飲管理有限公司) from November 2008 to November 2014.

Mr. Wang obtained a diploma (中專文憑) in rural integrated management from Xuan Cheng Technical School (宣城市工業學校), formerly known as Jing County Senior Vocational High School (涇縣高級職業中學) in the PRC, in June 1993.

Independent Non-executive Directors

Mr. Han Ding-Gwo (韓定國先生), aged 73, was appointed as an independent non-executive Director in November 2023.

Mr. Han has over 20 years of experience in the catering industry. Mr. Han worked in YUM Restaurants International (Thailand) Co., Ltd. from December 2003 to December 2006 with his last position as the vice president and country manager, and served as the managing director in Yum! Restaurants (Taiwan) Co., Ltd. (台灣百勝肯德基股份有限公司) from December 2006 to August 2007. Since October 2007, Mr. Han has served as a project leader at Temasek Holdings Consulting (Shanghai) Co., Ltd. From June 2015 to June 2018, Mr. Han served as a representative of director in Yaming Town Co., Ltd. (雅茗天地股份有限公司), shares of which are listed on the Taiwan Stock Exchange (stock code: 2726). Since December 2012, Mr. Han has served as a non-executive director of HYGE CYBER LTD (貝拉吉奧餐飲有限公司). Since October 2020, Mr. Han has served as an independent director of FY Group Limited (峰源集團股份有限公司), shares of which are listed on the Taiwan Stock Exchange (stock code: 6807). Mr. Han has also served as a director of Dwen An Social Welfare Foundation, a consortium corporation in Taipei (財團法人台北市敦安社會福利基金會) since January 2024.

Mr. Han obtained a bachelor's degree in international relationship from National Taiwan University (國立台灣大學) in Taiwan in June 1976.

Mr. Han obtained the Outstanding Youth Medal (優秀青年獎章) granted by Mr. Chiang Ching-Kuo (蔣經國) in 1981. He was named as the Top Ten Outstanding Youth in Taiwan (臺灣十大傑出青年) by the International Youth Chamber of Commerce (國際青商會) in 1986, the First Outstanding Young Alumni of National Taiwan University (臺灣大學第一屆傑出青年校友) and the Outstanding Alumni of National Taiwan University (臺灣大學傑出校友) by National Taiwan University (國立台灣大學) in 1988 and 2022, respectively. He served as the Executive Committee Member of the Chinese Taipei Olympics (中華臺北奧林匹克執行委員) from 1990 to 1997. He has been a director of the International Cultural and Educational Foundation (國際文教基金會) since April 2021, and director of the Zhongliu Cultural and Educational Foundation (中流文教基金會) since July 2022.

Mr. Chung Chong Sun (鍾創新先生), aged 49, was appointed as an independent non-executive Director in February 2024, effective from the prospectus date.

Mr. Chung has over 25 years of professional experience in financing and capital operations. He worked at the investment bank department in Standard Chartered Bank (Hong Kong) from July 1997 to May 2000, with his last position as an associate, worked as a senior executive in Deloitte & Touche Corporate Finance Limited (德勤企業財務顧問有限公司) from May 2000 to July 2001, and served as an associate director of mergers and acquisitions department as his last position in Cooperative Rabobank U.A. Hong Kong Branch (荷蘭合作銀行香港分行), a Dutch multinational banking and financial services company from August 2001 to August 2003. Mr. Chung worked as manager of Mainland investment promotion unit in InvestHK of the government of Hong Kong (投資推廣署) from August 2003 to December 2005, and worked as senior vice president of issuer services, market development department in Hong Kong Exchanges and Clearing Limited (香港交易及結算所有限公司) from December 2005 to September 2018. Mr. Chung has been the director of Resourceful Minds Limited (滙路有限公司) since September 2018. He worked as a chief financial officer in Xiaoi Robot Technology (H.K.) Limited (香港智臻智能網絡科技有限公司) from September 2018 to July 2019, and served as a director of the executive committee and a contact convener of the AI and Hi-Tech Group in the Hong Kong Chamber of Commerce in China-Shanghai (中國香港(地區)商會－上海) from November 2018 to November 2019. Mr. Chung has been appointed as a member of the advisory committee of the IT Innovation Lab in Secondary Schools Initiative by the government of Hong Kong SAR since September 2020. He is currently serving as an independent non-executive Director of Zhong An Intelligent Living Service Limited (眾安智慧生活服務有限公司) (stock code: 2271), Strawbear Entertainment Group (稻草熊娛樂集團) (stock code: 2125) and Radiance Holdings (Group) Company Limited (金輝控股(集團)有限公司) (stock code: 9993), shares of which are listed on the Main Board of the Stock Exchange, since December 2021, December 2020 and October 2020, respectively.

Mr. Chung graduated from The Chinese University of Hong Kong (香港中文大學) with bachelor's degree of Business Administration in December 1997. He obtained his Chartered Financial Analyst qualification granted by CFA Institute (特許金融分析師組織) and Certified Public Accountant qualification granted by Board of Accountancy of Washington State (華盛頓州會計師公會) in September 2004 and July 2003, respectively.

Ms. Yu Fang Jing (郁昉瑾女士), aged 47, was appointed as an independent non-executive Director in February 2024, effective from the prospectus date.

Ms. Yu has professional legal experience in Hong Kong capital market for over 20 years. From August 2003 to October 2010, Ms. Yu worked in the Hong Kong and Beijing Offices in Freshfields Bruckhaus Deringer LLP (富而德律師事務所), with her last position as a senior associate. From February 2011 to April 2018, Ms. Yu worked in the Beijing and Shanghai Offices in Clifford Chance LLP (高偉紳律師事務所) with her last position during the above period as a partner. Ms. Yu then served as a partner in the Hong Kong Office of Tian Yuan Law Firm from September 2019 to February 2021, and as a partner in the Hong Kong Office of Paul Hastings LLP (普衡律師事務所) from March 2021 to November 2022. From December 2022 to March 2024, Ms. Yu worked in Mont Avenir Capital Limited (未來金融有限公司) with her last position as the head of legal department and managing director. Since October 2023, Ms. Yu has served as an independent non-executive director in Guoquan Food (Shanghai) Co., Ltd. (鍋圈食品(上海)股份有限公司), shares of which are listed on the Main Board of the Stock Exchange (stock code: 2517). Since June 2024, Ms. Yu has served as an independent non-executive director in China Oriental Group Company Limited (中國東方集團控股有限公司), shares of which are listed on the Main Board of the Stock Exchange (stock code: 0581).

Ms. Yu obtained the bachelor's degree in law from University of New South Wales in Australia in January 2002. And Ms. Yu has been a member of the law society of Hong Kong since 2006 and she was qualified as a solicitor of Hong Kong in December 2005.

SUPERVISORY COMMITTEE

Our Supervisory Committee comprises three members. Our Supervisors serve a term of three years and may be re-elected for successive reappointments. The functions and duties of the Supervisory Committee include reviewing financial reports, business reports and profit distribution plans prepared by the Board and overseeing the financial and business performance of our Group. They are also entitled to appoint certified public accountants and practicing auditors to re-examine our Company's financial information where necessary.

The following table sets out information in respect of the Supervisors:

Name	Age	Position/Title	Date of Appointment as Supervisor	Date of Joining our Group	Role and Responsibility	Relationship with Directors, Supervisors and senior management
Mr. Gu Liang (顧亮先生)	35	Supervisor	February 2021	March 2014	Supervising the daily operation and management of the Company	None
Ms. Xu Na (許娜女士)	31	Supervisor	November 2023	March 2016	Supervising the daily operation and management of the Company	None
Ms. Chen Fangfang (陳芳芳女士) ...	38	Supervisor	November 2023	November 2014	Supervising the daily operation and management of the Company	None

Supervisors

Mr. Gu Liang (顧亮先生), aged 35, is our Supervisor.

Mr. Gu joined our Group in March 2014 successively serving as the manager of the training department, operating director, director of operating management department and the senior operating director of the north region. He has served as the Supervisor since February 2021. Prior to joining our Group, Mr. Gu worked in Shanghai Zhaoyi Catering Management Co., Ltd. (上海肇億餐飲管理有限公司) from March 2013 to September 2013 and in Shanghai Yihan Trade Co., Ltd. (上海億瀚商貿有限公司) from October 2013 to February 2014.

Mr. Gu graduated from Changjiang School in Shanghai Chongming District (上海市崇明區長江學校) in the PRC in June 2008.

Ms. Xu Na (許娜女士), aged 31, is our Supervisor.

Ms. Xu joined our Group in March 2016 currently serving as the account manager senior specialist, and has served as the Supervisor since November 2023. Prior to joining our Group, Ms. Xu worked in Shanghai Tonglu Kuaijian Network Outsourcing Co., Ltd. (上海通路快建網絡服務外包有限公司) from September 2013 to October 2015.

Ms. Xu obtained a bachelor's degree in marketing from Wuhan Technology and Business University (武漢工商學院), formerly known as South-Central Minzu University Business School (中南民族大學工商學院) in the PRC, in June 2014.

Ms. Chen Fangfang (陳芳芳女士), aged 38, is our Supervisor.

Ms. Chen joined our Group in November 2014 successively serving as purchasing supervisor, purchasing deputy manager, purchasing manager and food purchasing senior expert, and has served as the Supervisor since November 2023. Prior to joining our Group, Ms. Chen worked in Huabo Automobile Mirror (Shanghai) Co., Ltd. (華博汽車鏡(上海)有限公司) from December 2009 to May 2011, and in Shanghai Zhaoyi Trading Co., Ltd. (上海肇億商貿有限公司) from July 2011 to November 2014.

Ms. Chen obtained a college diploma in customs declaration and international freight from Shanghai Business School (上海商學院) in the PRC in July 2009 and completed the part-time adult education study in accounting from East China University of Science and Technology (華東理工大學) in the PRC in January 2015.

Ms. Chen has been the Certified Professional Purchasing Manager (CPPM), granted by American Purchasing Society and certified by Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) since March 2018, the Tea Artist (茶藝師) issued by Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) since October 2020 and the Tea Appraiser (評茶員) issued by the Human Resources and Social Security Bureau of Keqiao District, Shaoxing City (紹興市柯橋區人力資源和社會保障局) since January 2021.

SENIOR MANAGEMENT

The following table sets out information regarding the members of senior management of our Company:

Name	Age	Position/Title	Date of Appointment as Senior Management	Date of Joining our Group	Role and Responsibility	Relationship with Directors, Supervisors and senior management
Mr. Shan Weijun (單衛鈞先生) ...	48	Co-founder, chairperson of the Board, executive Director and chief executive officer	November 2013	November 2013	Responsible for the brand strategy, major development plans and corporate culture values implementation of our Group	Spouse of Ms. Zhou
Ms. Zhou Rongrong (周蓉蓉女士) ...	48	Co-founder, executive Director, deputy chief executive officer and chief product officer	November 2013	November 2013	Responsible for making major business and development plans and product chain management of our Group with our chairperson	Spouse of Mr. Shan
Mr. Zhou Tianmu (周天牧先生) ...	45	Executive Director and deputy chief executive officer	May 2022	May 2022	Responsible for assisting our chairperson in overall business strategies and operations management of our Group	None
Mr. Wang Jiaxing (汪加興先生) ...	49	Executive Director and senior director of online operation department	January 2019	December 2014	Responsible for the online sales channel and operation management in East China region	None
Mr. Li Xunzeng (李勛增先生) ...	42	Chief financial officer	December 2022	February 2022	Responsible for the financial management of our Group	None
Ms. Wang Juan (王娟女士)	41	Board secretary and joint company secretary	November 2022	November 2022	Responsible for the Company's compliance management, information disclosure and investor relations management	None

For details of the biographies of Mr. Shan Weijun (單衛鈞先生), Ms. Zhou Rongrong (周蓉蓉女士), Mr. Zhou Tianmu (周天牧先生) and Mr. Wang Jiaxing (汪加興先生), see "— Board of Directors."

Mr. Li Xunzeng (李勛增先生), aged 42, is our chief financial officer. He is primarily responsible for the financial management of our Group.

Mr. Li joined our Group in February 2022 successively serving as the director of budget analysis and chief financial officer. Prior to joining our Group, Mr. Li worked in Shenzhen Mingde Holding Development Co., Ltd. (深圳明德控股發展有限公司), formerly known as SF Express (Group) Co., Ltd. (順豐速運(集團)有限公司), with his last position as the branch supervisor, from July 2006 to March 2009. From November 2009 to August 2011, he worked as a general ledger accountant in AirMedia Group Inc. (航美傳媒集團有限公司), formerly known as Beijing Hangmei Media Advertising Co., Ltd. (北京航美傳媒廣告有限公司), shares of which are listed on NASDAQ (Nasdaq: AMCN). From August 2011 to June 2015, Mr. Li worked in Beijing Jingdong Century Trade Co., Ltd. (北京京東世紀貿易有限公司), successively serving as the operation analysis manager of the group headquarter and the financial manager of the East China region. Mr. Li has served as the senior financial manager in Shanghai Juyue Information Technology Co., Ltd. (上海聚岳信息技術有限公司) from August 2015 to March 2017. From April 2017 to May 2018, he served as a senior financial manager of Shanghai Xinfeifan E-Commerce Co., Ltd. (上海新飛凡電子商務有限公司). He served as the senior financial manager in Shanghai Piguet Information Technology Co. (上海彼格信息科技有限公司) from June 2018 to January 2021 and as the chief financial officer in Shanghai Rongxue Network Technology Co., Ltd. (上海榮學網絡科技有限公司) from January 2021 to August 2021.

Mr. Li obtained a bachelor's degree in financial management from Central South University (中南大學) in the PRC in June 2006 and a master's degree in business administration from Jiangnan University (江南大學) in the PRC in June 2021. Mr. Li was admitted as a non-practicing member by the Jiangsu Institute of Certified Public Accountants (江蘇省註冊會計師協會) in April 2015.

Ms. Wang Juan (王娟女士), aged 41, is our board secretary and joint company secretary. She is primarily responsible for the Company's compliance management, information disclosure and investor relations management.

Ms. Wang joined our Group in November 2022 serving as the board secretary and was also appointed as the joint company secretary. Prior to joining our Group, Ms. Wang worked in Nanjing Red Sun Co., Ltd. (南京紅太陽股份有限公司) from December 2008 to May 2011, shares of which are listed on the Shenzhen Stock Exchange (stock code: 000525), with her last position as the securities representative. From May 2011 to November 2022, Ms. Wang worked in Shanghai Mercury Home Textiles Co. Ltd. (上海水星家用紡織品股份有限公司), shares of which are listed on the Shanghai Stock Exchange (stock code:603365), with her last position as the board secretary.

Ms. Wang obtained a bachelor's degree in engineering from Northwest A&F University (西北農林科技大學) in the PRC in July 2005, and a master's degree in agriculture from Zhejiang University (浙江大學) in the PRC in June 2007. She also obtained a master's degree in economics from Fudan University (復旦大學) in the PRC in January 2018. In addition, Ms. Wang is an intermediate economist granted by Ministry of Human Resources and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) in November 2018.

Save as disclosed above, (i) none of our Directors, Supervisors and members of senior management has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus; and (ii) none of our Directors, Supervisors and members of the senior management is related to other Directors, Supervisors and members of the senior management.

Save as disclosed herein, to the best knowledge, information and belief of our Directors and Supervisors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors and Supervisors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Ms. Wang Juan (王娟女士) is the board secretary and a joint company secretary of our Company. For details of her biography, see "— Senior Management" in this section.

Ms. Yu Anne (余安妮女士) is a joint company secretary of our Company. Ms. Yu is an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited and has over 20 years experiences in corporate secretarial field. Ms. Yu holds a bachelor's degree from University of Huddersfield in the United Kingdom and a Master of Law degree from The University of Law in the United Kingdom and she is also an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Yu is currently the joint company secretary of several listed companies on the Hong Kong Stock Exchange.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix C1 to the Listing Rules, our Company has formed three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination 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 paragraph D.3 of part II of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Audit Committee consists of three Directors, namely Mr. Chung Chong Sun, Mr. Han Ding-Gwo and Ms. Yu Fang Jing. Mr. Chung Chong Sun holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules and serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, the following:

- examining the authenticity of financial reports of our Company and monitoring financial reporting procedures of our Company;

- examining the effectiveness of risk management and internal control system of our Company;

- ensuring that our Company's resources in accounting, internal audit and financial reporting functions, qualifications and experience of our Company's accounting and reporting personnel, and the training and budget for relevant expenditures are adequate;

- reviewing results of internal investigations and responses from management in relation to any suspected dishonesty, non-compliances or suspected violations of laws, rules and regulations;

- evaluating whether our Company has any major internal control defaults or deficiencies;

- evaluating the nature and severity of major risks faced by our Company in the preceding financial year;

- evaluating the performance of the audit function and personnel;

- proposing the appointment of external auditors to our Board, and reviewing the qualification, independence and performance of the external auditors; and

- regularly examining the financial reports and annual reports of our Company.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with paragraph E.1 of part II of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Remuneration Committee consists of three Directors, namely Mr. Han Ding-Gwo, Ms. Yu Fang Jing and Mr. Shan Weijun. Mr. Han Ding-Gwo serves as the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee include, but not limited to, the following:

- formulating the overall remuneration policy and structure of our Company's Directors, Supervisors and members of the senior management, formulating proper and transparent remuneration procedures and making suggestions to our Board;

- 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 on remuneration of individual executive Directors and member of senior management, including non-monetary benefits, pension rights and amount of compensation (including compensation for loss or termination of office or appointment);

- making recommendations to our Board on remuneration of our non-executive Directors (including independent non-executive Directors), Supervisors, advisers to the Board (if any) and committees of our Board;

- reviewing and approving compensation payable to our executive Directors, Supervisors and members of senior management for loss or termination of office or appointment, so as to ensure that such compensation is consistent with the terms of relevant contracts, and if such compensation is not determined in accordance with the relevant contract terms, compensation should be fair, reasonable and not excessive;

- reviewing and approving compensation arrangements in relation to dismissal or removal of our Directors due to misconduct, so as to ensure that such compensation is consistent with terms of relevant contract, and if such compensation is not determined in accordance with the relevant contract terms, compensation should be fair, reasonable and not excessive; and

- dealing with other matters as required by laws, regulations, rules, articles of our Company, terms of reference and applicable securities regulatory authorities, and other matters that are authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of part II of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Nomination Committee consists of three Directors, namely Mr. Shan Weijun, Mr. Chung Chong Sun and Ms. Yu Fang Jing. Mr. Shan Weijun serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- reviewing the structure, composition and diversity of our Board at least once a year with reference to our Company's business activities, scale of assets and shareholding structure, and making recommendations to our Board on any change in Board composition in accordance with our Company's strategies;

- making recommendations on the appointment and re-appointment of our Directors (in particular, the chairperson of our Board, and including our non-executive Directors and independent non-executive Directors) and our chief executive officer;

- conducting search in potential suitable candidates for Directors and making recommendations to our Board on the suitable candidates;

- evaluating the independence of our independent non-executive Directors, the performance of our Directors (including both executive and non-executive Directors) and whether our Directors have devoted sufficient time in performing their duties;

- developing corporate governance standards and procedures and monitoring the implementation of such standards and procedures, and making recommendations to our Board;

- monitoring and overseeing the trainings and continuous professional development plan for our Directors, Supervisors and members of our senior management, and developing and overseeing the compliance of code of conducts and compliance handbook (if any) for our employees, Directors and Supervisors;

- formulating and evaluating our Board diversity policy, and making disclosures in the corporate governance report (which shall be included as part of our annual report) the relevant policies, including the nomination procedures adopted by the nomination committee and standards for the election of our Board members; and

- dealing with other matters that are authorized by our Board or our Articles from time to time, and other matters that are required by applicable laws from time to time.

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 January 27, 2024, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We offer our executive Directors, Supervisors and senior management members, who are also the Company's employees, compensation in the form of salaries, retirement benefit scheme contributions, discretionary bonus, housing allowances and other benefits in kind. Our independent non-executive Directors receive compensation 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, including share-based compensation, to our Directors and Supervisors amounted to RMB4.62 million, RMB20.65 million and RMB26.08 million, respectively.

Under the arrangement currently in force, we estimate the total compensation before taxation, including estimated-share based compensation, to be accrued to our Directors and our Supervisors for the year ending December 31, 2025 to be RMB25.95 million. The actual remuneration of Directors and Supervisors in 2025 may be different from the expected remuneration.

The total emoluments for the five highest paid individuals amounted to RMB10.86 million, RMB19.45 million and RMB44.65 million, for the years ended December 31, 2022, 2023 and 2024, respectively.

We confirmed that during the Track Record Period, no consideration was paid by our Company to, or receivable by, our Directors for making available directors' services or as termination benefits.

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.

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 Hong Kong Listing Rules after the Listing.

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairperson and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairperson and chief executive officer and Mr. Shan currently performs these two roles. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned above, Mr. Shan is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our chief executive officer. The Board also believes that vesting the roles of both chairperson and chief executive officer in the same person has the benefit of ensuring the consistent leadership within our Group and enables more effective and efficient overall strategic planning of our Group. Besides, with three independent non-executive Directors out of a total of seven Directors in our Board, there will be sufficient independent voice within our Board to protect the interests of our Company and our Shareholders as a whole. Therefore, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairperson of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, 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, 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 Directors have a balanced mix of knowledge and skills, including overall management and strategic development, quality assurance and control, 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 English, biology, business administration, international relationship and law. We have three independent non-executive Directors with different industry backgrounds, representing more than 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. We will continue to apply the principles of appointments based on merits with reference to our board diversity policy as a whole.

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.

COMPLIANCE ADVISOR

We have appointed — Haitong International 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.

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 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.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 30 H Shares) as set out in the tables below (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$95.57 per H Share, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 741,120 H Shares, representing approximately 30.73% of the Offer Shares and approximately 0.71% of the total issued share capital of our Company immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK$103.37 per H Share, being the mid-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 685,200 H Shares, representing approximately 28.42% of the Offer Shares and approximately 0.65% of the total issued share capital of our Company immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK$113.12 per Offer Share, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 626,130 Offer Shares, representing approximately 25.97% of the Offer Shares and approximately 0.60% of the total issued share capital of our Company immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience and market position, the Cornerstone Placing will help to raise the profile of our Company and to signify that such investors have confidence in our Company's business and prospect. Our Company became acquainted with i) Infore Holding through introduction by the Overall Coordinator of the Company; and ii) Sino Top through the business network of our Group.

The Cornerstone Placing will form part of the International Offering, and, save as otherwise obtained consent from the Stock Exchange, the Cornerstone Investors and their respective close associates 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 H Shares in issue following the Global Offering of the Company and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules. The three largest public Shareholders will not hold more than 50% of the Shares held in public hands at the time of the Listing in compliance with Rule 8.08(3) and Rule 8.24 of the Listing Rules.

Immediately following the completion of the Global Offering, the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company; and none of the Cornerstone Investors and their close associates will become a substantial Shareholder of our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders. 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 Global Offering, 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.

To the best knowledge of our Company, each of the Cornerstone Investors is (i) an Independent Third Party and is not our connected person (as defined under the Listing Rules); (ii) not accustomed to take instructions from our Company or any of our Directors, Supervisors, chief executive, our Controlling Shareholders, substantial Shareholders or existing Shareholders or any of their subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them; (iii) not financed directly and indirectly by our Company or any of our Directors, Supervisors, chief executive of our Company, our Controlling Shareholders, substantial Shareholders, existing Shareholders or any of their subsidiaries or their respective close associates; and (iv) independent of the other Cornerstone Investors, our Group, our connected persons and their respective associates, and is not an existing Shareholder or a close associate of our Group.

To the best knowledge of our Company and as confirmed by each of the Cornerstone Investors, each of the Cornerstone Investors make independent investment decisions, and their subscription under the Cornerstone Placing would be financed by its own internal financial resources and it has sufficient funds to settle its respective investment under the Cornerstone Placing. Save for Sino Top, none of the Cornerstone Investors or their holding companies is listed on any stock exchange, and each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) or its shareholders or other regulatory authorities is required for the relevant Cornerstone Placing.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's H Shares commence on the Stock Exchange. Each of the Cornerstone Investors has agreed that our Company and the Overall Coordinators in their sole discretion may defer the delivery of all or part of the Offer Shares it will subscribe to on a date later than the Listing Date. Where delayed delivery takes place, each of the Cornerstone Investors that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares before the Listing.

The total number of Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering. If the total demand for H shares in the Hong Kong Public Offering falls within the circumstance as set out in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" in this prospectus, our Company and the Overall Coordinators have the absolute discretion, but not obliged, to deduct the number of Offer Shares to be subscribed by the Cornerstone Investors on a *pro rata* basis under the Hong Kong Public Offering pursuant to Practice Note 18 of the Listing Rules. Further, each of the Cornerstone Investors has agreed that in the event that the requirements under Rule 8.08(3) of the Listing Rules, which stipulates that no more than 50% of the Shares in public hands can be beneficially owned by the three largest public shareholders of the Company, may not be complied with on the Listing Date, the number of the H Shares to be subscribed for by the Cornerstone Investors may be adjusted to ensure compliance with Rule 8.08(3) of the Listing Rules. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around May 7, 2025.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Infore Holding

Infore Holding (Hong Kong) Limited (盈峰控股(香港)有限公司) ("**Infore Holding**") was incorporated in Hong Kong with limited liability in 2009. It is owned as to approximately (i) 57.45% by Mr. He Haonan and (ii) 42.55% by Infore Group Co., Ltd. (盈峰集團有限公司) ("**Infore Group**"), which in turn is wholly owned by Mr. He Jianfeng. Both Mr. He Haonan and Mr. He Jianfeng are Independent Third Parties of the Company. Infore Group, adhering to the dual-wheel drive of "investment + industry", is the controlling shareholder of Jason Furniture (Hangzhou) Co., Ltd. (顧家家居股份有限公司) (603816.SH), Infore Environmental Technology Group Co., Ltd. (盈峰環境科技集團股份有限公司) (000967.SZ) and Beijing Baination Pictures Co., Ltd. (北京百納千成影視股份有限公司) (300291.SZ).

Sino Top

Sino Top Trading Limited (華置貿易有限公司) ("**Sino Top**") is wholly owned by Huabao Flavours & Fragrances Co., Ltd. (華寶香精股份有限公司) ("**Huabao**"). Huabao is a company based on the taste-based consumer goods market whose shares are listed on Shenzhen Stock Exchange (300741.SZ).

Huabao is our supplier of popping boba, the procurement contract of which was entered into on an arm's length basis and on normal commercial terms and in the ordinary course of business of our Company.

The table below sets forth details of the Cornerstone Placing:

			Assuming an Offer Price of HK$95.57 per H Share (being the low-end of the Offer Price range)			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Cornerstone Investor	**Subscription amount**	**Number of Offer Shares**[1]	*Approximate % of the Offer Shares*	*Approximate % of the issued share capital*	*Approximate % of the Offer Shares*	*Approximate % of the issued share capital*
	(USD)					
Infore Holding	6,440,425	517,950	21.48%	0.49%	18.68%	0.49%
Sino Top	2,775,118	223,170	9.26%	0.21%	8.05%	0.21%
Total	**9,215,543**	**741,120**	**30.73%**	**0.71%**	**26.73%**	**0.70%**

			Assuming an Offer Price of HK$103.37 per H Share (being the mid-end of the Offer Price range)			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Cornerstone Investor	**Subscription amount**	**Number of Offer Shares**[1]	*Approximate % of the Offer Shares*	*Approximate % of the issued share capital*	*Approximate % of the Offer Shares*	*Approximate % of the issued share capital*
	(USD)					
Infore Holding	6,440,425	478,860	19.86%	0.46%	17.27%	0.46%
Sino Top	2,775,118	206,340	8.56%	0.20%	7.44%	0.20%
Total	**9,215,543**	**685,200**	**28.42%**	**0.65%**	**24.71%**	**0.65%**

Cornerstone Investor	Subscription amount	Number of Offer Shares(1)	Assuming an Offer Price of HK$113.12 per H Share (being the high-end of the Offer Price range) — 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 issued share capital*	*Approximate % of the Offer Shares*	*Approximate % of the issued share capital*
	(USD)					
Infore Holding	6,440,425	437,580	18.15%	0.42%	15.78%	0.42%
Sino Top	2,775,118	188,550	7.82%	0.18%	6.80%	0.18%
Total	**9,215,543**	**626,130**	**25.97%**	**0.60%**	**22.58%**	**0.60%**

Notes:

(1) Subject to rounding down to the nearest whole board lot of 30 Offer Shares. Calculated based on the exchange rate set out in the section headed "Information about this document and the Global Offering — Currency Translations".

(2) Calculated based on an exchange rate of US$1.0000: HK$7.7635 and HK$1.0000: RMB0.92831.

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:

(a) the Underwriting Agreements for the Hong Kong Public Offering and the International Offering 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 Underwriting Agreements, and neither of the aforesaid Underwriting Agreements having been terminated;

(b) 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);

(c) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares subscribed for by the Cornerstone Investors) 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 H Shares on the Stock Exchange;

(d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(e) the respective acknowledgements, representations, warranties, undertakings and confirmations of relevant Cornerstone Investor under the respective Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, and will cause its affiliates not to, whether directly or indirectly, at any time during the period of six months from (and inclusive of) the Listing Date (the "**Lock-up Period**"), dispose of, in any way, any of the Offer Shares or any interest in any company or entity holding such Offer Shares that they have purchased pursuant to the relevant 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 such Cornerstone Investor, including the Lock-up Period restriction.

FUTURE PLANS AND PROSPECTS

See "Business — Growth Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$172.7 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, assuming an Offer Price of HK$103.37 per Share, being the mid-point of the indicative Offer Price range stated in this prospectus, and assuming no exercise of the Over-allotment Option.

We currently intend to apply these net proceeds for the following intended purposes in the amounts set forth below:

1. approximately 25.0%, or HK$43.2 million, will be used for the enhancement of our digitalization capabilities. In particular:

    (i) approximately 10.0%, or HK$17.3 million, will be used to optimize our membership management system and expand our member base. Our unified membership management enables us to accurately promote our products to members and streamline our membership reward management. The number of our registered members from Weixin Mini Programs increased rapidly from 42.2 million as of December 31, 2022 to 115.3 million as of December 31, 2024, representing a CAGR of 65.3%. According to CIC, China's freshly-made tea consumers is expected to reach 482.7 million in 2028, presenting a CAGR of 8.6% from 2023 to 2028. In consideration of the rapid increase in our registered member base during the Track Record Period and the potential of China's freshly-made tea industry, as well as our future overseas expansion plan, we plan to continuously optimize and enhance the capacity of our unified membership management to be capable of accommodating registered members in billion level, which is expected to more than ten folds as compared to the total number of registered members as of December 31, 2024, in the future with higher data security level that meets the relevant domestic and international standards. Additionally, to seize the new traffic channels, we plan to further explore and carry out consumer-targeted digital operations on social media platforms, such as Bilibili, Douyin and Xiaohongshu to attract new customers through AI analysis and smart promotion. Moreover, the differentiated and personalized product recommendations we provided to our consumers are relied on our big data analysis capabilities and the application of AI tools. To provide more accurate and effective product recommendations, we plan to continue enhancing our big data analysis and application capabilities through the use of digitalized technologies, algorithms and artificial intelligence which are expected to further improve the efficiency and effectiveness of our promotion activities. To achieve our goal, we plan to (a) recruit talents with relevant expertise and (b) self-develop or procure relevant software, services and other infrastructure. In particular, we plan to:

- recruit around eight new personnel, with around three, three and two new personnel in each year from 2025 to 2027, including product managers and experts, big data algorithm engineers, system architects and research experts. The salaries for each of them are expected to range from RMB0.3 million to RMB1.0 million per year.

- procure software and other infrastructure in total value of around RMB11 million, with around RMB3 million, RMB4 million and RMB4 million in each year from 2025 to 2027, which will include data processing software, marketing software, AI algorithm and information security consulting service, cloud service, hardware servers and network equipment.

(ii) approximately 5.7%, or HK$9.8 million, will be used to upgrade our digitalization infrastructures to further improve our overall operation efficiency. Our overall operation and management digitalization depends on our digitalization infrastructures, including data centers, cloud services, ERP systems and smart logistics equipment, which connect different parts of our operation and management. We plan to establish multiple new data centers and cloud service infrastructures to enhance the capabilities of automatic operation and maintenance of our data centers. We also plan to upgrade our financial ERP systems and central management systems, and engage IoT and smart equipment to update our existing logistic systems, to enhance the automatic level of our supply chain and efficiency in logistics. In doing so, we expect to lay a solid foundation for our overall digitalization upgrade, and further improve the performance of our data center and ERP systems, supply chain and central management systems. To achieve our goal, we plan to (a) recruit talents with relevant expertise and (b) procure relevant software, services and other infrastructure. In particular, we plan to:

- recruit around six new personnel, with around two new personnel in each year from 2025 to 2027, including Internet engineers, operation and maintenance engineers and ERP experts. The salaries for each of them are expected to range from RMB0.2 million to RMB0.8 million per year.

- procure software, hardware and other infrastructure in total value of around RMB8 million, with around RMB2 million, RMB3 million and RMB3 million in each year from 2025 to 2027, which will include ERP software, supply-chain software, central control software, cloud and other supporting service, hardware servers, network equipment and smart warehouse equipment.

(iii) approximately 5.0%, or HK$8.6 million, will be used to upgrade our store operation management system. We have an extensive store network in China, the performance of which can directly affect our results of operations. During the Track Record Period, our total store count experienced rapid increase from 5,307 stores as of December 31, 2022 to 9,176 stores as of December 31, 2024. As such, it is important for us to have an effective and efficient store operation management system. We plan to upgrade our store management system through hierarchical management of franchisees and stores to further enhance the efficiency of our operation management and supervision over our continuously expanding store network. Moreover, we plan to upgrade the terminal equipment at stores by integrating the AIoT technology into equipment such as POS machine, milk tea machine and raw material ordering terminals to synchronize the equipment operating status with the headquarters' operating management platform to achieve synergistic effect. In doing so, we expect to further enhance our ability to supervise the performance of our store network, and improve our store operating efficiency and service quality. To achieve our goal, we plan to (a) recruit talents with relevant expertise and (b) procure relevant software, services and other infrastructure. In particular, we plan to:

- recruit around three new personnel, with around one new personnel in each year from 2025 to 2027, including IoT product managers IoT system architects. The salaries for each of them are expected to range from RMB0.3 million to RMB0.8 million per year.

- procure software, hardware and other infrastructure in total value of around RMB7 million, with around RMB2 million, RMB2 million and RMB3 million in each year from 2025 to 2027, which will include AI algorithm consulting service, cloud service, hardware servers and network equipment.

(iv) approximately 4.3%, or HK$7.4 million, will be used to upgrade our self-developed franchisee platform. We have a franchise-focused business model. During the Track Record Period, we generated a substantial majority of our revenue from franchising, which accounted for over 90% of our total revenue during each of 2022, 2023 and 2024. We expect to continue expanding our store network mainly through franchisees, and thus the revenue contribution from franchised stores in future is expected to be maintained at a high level. As such, it is important for us to maintain and continuously upgrade our self-developed franchisee platform to better serve our existing franchisees and attract new franchisees to further expand our store network. We plan to upgrade our franchise platform to enhance our ability to provide franchisees with full investment cycle services from site selection, store opening, operation to exit and also upgrade our

Auntea Jenny Store Assistant to help franchisees keep better track of various aspects of store operation, such as products ordering, inventory level and other key operating data in real time. In doing so, we expect to attract more franchisees, shorten the breakeven period of new stores and substantially reduce the complexity of store management. To achieve our goal, we plan to procure relevant software, services and other infrastructure. In particular, we plan to:

- procure software and other infrastructure in total value of around RMB7.3 million, with around RMB2 million, RMB3 million and RMB2.3 million in each year from 2025 to 2027, which will include site selection software, map service, cloud service and hardware server.

See "Business — Growth Strategy — Enhance digitalization to increase overall operation efficiency and ensure food safety."

2. approximately 20.0%, or HK$34.5 million, will be used for research and development to improve the quality of our raw materials and ingredients, create hit products, expand our product offerings and upgrade our equipment and machines. In particular:

(i) approximately 15.0%, or HK$25.9 million, will be used to (a) recruit more research and development talents with expertise in areas such as food science and engineering and food processing and safety, (b) collaborate with institutions and suppliers and (c) procure advanced research and development equipment. Typically, we will own the intellectual property rights, if any, by ourselves or together with the suppliers and institutions depending on the terms and conditions of such collaboration. In doing so, we expect to enhance our overall research and development capabilities, optimize the formula and improve the quality of our ingredients and raw materials and further our research and development on new products, customer preference and technological support, so as to enhance our competitive strength to satisfy the consumers' requirements of flavors, nutrition and quality of freshly-made beverages; and

(ii) approximately 5.0%, or HK$8.6 million, will be used to (a) further upgrade automatic equipment used in our store network, such as smart milk tea machine and smart lemon tea machine, to enhance operation efficiency and reducing the manpower needed at stores and improve product quality with standardization and (b) add other innovative machines that help to expand our product offerings. In doing so, we expect to further improve the performance of our store network which in turn will contribute to the further growth of our business.

We seek to develop distinctive products and refine our existing products to exceed our customers' expectation and attract new customers. To achieve that, we need to continue improving our research and development capabilities. During the Track Record Period, our research and development expenses increased rapidly from RMB13.3 million in 2022 to RMB51.9 million in 2024, primarily due to our enhanced research and development efforts. See "Financial Information — Period-to-period Comparison of Results of Operations." Through improving our overall research and development capabilities, we expect to accelerate the development of new products, improve the rate of hit products and thus enhance our competitiveness in the highly-competitive freshly-made tea shop industry in China. In particular, through our above-mentioned plans, we aim to optimize the formula and improve the quality of our raw materials and ingredients, so as to decrease the costs of raw materials and ingredients while improving the overall quality of our products, which in turn will improve the performance of our store network and contribute to our business growth. Such research and development activities necessitate our continuous investment to cover the material costs, labor and equipment costs, as well as the collaboration and consultancy with external experts or institutions. In consideration of our research and development projects in pipeline in the next three years and the need of continuously improving our research and development capabilities, we expect to continue expanding our research and development team to around five high-quality experts in food science and engineering and food processing and safety with expected salaries of around RMB0.5 million per year for each of them, procuring advanced research and development equipment with a total amount of around RMB12 million in the following three years, and conducting research and development collaboration with institutions and suppliers with a total spending of around RMB12 million in the next three years, which necessitate our continuous allocation of capital resources to it.

See "Business — Growth Strategy — Enhance research and development capabilities and expand product offerings."

3. approximately 20.0%, or HK$34.5 million, will be used to strengthen our supply chain capabilities by enhancing our production, processing, warehousing, logistics and distribution capabilities. In particular:

   (i) approximately 12.5%, or HK$21.6 million, will be used for the expansion of our warehousing and logistics network. We believe the freshness and timely delivery of quality ingredients are fundamental to offer high quality freshly-made beverages, which is essential to the success of our business. In consideration of our continuous expansion of store network, we plan to further expand our warehousing and logistics network to enable us to deliver the ingredients in a timely and cost-effectively manner among our extensive nationwide store network. In particular, we plan to (a) set up by leasing and/or engaging supply-chain service providers for a total of seven warehouses including frontline cold-chain storage warehouses for fruits near their origins and equipment and decoration materials warehouses, four central distribution centers and five ripening warehouses in the next five years to improve the logistic efficiency and support our expansion of store networks, (b) procure advanced machinery and equipment with functions including automatic warehousing management, automatic inventory management and automatic information recording and (c) engage more IoT and other advanced technologies such as temperature and humidity sensors and GPS devices; and

(ii) approximately 7.5%, or HK$12.9 million, will be used to further upgrade our existing production facility. The production efficiency and quality of the ingredients produced by our self-owned production facility could directly impact the gross profit margin of ingredients sold among our store network. As such, we plan to continuously upgrade and optimize our self-owned production facility to improve the production efficiency and quality of ingredients produced therein. In particular, we plan to upgrade our Haiyan Facility by (a) upgrading existing production lines with equipments of higher automation level and (b) upgrading the infrastructure of the plant to accommodate the more automated production lines and equipment.

See "Business — Growth Strategy — Strengthen our supply chain capabilities."

4. approximately 15.0%, or HK$25.9 million, will be used to enhance our brand awareness and further expand and empower our store network. In particular, we plan to open around 30 new self-operated stores from 2025 to 2027, mainly in new first-tier and second-tier cities under the brand of *Auntea Jenny* embed with *Jenny x Coffee*, with expected set-up costs for each store of around RMB0.7 million to RMB1 million in selected areas with high consumption and brand influence, such as commercial districts and popular check-in spots, which we believe will be helpful for establishing and enhancing our local presence and further promote our brands, so as to help us further expand our nationwide store network; and

See "Business — Growth Strategy — Continue to promote brand image and recognition."

5. approximately 10.0%, or HK$17.3 million, will be used to invest in various marketing activities. In particular, we plan to (a) enhance collaboration with various online channels to increase our brand exposure, (b) launch crossover collaboration events, such as IP and brand collaboration and crossover products, to create hot topics among consumers and (c) use a variety of other marketing means, such as partnering with KOLs and trend marketing on various social media platforms to further strengthen our brand awareness, so as to attract more consumer traffic and expand our brand influence.

See "Business — Growth Strategy — Continue to promote brand image and recognition."

The table below sets forth our proposed allocation of net proceeds for above purposes:

	Net proceeds allocated	2025	2026	2027
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*
Digitalization capabilities	43.2	13.7	14.2	15.3
Research and development	34.5	10.4	11.4	12.7
Supply chain capabilities	34.5	7.7	9.4	17.4
Brand awareness and expansion of store network	25.9	8.6	8.7	8.6
Marketing activities	17.3	5.8	5.7	5.8
Total	**155.4**	**46.2**	**49.4**	**59.8**

6. approximately 10.0%, or HK$17.3 million, will be used for working capital and other general corporate purposes.

If the Offer Price is set at HK$113.12 per Share, being the high end of the indicative Offer Price range, and assuming no exercise of the Over-allotment Option, the net proceeds from the Global Offering will increase to approximately HK$195.0 million. If the Offer Price is set at HK$95.57 per Share, being the low end of the indicative Offer Price range, and assuming no exercise of the Over-allotment Option, the net proceeds from the Global Offering will decrease to approximately HK$154.8 million. The above allocation of the net proceeds from the Global Offering will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this prospectus.

If the Over-allotment Option is exercised in full, the additional net proceeds that we will receive will be approximately HK$35.5 million, assuming an Offer Price of HK$103.37 per Share (being the mid-point of the indicative Offer Price range). In the event that the Over-allotment Option is exercised, we intend to apply the additional net proceeds from the exercise of the Over-allotment Option on a pro rata basis to the above purposes in the proportions stated above.

To the extent that our net proceeds are not sufficient to fund our development plan, we intend to fund the shortfall through a variety of means, including banking facilities and cash on hand.

If the net proceeds of the Global Offering are not immediately applied to the above purposes, we will only deposit those net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). If we urgently need the funds for the above purposes, but cannot immediately obtain the net proceeds from the Global Offering, we will use self-raised funds to meet the relevant funding requirements and replace these self-raised funds to meet the relevant funding requirements and replace these self-raised funds with the net proceeds from the Global Offering when the proceeds become available to us.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

In preparation for the Global Offering, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have a 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 the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

Our headquarters are based and most of the business operations of our Company and our subsidiaries are managed and conducted in the PRC. Our executive Directors ordinarily reside in the PRC and they play important roles in our Company's business operations. It is in our best interests for them to be based in places where our Group has significant operations. We consider it practically difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of our existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not have, and does 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 Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules subject to the following conditions:

1. We have appointed Mr. Shan Weijun (單衛鈞) ("**Mr. Shan**") and Ms. Yu Anne (余安妮) ("**Ms. Yu**") as our authorized representatives ("**Authorized Representatives**") pursuant to Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Hong Kong Stock Exchange. The Authorized Representatives will be readily contactable by phone, facsimile and email to promptly deal with enquiries from the Hong Kong Stock Exchange, and will also be available to meet with the Hong Kong Stock Exchange to discuss any matter within a reasonable period of time upon request of the Hong Kong Stock Exchange;

2. When the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. Our Company will also inform the Hong Kong Stock Exchange promptly in respect of any changes of the Authorized Representatives. We have provided the Hong Kong Stock Exchange with the contact details (i.e. mobile phone number, office phone number and email address (as applicable)) of all Directors to facilitate communication with the Hong Kong Stock Exchange;

3. All Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period upon the request of the Hong Kong Stock Exchange; and

4. We have appointed Haitong International Capital Limited as our compliance advisor (the "**Compliance Advisor**") upon listing pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date. The Compliance Advisor, who will provide us with professional advice on continuing obligations under the Listing Rules and act as the additional channel of communication with the Hong Kong Stock Exchange when the Authorized Representatives are not available, will have access at all times to our Authorized Representatives, our Directors, Supervisors and our senior management.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARY

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 Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

Note 2 to Rule 3.28 of the Listing Rules further provides that the Hong Kong Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

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

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

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

(d) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Wang Juan (王娟) ("**Ms. Wang**"), our board secretary as one of our joint company secretaries. She has extensive experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Yu, a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. Wang for an initial period of three years from the Listing Date to enable Ms. Wang to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Since Ms. Wang does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Wang may be appointed as a joint company secretary of our Company. Pursuant to paragraph 13 of Chapter 3.10 under the Guide for New Listing Applicants published by the Stock Exchange, the waiver will be for a fixed period of time ("**Waiver Period**") and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 ("**Qualified Person**") and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of three years from the Listing Date, and is granted on the condition that Ms. Yu will work closely with Ms. Wang to jointly discharge the duties and responsibilities as company secretary and assist Ms. Wang in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Yu will also assist Ms. Wang in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Yu is expected to work closely with Ms. Wang and will maintain regular contact with Ms. Wang, the Directors, the Supervisors and the senior management of our Company. The waiver will be revoked immediately if Ms. Yu ceases to provide assistance to Ms. Wang as a joint company secretary for the three-year period after the Listing or where there are material breaches of the Listing Rules by our Company. In addition, Ms. Wang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the Listing. Ms. Wang will also be assisted by (a) the Compliance Advisor of our Company, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisors of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Before the expiration of the initial three-year period, the qualifications of Ms. Wang will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Hong Kong Stock Exchange to enable it to assess whether Ms. Wang, having benefited from the assistance of Ms. Yu for the preceding three years, will have acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of company secretary under Rule 3.28 so that a further waiver will not be necessary.

WAIVER IN RESPECT OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into and are expected to continue with certain transactions after the Listing which will constitute non-exempt continuing connected transactions under Chapter 14A of Listing Rules. We have applied for, and the Hong Kong Stock Exchange has granted us, waivers from strict compliance with the announcement requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in the section headed "Connected Transactions — Non-Exempt Continuing Connected Transaction."

POST-TRACK RECORD PERIOD ACQUISITION

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountants' report to be included in a listing document must include the income statements and balance sheet of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the listing document.

Jiahe Foods Industry Co., Ltd. (佳禾食品工業股份有限公司) ("**Jiahe Foods**") is a company incorporated in the PRC and listed on the Shanghai Stock Exchange (stock code: 605300), principally engaged in the provision of various food and beverage solutions. According to the public available information, the total assets of Jiahe Foods amounted to approximately RMB3,111,083 thousands as of December 31, 2022, RMB3,199,888 thousands as of December 31, 2023 and RMB2,591,509 thousands as of June 30, 2024, and the revenue for the two years ended December 31, 2023 amounted to approximately RMB2,474,640 thousands and RMB2,841,275 thousands, net profit before tax for the two years ended December 31, 2023 amounted to approximately RMB152,625 thousands and RMB344,622 thousands, and the net profits after taxation for the two years ended December 31, 2023 amounted to RMB115,379 thousands and RMB256,703 thousands, respectively.

Considering the core competitiveness and strategic value of Jiahe Foods, we subscribed for certain shares in Jiahe Foods, an Independent Third Party, through participation in the private placing by Jiahe Foods with a total consideration of approximately RMB85 million which was determined with reference to the prevailing trading price of Jiahe Foods, and such consideration was fully settled on March 4, 2025 (the "**Jiahe Foods Acquisition**"). The consideration of the Jiahe Foods Acquisition was paid by our internal funds. In light of the Jiahe Foods Acquisition, under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, we are required to present in this prospectus the financial information of the Jiahe Foods Acquisition during the Track Record Period. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules on the following basis:

(i) The requested waiver would not prejudice the interests of the investing public to the Company

a. The total number of shares of Jiahe Foods that our Company subscribed for only represents approximately 1.40% of the total issued share capital of Jiahe Foods upon completion of the Jiahe Foods Acquisition (based on the offer price of the its private placing on the Shanghai Stock Exchange which is publicly available) and all applicable percentage ratios of the Jiahe Foods Acquisition under Rule 14.04(9) of the Listing Rules are less than 5%.

b. Based on the minority equity investment nature of the Jiahe Foods Acquisition, our Company is not and will not be able to exercise control over Jiahe Foods at board or shareholders' level.

c. The equity interest of Jiahe Foods subscribed for by our Company pursuant to the Jiahe Foods Acquisition will only be accounted for as financial assets, and the financials of Jiahe Foods will not be consolidated into the financials of our Company.

d. The Jiahe Foods Acquisition will not result in any significant change to our Company's financial position since December 31, 2024 and all information that is reasonably necessary for the potential investors to make an informed assessment of the activities of the Company's financial position will be included in the prospectus of our Company for the purpose of the Listing.

As such, our Company considers a waiver from compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investing public to our Company.

(ii) It would be impracticable and unduly burdensome to reproduce this information for strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules

Our Company has no access to the books or records of Jiahe Foods for conducting an audit given that our Company will not, as a result of or immediately following the completion of the Jiahe Foods Acquisition, have any control over Jiahe Foods, nor will our Company have any representative on or control over its board of directors, or be in a position to consolidate the financials of Jiahe Foods.

As we will not have sufficient information to prepare the historical financial information of Jiahe Foods and Jiahe Foods, an A shares public listed company, has already publicly disclosed and will publicly disclose its financial information according to the PRC law and regulations, it would be impracticable and unduly burdensome for the Company to reproduce the information required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules for inclusion in the prospectus of the Company for the purpose of the Proposed Listing.

(iii) Alternative information has been provided in this Prospectus

We have provided alternative information in connection with the Jiahe Foods Acquisition that would be required for a discloseable transaction under Chapter 14 of the Listing Rules in order to compensate for the non-inclusion of historical financial information of Jiahe Foods. See "History, Development and Corporate Structure — Post-Track Record Period Acquisition" in this prospectus for more details.

WAIVER IN RESPECT OF PUBLIC FLOAT REQUIREMENT

Rule 8.08(1)(a) of the Listing Rules provides that there must be an open market in the securities for which listing is sought. It normally means that the minimum public float of a listed issuer must at all times be at least 25% of the issuer's total issued share capital. However, Rule 8.08(1)(d) of the Listing Rules provides that the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25%, in the case of issuers with an expected market capitalization at the time of listing of over HK$10 billion, where it is satisfied that the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage, and on condition that the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing document and confirm sufficiency of public float in successive annual reports after listing.

Based on the minimum Offer Price HK$95.57 and assuming no exercise of the Over-allotment Option, we expect to achieve a minimum market capitalization of at least HK$10 billion upon the Listing. Accordingly, we have applied to the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules to grant, and the Stock Exchange has granted, a waiver from strict compliance with the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules so that the minimum percentage of our Shares from time to time held by the public will be the higher of:

(a) 15.02% of the total issued share capital of our Company; and

(b) such percentage of H Shares to be held by the public after the exercise of the Over-allotment Option.

This waiver was granted on the basis that (a) our minimum market capitalization is expected to be larger than HK$10 billion at the time of Listing and there will be an open market for our Shares upon completion of the Global Offering, (b) we have a significant offering size and there will be sufficient liquidity in our H Shares notwithstanding a reduction in the minimum public float set out in Rule 8.08(1)(a) of the Listing Rules, (c) there will be an open market for the H Shares and that the number of H Shares and the extent of their distribution would enable the market to operate properly, (d) disclosure will be made in respect of the lower prescribed public float in this prospectus and we will confirm the sufficiency of public float in our annual reports after Listing, and (e) we will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float.

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.

HONG KONG UNDERWRITERS

CLSA Limited
Haitong International Securities Company Limited
Orient Securities (Hong Kong) Limited
(in alphabetical order)

ICBC International Securities Limited
China Merchants Securities (HK) Co., Limited
CMBC Securities Company Limited
Morton Securities Limited
Soochow Securities International Brokerage Limited
Tiger Brokers (HK) Global 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 Company expects the International Offering to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 241,140 Hong Kong Offer Shares and the International Offering of initially 2,170,200 International Offer Shares, subject, in each case, to reallocation on the basis as described in "Structure of the Global Offering" in this prospectus as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on April 25, 2025. Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in 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 pursuant to the Global Offering (including the H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the H Shares to be converted from the Domestic Unlisted Shares, on the Main Board of the Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, 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 Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters), in their sole and absolute discretion, shall have the right by giving a written notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect at any time prior to 8:00 a.m. on the Listing Date (the "**Termination Time**") if any of the following events shall occur prior to the Termination Time:

(a) there shall develop, occur, exist or come into force:

(i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a local, national, regional or international emergency or war, calamity, crisis, epidemic, pandemic, outbreaks, escalation, mutation or aggravation of diseases (including, without limitation, COVID-19, Severe Acute Respiratory Syndrome (SARS), swine or avian flu, H5N1, H1N1, H7N9, Ebola virus, Middle East respiratory syndrome and such related/mutated forms), comprehensive sanctions, economic sanctions, strikes, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, rebellion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism (whether or not responsibility has been claimed) paralysis in government operations, interruptions or delay in transportation) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union or any other jurisdiction relevant to the Group (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**");

(ii) any change or development involving a prospective change, or any event or circumstances or series of events likely to result in any change or development involving a prospective change in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;

(iii) any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange;

(iv) any general moratorium on commercial banking activities in the PRC (imposed by the People's Bank of China), Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at the U.S. Federal or New York State level or by any other competent authority), London, the European Union or any of the other Relevant Jurisdictions (declared by the relevant competent authorities) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;

(v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or any competent governmental authority in or affecting any of the Relevant Jurisdictions;

(vi) the imposition of sanctions in whatever form, 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 of the Relevant Jurisdictions or relevant to the Company or any member of the Group;

(vii) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the United States dollar, the Hong Kong dollar or RMB against any foreign currencies, or a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares;

(viii) other than with the prior written consent of the Joint Sponsors and the Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to the this prospectus, the offering circular, the CSRC filings or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange, the CSRC and/or the SFC; any demand by creditors for repayment of indebtedness or an order or petition for the winding up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;

(ix) any litigation, dispute, proceeding, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of the Group or any Director or Supervisor or any member of the senior management of the Company or the Controlling Shareholders;

(x) any contravention by any member of the Group or any Director, Supervisor or any member of the senior management of the Company of any applicable laws and regulations, including the Listing Rules; the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the PRC Company Law;

(xi) any Director, Supervisor or any member of the senior management of the Company is vacating his/her office;

(xii) any Director, Supervisor or member of the senior management of the Company is being charged with an indictable offence or is prohibited by operation of Law or otherwise disqualified from taking part in the management or taking a directorship of a company;

(xiii) any non-compliance of the this prospectus, the CSRC filings or any other documents used in connection with the contemplated subscription and sale of the Offer Shares or any aspect of the Global Offering with any applicable Laws (including, without limitation, the Listing Rules, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the CSRC Rules); or

(xiv) any change or development or any event involving a prospective change or development, or a materialisation of, any of the risks set out in section headed "Risk Factors" in the this prospectus,

which, 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):

(1) has or will have or is likely to have a material adverse effect;

(2) has or will have or is likely to have a material adverse effect on the success or marketability of the Global Offering or the level of applications for or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering;

(3) makes or will make or is likely to make it inadvisable, inexpedient or impracticable or incapable for the Hong Kong Public Offering and/or the International 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

(4) has or will have or is likely to have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable or impracticable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Sponsors and/or the Overall Coordinators that:

(i) any statement contained in any of the offering documents, the CSRC filings and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of the Company in connection with the Global Offering (including any supplement or amendment thereto but excluding names and addresses of the Underwriters) (the "**Offer Related Documents**") was, when it was issued, or has become, untrue, incorrect, inaccurate or incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents (including any supplement or amendment thereto) is not fair and honest and based on reasonable grounds or, where appropriate, based on reasonable assumptions with reference to the facts and circumstances then subsisting taken as a whole;

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the this prospectus, constitute a material misstatement in, or material omission from any of the Offer Related Documents;

(iii) there is a breach of, or any event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, any of the representations or warranties given by the Company or any of the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;

(iv) there is a material breach of any of the obligations imposed upon the Company or any of the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;

(v) there is an event, act or omission which gives or is likely to give rise to any liability of the Company or any of the Controlling Shareholders pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;

(vi) there is any material adverse change;

(vii) the approval of the Listing Committee of the listing of, and permission to deal in, the H Shares in issue and to be issued or sold pursuant to the Global Offering (including pursuant to any exercise of the Over-Allotment Option) is refused or not granted, other than subject to customary conditions, on or before the date of the Listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld in writing;

(viii) the notice of acceptance of the CSRC filings issued by the CSRC and/or the results of the CSRC filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated;

(ix) any person named as expert in the this prospectus (other than any of the Joint Sponsors) has withdrawn its consent to the issue of the 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;

(x) the Company withdraws the this prospectus and/or any other documents issued or used in connection with the Global Offering or the Global Offering;

(xi) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or

(xii) a material portion of the orders placed or confirmed in the bookbuilding process, or any of the investment commitments made by any cornerstone investors under the Cornerstone Investment Agreements, have been withdrawn, terminated or cancelled.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that it will not exercise its power to issue any further Shares, or securities convertible into Shares (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering (including the Over-allotment Option); or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, it will not and will procure that the relevant registered holder(s) will not without the prior written consent of the Stock Exchange or unless otherwise in compliance with the applicable requirement of the Listing Rules:

(a) in the period commencing on the date by reference to which disclosure of its shareholdings in the Company is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-Month Period**"), either directly or indirectly, 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 securities of the Company in respect of which it is shown by this prospectus to be the beneficial owner; and

(b) in the period of six months from the expiry of the First Six-Month Period, either directly or indirectly, 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 securities referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company or a member of a group of the controlling shareholders of the Company would cease to be a controlling shareholder (as defined in the Listing Rules).

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, within the period commencing on the date by reference to which disclosure of its shareholding in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will and will procure that the relevant registered holder(s) will:

(i) when it pledges or charges any securities of the Company beneficially owned by it in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07 of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of securities so pledged or charged; and

(ii) when it receives indications, either verbal or written, from the pledgee or chargee of any securities of the Company that any of the pledged or charged securities will be disposed of, immediately inform the Company of such indications.

The Company will inform the Stock Exchange as soon as it has been informed of the matters referred to in paragraphs (i) and (ii) above by any of the Controlling Shareholders and subject to the then applicable requirements of the Listing Rules disclose such matters by way of an announcement.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by the Company

Pursuant to the Hong Kong Underwriting Agreement, except for the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering (including pursuant to any exercise of the Over-Allotment Option), the Company will not, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the period commencing on the date hereof and ending on, and including the date falling six months after the Listing Date (the "**First Six-Month Period**"):

(i) offer, 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, agree to grant or sell any option, warrant, right or contract or right to subscribe for or purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any H Shares or other securities of the Company, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other equity securities of the Company, as applicable, or deposit any share capital or other equity securities of the Company, with a depository in connection with the issue of depository receipts); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any H Shares or other equity securities of the Company, or any interest therein (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any H Shares or other equity securities of the Company; or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any of the transactions described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of H Shares or other equity securities of the Company, in cash or otherwise (whether or not the issue of such H Shares or other securities of the Company will be completed within the First Six-Month Period).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), the Company enters into any of the transactions specified in paragraphs (i), (ii) or (iii) above or offers to or agrees to or contracts to or announces, or publicly discloses, any intention to, enter into any such transactions, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the H Shares or other securities of the Company.

(B) Undertakings by the Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of the Controlling Shareholders jointly and severally agrees and undertakes to the Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

(a) during the First Six-Month Period, it/he/she will not, and will procure that the relevant registered holder(s) will not:

(i) offer, pledge, charge, sell, contract or agree to sell, assign, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to purchase or subscribe for, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company or deposit any share capital or other securities of the Company with a depository in connection with the issue of depository receipts) legally or beneficially owned by it/him/her as at the Listing Date (the "**Locked-up Securities**"); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Locked-up Securities;

(iii) enter into any transaction with the same economic effect as any transaction described in paragraph (i) or (ii) above; or

(iv) offer to or contract to or agree to or publicly disclose that it/he/she will or may enter into any transaction described in paragraph (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraph (i), (ii) or (iii) above is to be settled by delivery of such H Shares or other securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such H Shares or other securities will be completed within the First Six-Month Period);

(b) during the Second Six-Month Period, it/he/she will not enter into any transaction described in paragraph (i), (ii) or (iii) above or offer, agree or contract to or publicly announce any intention to enter into any such transaction, if, immediately following such transaction, it/he/she will cease, whether individually or collectively with the other Controlling Shareholders, to be a controlling shareholder of the Company; and

(c) at any time from the date of the Hong Kong Underwriting Agreement up to and including the date falling 12 months after the Listing Date, it/he/she will:

(i) if and when it/he/she or the relevant registered holder(s) pledges or charges any H Shares or other securities of the Company beneficially owned by it/he/she, immediately inform the Company, the Joint Sponsors and the Overall Coordinators in writing of such pledge or charge together with the number of H Shares or other securities (or interests therein) of the Company so pledged or charged; and

(ii) if and when it/he/she or the relevant registered holder(s) receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged H Shares or other securities (or interests therein) of the Company will be disposed of, immediately inform the Company, the Joint Sponsors and the Overall Coordinators in writing of such indications.

The Company undertakes to the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that upon receiving such information in writing from any of the Controlling Shareholders, it will, as soon as practicable and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of an announcement.

Hong Kong Underwriters' Interests in the Company

Shanghai Orient Securities Innovation Investment Co., Ltd., an affiliate of Orient Capital (Hong Kong) Limited (one of the Joint Sponsors) and Orient Securities (Hong Kong) Limited (one of the Overall Coordinators and Hong Kong Underwriters), held 6.85% limited partnership interest in Suzhou Xiangzhong, which is one of the Pre-IPO Investors and interested in 1.11% of the total issued share capital of the Company as of the Latest Practicable Date.

Save for their respective obligations under the Hong Kong Underwriting Agreement and save as disclosed above, as at the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any H Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any H Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of our H Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, the Company expects to enter into the International Underwriting Agreement with, among others, the Overall Coordinators, the Joint Global Coordinators and the International Underwriters on or around the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See "Structure of the Global Offering — The International Offering."

Over-allotment Option

The Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Overall Coordinators on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 361,680 H Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any. See "Structure of the Global Offering — Over-allotment Option."

Commissions and Expenses

The Underwriters will receive an underwriting commission of 3.0% of the aggregate offer price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

The Underwriters may receive a discretionary incentive fee of up to 2.0% of the aggregate offer price of all the Offer Shares to be issued by the Company under the Global Offering (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option).

Assuming (i) full payment of the discretionary incentive fees; (ii) the Offer Price is HK$95.57 per Offer Share, which is the low-end of the price range as set out in this prospectus; and (iii) the Over-allotment Option is not exercised, the fixed fees and discretionary fees payable to the Underwriters represent approximately 55.81% and 44.19%, respectively, of the aggregated fees payable to the Underwriters in connection with the Global Offering.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (assuming an indicative Offer Price of HK$103.37 per Offer Share (which is the mid-point of the Offer Price range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) will be approximately HK$14.33 million.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK$78.46 million (assuming an indicative Offer Price of HK$103.37 per Offer Share (which is the mid-point of the Offer Price range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) and will be paid by the Company.

Indemnity

The Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

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, loan financing, 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 our assets, securities and/or instruments and/or persons and entities with relationships with us and may also include swaps and other financial instruments entered into for hedging purposes in connection with our loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates 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, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities 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 stock 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 "Structure of the Global Offering." 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, loan financing and other services to us and certain of our 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 the Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering.

The listing of the H Shares on the Main Board of the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of the Company to the Stock Exchange for the listing of, and permission to deal in, the H Shares to be issued and converted as mentioned in this prospectus.

2,411,340 Offer Shares will initially be made available under the Global Offering comprising:

- the Hong Kong Public Offering of initially 241,140 Offer Shares (subject to reallocation) in Hong Kong as described in "— The Hong Kong Public Offering" below; and

- the International Offering of initially 2,170,200 Offer Shares (subject to reallocation and the Over-allotment Option) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in "— The International Offering" below.

Investors may either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or (ii) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 2.3% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 2.6% of the enlarged issued share capital the Company immediately following the completion of the Global Offering.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Company is initially offering 241,140 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.2% of the enlarged issued share capital the Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "— Conditions of the Global Offering" below.

Allocation

Allocation of 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 could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools: pool A and pool B, with any odd board lots being allocated to pool A. 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 price of HK$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed 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 the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 120,570 Hong Kong Offer Shares (being approximately 50% of the Hong Kong Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. 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 Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached.

If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times and (c) 100 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 723,420 Offer Shares (in the case of (a)), 964,560 Offer Shares (in the case of (b)) and 1,205,670 Offer Shares (in the case of (c)), representing approximately 30%, approximately 40% and approximately 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may be reallocated as between these offerings at the discretion of the Overall Coordinators (for themselves and on behalf of the Underwriters) in accordance with Chapter 4.14 of the Guide for New Listing Applicants published by the Stock Exchange and paragraph 4.2 of Practice Note 18 of the Listing Rules.

In addition, the Overall Coordinators may, at their sole discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in pool A and pool B under the Hong Kong Public Offering. In accordance with the Chapter 4.14 of the Guide for New Listing Applicants issued by the Stock Exchange, in the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering provided that the Offer Price would be set at the low-end of the Offer Price range HK$95.57, up to 241,140 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering shall be not more than 482,280 Offer Shares, representing twice of the number of the Offer Shares initially available under the Hong Kong Public Offering (before any exercise of the Over-allotment Option).

If the Hong Kong Public Offering is not fully subscribed and the International Offering Shares are fully subscribed or oversubscribed, the Overall Coordinators may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Company, which is expected to be published on Wednesday, May 7, 2025.

Where the International Offer Shares are undersubscribed, if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their 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 be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he/she has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application (subject to application channel), the maximum Offer Price in addition to the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$3,427.83 for one board lot of 30 Offer Shares. If the Offer Price, as finally determined in the manner described in "— Pricing and Allocation" below, is less than the maximum Offer Price, appropriate refund payments (including the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in "How to Apply for Hong Kong Offer Shares."

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an initial offering of 2,170,200 Offer Shares offered by the Company (subject to reallocation and the Over-allotment Option), representing approximately 90% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 2.1% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that 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 subsection 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 isexpected that the relevant investor is likely to buy further H Shares and/or hold or sell its H Shares after the Listing. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Overall Coordinators (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 allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in "— The Hong Kong Public Offering — Reallocation" above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Overall Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require us to issue up to an aggregate of 361,680 H Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 0.3% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering. 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 securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public 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 (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. However, there is no obligation on the Stabilizing Manager (or any person acting for it) to conduct any such stabilizing action. Such stabilizing 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 the Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days after the last day for lodging applications under the Hong Kong Public Offering.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (b) 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, (c) purchasing, or agreeing to purchase, the H Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) 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, (e) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in clauses (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager (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 as to the extent to which and the time or period for which the Stabilizing Manager (or any person acting for it) will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager (or any person acting for it) and selling in the open market 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 stabilization period, which will begin on the Listing Date, and is expected to expire on Sunday, June 1, 2025, being the 30th day after the last day for lodging applications 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 or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 361,680 H Shares, representing up to 15% of the initial Offer Shares, through delayed delivery arrangements with cornerstone investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements relate only to the delay in the delivery of the Offer Shares to cornerstone investors and the consideration for the Offer Shares allocated to cornerstone investors will be settled before the Listing Date.

The Company will ensure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO 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 such over-allocations by exercising the Over-allotment Option in full or in part, 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

Determining the Pricing of the Offer Shares

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be determined on the Price Determination Date, which is expected to be on or before Tuesday, May 6, 2025, by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$113.12 per Offer Share and is expected to be not less than HK$95.57 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application (subject to application channel), the maximum Offer Price plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$3,427.83 for one board lot of 30 Offer 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 minimum Offer Price stated in this prospectus**.

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 Overall Coordinators (for themselves and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Company, reduce the number of Offer Shares offered below and/or the Offer Price range 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, we 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 the Company and the Stock Exchange at **www.hsay.com** and **www.hkexnews.hk**, respectively, notices of the reduction. The Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. Upon the issue of such a notice and supplemental prospectus, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

Announcement of Final Pricing of the Offer Shares

The final pricing of the Offer Shares, 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 "How to Apply for Hong Kong Offer Shares — B. Publication of Results."

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company agreeing on the Offer Price.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in "Underwriting."

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- 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, on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

- the pricing of the Offer Shares having been agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company;

- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company by 12:00 noon on Tuesday, May 6, 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 dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company on the websites of the Company and the Stock Exchange at **www.hsay.com** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies." In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

H Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Thursday, May 8, 2025, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS 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, May 8, 2025, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, May 8, 2025.

The H Shares will be traded in board lots of 30 H Shares each and the stock code of the H Shares will be 2589.

IMPORTANT NOTICE TO INVESTORS
OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

The Company has 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 http://www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and the Company's website at www.hsay.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;
- have a Hong Kong address *(for the* ***White Form eIPO*** *service only)*; and
- are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to the Company, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder of the Company;
- are a Director, Supervisor or chief executive of the Company and/or a director, supervisor or chief executive of any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above persons;
- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon the completion of the Global Offering; or
- have been allocated or have applied for or indicated an interest in 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 am on Monday, April 28, 2025 and end at 12:00 noon on Friday, May 2, 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
White Form eIPO service	www.eipo.com.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 Monday, April 28, 2025 until 11:30 a.m. on Friday, May 2, 2025 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, May 2, 2025
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 **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different 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 **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public 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.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

3. Information required to apply

You must provide the following information with your application:

For Individual/Joint Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. HKID card; or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. LEI registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business registration certificate; or
  - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card.

2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for 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, the Company and the Overall Coordinators, as the Company's agent, have discretion to consider whether to accept it on any conditions they 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	:	30 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$113.12 per H Share. If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

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 **White Form eIPO** service, you may refer to the table below for the amount payable for the number of H 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$*
30	3,427.83	600	68,556.48	3,000	342,782.44	24,000	2,742,259.56
60	6,855.64	750	85,695.61	4,500	514,173.66	27,000	3,085,042.00
90	10,283.48	900	102,834.73	6,000	685,564.90	30,000	3,427,824.46
120	13,711.30	1,050	119,973.86	7,500	856,956.11	45,000	5,141,736.69
150	17,139.13	1,200	137,112.98	9,000	1,028,347.34	60,000	6,855,648.91
180	20,566.95	1,350	154,252.10	10,500	1,199,738.56	75,000	8,569,561.15
210	23,994.77	1,500	171,391.22	12,000	1,371,129.79	90,000	10,283,473.37
240	27,422.59	1,800	205,669.47	13,500	1,542,521.00	105,000	11,997,385.60
270	30,850.42	2,100	239,947.71	15,000	1,713,912.23	120,570(1)	13,776,426.49
300	34,278.25	2,400	274,225.96	18,000	2,056,694.67		
450	51,417.37	2,700	308,504.21	21,000	2,399,477.12		

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

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "— A. 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 **White Form eIPO** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Overall Coordinators, as the Company's agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of H 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 Company, 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, partners, agents, advisers 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 the Company, 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 the Company 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, supervisors, 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, supervisors, 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 the Company 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 **White Form eIPO** 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 (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through **White Form eIPO** service or **HKSCC EIPO** channel:		
Website	The designated results of allocation website at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function.	24 hours, from 11:00 p.m. on Wednesday, May 7, 2025 to 12:00 midnight on Tuesday, May 13, 2025 (Hong Kong time)
	The full list of (i) wholly or partially successful applicants using the **White Form eIPO** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the "Allotment Results" page of the **White Form eIPO** service at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**).	
	The Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.hsay.com** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Wednesday, May 7, 2025 (Hong Kong time)
Telephone	+852 2862 8555 — the allocation results telephone enquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m. from Thursday, May 8, 2025 to Tuesday, May 13, 2025 (Hong Kong time) (except Saturday, Sunday and Hong Kong public holidays)

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Tuesday, May 6, 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Tuesday, May 6, 2025 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

The Company expects 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 the Company's website at **www.hsay.com** by no later than 11:00 p.m. on Wednesday, May 7, 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 the Company or its agents exercise their discretion to reject your application:

The Company, 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 the Company of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "— A. Applications for Hong Kong Offer Shares — 5. Multiple Applications Prohibited" in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Overall Coordinators believe that by accepting your application, it or the Company would violate applicable securities or other laws, rules or regulations.

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 Offer 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 the Company, 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 Offer 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, May 8, 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 H 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:

	White Form eIPO service	HKSCC EIPO channel
Despatch/collection of H Share certificate[1]		
For physical share certificates of equal or over 100,000 Offer Shares issued under your own name	Collection in person from the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong Time: from 9:00 a.m. to 1:00 p.m. on Thursday, May 8, 2025 (Hong Kong time), or any other place or date notified by the Company If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorised 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.	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 any Severe Weather Signals (as defined below) in force in Hong Kong in the morning on the business day before the Listing Date 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. Bad Weather Arrangements" in this section.

	White Form eIPO service	HKSCC EIPO channel
For physical share certificates of less than 100,000 Offer Shares issued under your own name	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk. Time: Wednesday, May 7, 2025	
Refund mechanism for surplus application monies paid by you		
Date	Thursday, May 8, 2025	Subject to the arrangement between you and your broker or custodian
Responsible party	H Share Registrar	Your broker or custodian
Application monies paid through single bank account	White Form e-Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it.
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk.	

E. BAD WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Friday, May 2, 2025 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- an Extreme Conditions,

(collectively, "**Bad Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, May 2, 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 Bad Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the Listing Date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.hsay.com** of the revised timetable.

If a Bad Weather Signal is hoisted on Wednesday, May 7, 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, May 8, 2025, and for physical H Share certificates of less than 100,000 Offer Shares issued under your own name, despatch will be made by ordinary post when the post office reopens after the Bad Weather Signal is lowered or cancelled (e.g. in the afternoon of Wednesday, May 7, 2025 or on Thursday, May 8, 2025).

If a Bad Weather Signal is hoisted on Thursday, May 8, 2025, for physical H Share certificates of over 100,000 Offer Shares issued under your own name, you may collect your H Share certificates from the H Share Registrar's office after the Bad Weather Signal is lowered or cancelled (e.g. in the afternoon of Thursday, May 8, 2025 or on Friday, May 9, 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 the Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between 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 agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of 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 **White Form** e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;

- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H 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 H Shares and identifying any duplicate applications for the H Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the H 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 H 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 H Shares and/or regulators and/or any other purposes to which applicants and holders of the H 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 advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);

- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;

- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and

- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF AUNTEA JENNY (SHANGHAI) INDUSTRIAL CO., LTD., CITIC SECURITIES (HONG KONG) LIMITED, HAITONG INTERNATIONAL CAPITAL LIMITED AND ORIENT CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Auntea Jenny (Shanghai) Industrial Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-83, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-83 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 April 2025 (the "**Prospectus**") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
28 April 2025

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December		
		2022	**2023**	**2024**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	6	2,199,005	3,348,201	3,284,576
Cost of sales		(1,612,726)	(2,330,850)	(2,257,257)
Gross profit		586,279	1,017,351	1,027,319
Other income and gains, net	7	26,976	66,570	48,127
Selling and marketing expenses		(278,471)	(360,892)	(394,111)
Administrative expenses		(113,228)	(159,926)	(174,890)
Research and development expenses		(13,260)	(46,402)	(51,865)
Finance costs	8	(6,356)	(6,190)	(5,178)
PROFIT BEFORE TAX	9	201,940	510,511	449,402
Income tax expense	12	(52,470)	(122,609)	(120,471)
PROFIT FOR THE YEAR		149,470	387,902	328,931
Attributable to:				
Owners of the parent		149,470	387,902	328,931
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic *(RMB)*	14	1.59	4.02	3.22
Diluted *(RMB)*	14	1.59	4.02	3.22

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
PROFIT FOR THE YEAR	149,470	387,902	328,931
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations	–	–	31
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods:	–	–	31
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	–	–	31
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	149,470	387,902	328,962
Attributable to:			
Owners of the parent	149,470	387,902	328,962

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2022	2023	2024
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*15*	69,509	62,436	42,882
Right-of-use assets	*16*	135,329	124,481	94,012
Intangible assets	*17*	4,963	7,042	11,075
Financial investments at fair value through profit or loss	*18*	7,150	3,000	3,500
Deferred tax assets	*29*	28,802	29,190	25,791
Other non-current assets	*19*	12,201	15,259	20,820
Total non-current assets		257,954	241,408	198,080
CURRENT ASSETS				
Inventories	*20*	155,535	153,409	168,068
Trade receivables	*21*	–	697	1,471
Prepayments, other receivables and other assets	*22*	57,791	59,634	97,137
Financial assets at fair value through profit or loss	*23*	260,901	431,262	948,140
Restricted cash	*24*	–	30,359	80,000
Time deposits	*24*	–	–	20,228
Cash and cash equivalents	*24*	193,014	631,310	342,659
Total current assets		667,241	1,306,671	1,657,703

		As at 31 December		
		2022	**2023**	**2024**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
CURRENT LIABILITIES				
Trade payables	*25*	186,508	219,805	226,253
Other payables and accruals	*26*	126,070	180,442	213,016
Contract liabilities	*27*	74,774	95,045	56,826
Interest-bearing bank borrowings	*28*	1,000	–	29,923
Lease liabilities	*16*	52,943	54,631	41,631
Dividend payable	*13*	–	51,297	–
Tax payable		17,188	24,110	48,464
Total current liabilities		458,483	625,330	616,113
NET CURRENT ASSETS		208,758	681,341	1,041,590
TOTAL ASSETS LESS CURRENT LIABILITIES		466,712	922,749	1,239,670
NON-CURRENT LIABILITIES				
Contract liabilities	*27*	19,459	9,279	1,106
Lease liabilities	*16*	82,678	74,501	54,457
Deferred tax liabilities	*29*	–	–	21
Total non-current liabilities		102,137	83,780	55,584
Net assets		**364,575**	**838,969**	**1,184,086**
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	*30*	10,896	–	–
Share capital	*30*	–	100,000	102,430
Reserves	*31*	353,679	738,969	1,081,656
Total equity		**364,575**	**838,969**	**1,184,086**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent				
	Paid-in capital	Capital reserve*	Statutory reserve*	Retained profits*	Total equity
	RMB'000 *(Note 30)*	*RMB'000* *(Note 31)*	*RMB'000* *(Note 31)*	*RMB'000* *(Note 31)*	*RMB'000*
At 1 January 2022	10,896	141,198	8,801	49,367	210,262
Profit and total comprehensive income for the year	–	–	–	149,470	149,470
Share-based payments *(note 32)*	–	4,843	–	–	4,843
Transfer from retained profits	–	–	1,050	(1,050)	–
At 31 December 2022	10,896	146,041	9,851	197,787	364,575

Year ended 31 December 2023

	Attributable to owners of the parent					
	Paid-in capital	Share capital**	Capital reserve*	Statutory reserve*	Retained profits*	Total equity
	RMB'000 *(Note 30)*	*RMB'000* *(Note 30)*	*RMB'000* *(Note 31)*	*RMB'000* *(Note 31)*	*RMB'000* *(Note 31)*	*RMB'000*
At 1 January 2023	10,896	–	146,041	9,851	197,787	364,575
Profit and total comprehensive income for the year	–	–	–	–	387,902	387,902
Capital injection	725	–	131,285	–	–	132,010
Share-based payments *(note 32)*	–	–	14,482	–	–	14,482
Transfer from retained profits	–	–	–	35,535	(35,535)	–
Dividend declared	–	–	–	–	(60,000)	(60,000)
Conversion into a joint stock company**	(11,621)	100,000	606	(5,810)	(83,175)	–
At 31 December 2023	–	100,000	292,414	39,576	406,979	838,969

Year ended 31 December 2024

	Attributable to owners of the parent					
	Share capital**	**Capital reserve***	**Statutory reserve***	**Exchange fluctuation reserve***	**Retained profits***	**Total equity**
	RMB'000 *(Note 30)*	*RMB'000* *(Note 31)*	*RMB'000* *(Note 31)*	*RMB'000* *(Note 31)*	*RMB'000* *(Note 31)*	*RMB'000*
At 1 January 2024	100,000	292,414	39,576	–	406,979	838,969
Profit for the year	–	–	–	–	328,931	328,931
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	–	–	–	31	–	31
Total comprehensive income for the year	–	–	–	31	328,931	328,962
Capital injection	2,430	114,710	–	–	–	117,140
Share-based payments *(note 32)*	–	57,782	–	–	–	57,782
Transfer from retained profits	–	–	30,337	–	(30,337)	–
Dividend declared	–	–	–	–	(158,767)	(158,767)
At 31 December 2024	102,430	464,906	69,913	31	546,806	1,184,086

* These reserve accounts comprise the consolidated reserves of RMB353,679,000, RMB738,969,000 and RMB1,081,656,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

** In November 2023, the Company was converted into a joint stock company with limited liability and the net assets of the Company were converted into 100,000,000 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve (note 30).

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2022 RMB'000	2023 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		201,940	510,511	449,402
Adjustments for:				
Interest income		(1,515)	(6,063)	(6,343)
Finance costs	*8*	6,356	6,190	5,178
Fair value changes of financial assets and financial investments at fair value through profit or loss		(3,451)	(11,444)	(20,301)
Share-based payment expenses	*9*	4,843	14,482	57,782
Losses on disposal of property, plant and equipment		187	682	1,413
Covid-19-related rent concessions from lessors	*16*	(410)	–	–
Depreciation of property, plant and equipment	*15*	21,428	28,182	25,473
Depreciation of right-of-use assets	*16*	56,358	61,783	54,779
Amortisation of intangible assets	*17*	2,931	3,214	2,643
Impairment of property, plant and equipment	*15*	–	2,593	–
Loss/(gain) on early termination of leases	*7*	697	190	(393)
Foreign exchange differences, net		–	–	(249)
		289,364	610,320	569,384
(Increase)/decrease in inventories		(59,445)	2,126	(14,659)
Increase in trade receivables		–	(697)	(774)
Increase in prepayments, other receivables and other assets		(6,693)	(1,265)	(36,038)
Increase in other non-current assets		(1,154)	(1,370)	(411)
Increase in trade payables		67,442	33,297	6,448
Increase in other payables and accruals		20,076	56,754	36,308
Increase/(decrease) in contract liabilities		10,640	10,091	(46,392)
Increase in restricted cash		–	(359)	359
Cash generated from operations		320,230	708,897	514,225
Income tax paid		(52,457)	(116,076)	(93,681)
Net cash flows generated from operating activities		267,773	592,821	420,544

		Year ended 31 December		
		2022	2023	2024
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		1,515	6,063	6,094
Purchases of items of property, plant and equipment		(44,078)	(28,044)	(17,471)
Proceeds from disposal of items of property, plant and equipment		1,409	1,297	778
Purchases of intangible assets		(3,517)	(5,293)	(6,676)
Proceeds from financial assets at fair value through profit or loss		883,480	1,631,566	3,392,923
Purchases of financial assets at fair value through profit or loss		(913,000)	(1,790,000)	(3,750,000)
Proceeds from disposal of financial investments at fair value through profit or loss		–	3,666	–
Purchases of financial investments at fair value through profit or loss		(5,000)	–	–
Increase in restricted cash		–	(30,000)	(190,000)
Increase in time deposits		–	–	(20,000)
Receipt of deferred consideration for disposal of property, plant and equipment		–	–	138
Net cash flows used in investing activities		(79,191)	(210,745)	(584,214)
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal portion of lease payments	*16*	(43,396)	(57,614)	(56,961)
Interest portion of lease payments	*16*	(6,347)	(6,037)	(4,724)
Proceeds from interest-bearing bank borrowings		1,000	17,500	79,469
Repayment of interest-bearing bank borrowings		–	(18,500)	(49,589)
Capital injection		–	132,010	117,140
Dividends paid		–	(8,703)	(210,064)
Listing expenses		–	(2,283)	–
Interest paid		(9)	(153)	(411)
Net cash flows (used in)/generated from financing activities		(48,752)	56,220	(125,140)

		Year ended 31 December		
		2022	2023	2024
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		139,830	438,296	(288,810)
Cash and cash equivalents at beginning of year		53,184	193,014	631,310
Effect of foreign exchange rate changes, net		–	–	159
CASH AND CASH EQUIVALENTS AT END OF YEAR	*24*	193,014	631,310	342,659
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	*24*	193,014	631,310	342,659
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS	*24*	193,014	631,310	342,659

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
		2022	2023	2024
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*15*	8,683	6,074	4,409
Right-of-use assets	*16*	10,225	6,952	6,089
Intangible assets	*17*	4,310	–	109
Investments in subsidiaries	*1*	58,036	102,644	162,576
Financial investments at fair value through profit or loss	*18*	3,750	–	–
Deferred tax assets	*29*	12,173	16,169	14,460
Other non-current assets	*19*	712	2,355	1,932
Total non-current assets		97,889	134,194	189,575
CURRENT ASSETS				
Inventories	*20*	138	128	22
Trade receivables	*21*	–	697	584
Prepayments, other receivables and other assets	*22*	305,557	323,682	355,137
Financial assets at fair value through profit or loss	*23*	260,901	341,125	441,612
Restricted cash	*24*	–	359	40,000
Cash and cash equivalents	*24*	102,873	144,251	64,426
Total current assets		669,469	810,242	901,781
CURRENT LIABILITIES				
Trade payables	*25*	8,691	16,048	2,892
Other payables and accruals	*26*	502,645	272,649	196,804
Contract liabilities	*27*	35,885	42,570	12,523
Lease liabilities	*16*	5,426	2,876	2,762
Dividend payable		–	51,297	–
Tax payable		7,326	4,197	25,405
Total current liabilities		559,973	389,637	240,386
NET CURRENT ASSETS		109,496	420,605	661,395
TOTAL ASSETS LESS CURRENT LIABILITIES		207,385	554,799	850,970

		As at 31 December		
		2022	2023	2024
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Contract liabilities	*27*	19,459	9,279	1,106
Lease liabilities	*16*	3,210	2,806	2,740
Total non-current liabilities		22,669	12,085	3,846
NET ASSETS		184,716	542,714	847,124
EQUITY				
Paid-in capital	*30*	10,896	–	–
Share capital	*30*	–	100,000	102,430
Reserves	*31*	173,820	442,714	744,694
Total equity		184,716	542,714	847,124

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Auntea Jenny (Shanghai) Industrial Co., Ltd. (the "**Company**"), formerly Shanghai Zhenjing Industry Co., Ltd. (上海臻敬實業有限公司), was registered in the People's Republic of China (the "**PRC**") as a limited liability company on 18 November 2013. In November 2023, the Company was converted into a joint stock company with limited liability with registered capital of RMB100,000,000. The registered office of the Company is located at Room 124, Floor 1, No. 28, Shenpujing Road, Zhujing Town, Jinshan District, Shanghai.

During the Relevant Periods, the Company and its subsidiaries (collectively referred to as the "**Group**") were involved in the operation of a franchised tea drink retailing network and the sale of tea drink related products in the PRC.

Information about subsidiaries

The Company's investments in subsidiaries as at the end of each of the Relevant Periods were measured at cost.

Particulars of the Company's principal subsidiaries as at the date of this report are as follows:

Name	*Notes*	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Shanghai Ruizhong Industrial Co., Ltd.* (上海睿眾實業有限公司)	*(a)*	PRC/Chinese Mainland 29 December 2020	RMB20,000,000	100%	–	Supply chain management
Zhejiang Senyi Food Technology Co., Ltd.* (浙江森逸食品科技有限公司)	*(b)*	PRC/Chinese Mainland 23 June 2021	RMB50,000,000	100%	–	Raw material production
Shanghai Pangjia Network Technology Co., Ltd.* (上海龐嘉網絡科技有限公司)	*(a)*	PRC/Chinese Mainland 9 April 2021	RMB1,000,000	100%	–	Supply chain management and e-commerce retail
Shanghai Senying Catering Management Co., Ltd.* (上海森鷹餐飲管理有限公司)	*(a)*	PRC/Chinese Mainland 8 June 2017	RMB15,000,000	100%	–	Catering management
Shanghai Shenyu Investment Management Co., Ltd.* (上海神域投資管理有限公司)	*(a)*	PRC/Chinese Mainland 5 May 2015	RMB20,000,000	100%	–	Investment holding
Shanghai Senqian Technology Development Co., Ltd.* (上海森乾科技發展有限公司)	*(c)*	PRC/Chinese Mainland 29 June 2023	RMB2,000,000	100%	–	Technology services
Hangzhou Auntea Jenny Industrial Co., Ltd.* (杭州滬上阿姨實業有限公司)	*(a)*	PRC/Chinese Mainland 28 August 2023	RMB68,000,000	100%	–	Sale of products
Shanghai Pangyi Industrial Co., Ltd.* (上海龐逸實業有限公司)	*(a)*	PRC/Chinese Mainland 11 October 2023	RMB1,000,000	100%	–	Sale of software and information technology services
Shanghai Shenpu Supply Chain Management Co., Ltd.* (上海神璞供應鏈管理有限公司)	*(a)*	PRC/Chinese Mainland 30 January 2024	RMB1,000,000	100%	–	Supply chain management

Name	Notes	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Shanghai Huyi Supply Chain Management Co., Ltd.* (上海滬姨供應鏈管理有限公司) . . .	*(a)*	PRC/Chinese Mainland 21 March 2024	RMB10,000,000	100%	–	Supply chain management
Chongqing Senyu Supply Chain Management Co., Ltd.* (重慶森渝供應鏈管理有限公司). . . .	*(a)*	PRC/Chinese Mainland 29 November 2024	RMB85,000,000	100%	–	Supply chain management
Shanghai Pangpu Technology Development Co., Ltd.* (上海龐璞科技發展有限公司)	*(d)*	PRC/Chinese Mainland 9 January 2025	RMB1,000,000	100%	–	Information technology services

Notes:

(a) No audited financial statements have been prepared for these entities since their registration as statutory accounts are not required under the relevant rules and regulations in their jurisdictions of registration. During the Relevant Periods, the Company held 100% equity of these entities.

(b) The statutory financial statements of this entity for the year ended 31 December 2023 prepared under PRC Generally Accepted Accounting Principles were audited by Jiaxing Tianyue Certified Public Accountants (General Partnership), certified public accountants registered in the PRC.

(c) The statutory financial statements of this entity for the year ended 31 December 2023 prepared under PRC Generally Accepted Accounting Principles were audited by Shanghai Guangda Certified Public Accountants Co., Ltd., certified public accountants registered in the PRC.

(d) As the entity was newly incorporated in 2025, no audited financial statements have been prepared yet.

* The English names of these PRC companies represent the best effort made by the management of the Company to directly translate the Chinese names as they do not register any official English names.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS accounting standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**").

All IFRS accounting standards effective for the accounting period commencing from 1 January 2024 together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial investments or assets at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

The Historical Financial Information include the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The Historical Financial Information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill) and liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS accounting standards, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 10 and IAS 28 .	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]
IFRS 18	*Presentation and Disclosure in Financial Statements*[4]
IFRS 19.....................................	*Subsidiaries without Public Accountability: Disclosures*[4]
Amendments to IFRS 9 and IFRS 7 ..	*Amendments to the Classification and Measurement of Financial Instruments*[3]
Amendments to IAS 21	*Lack of Exchangeability*[2]
Annual Improvements to IFRS Accounting Standards — Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[3]
Amendments to IFRS 9 and IFRS 7 ...	*Contracts Referencing Nature-dependent Electricity*[3]

1 No mandatory effective date yet determined but available for adoption
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after 1 January 2026
4 Effective for annual periods beginning on or after 1 January 2027

Further information about those IFRS accounting standards that are expected to be applicable to the Group is described below:

IFRS 18 replaces IAS 1 *Presentation and Disclosure in Financial Statements* and introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. Consequential amendments are also made to several other standards.

The Group is currently assessing the impact of IFRS 18 on the Group's presentation and disclosure in financial statements. So far, the Group considers that the new and revised standards are unlikely to have a significant impact on the Group's results of operations and financial position.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

The Group measures certain financial assets at fair value at the end of each of the reporting periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful lives, as follows:

Leasehold improvements	Over the shorter of the lease term and estimated useful live of the asset
Plant and machinery	10 years
Furniture, fixtures and equipment	3 to 5 years
Motor vehicles	4 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite useful lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 to 10 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

All development costs were charged to the statement of profit or loss as incurred during the Relevant Periods.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets and the estimated useful lives of the assets as follows:

Offices	2 to 6 years
Self-operated stores	2 to 6 years
Warehouses	2 to 6 years
Factory	5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of certain self-operated stores and warehouse (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition as loans and borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the monthly weighted average cost basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitment.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of services or of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services or goods.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) *Sale of goods to franchisees*

The Group sells goods, primarily ingredients, materials for the production of tea drinks and equipment, to third-party franchisees. Revenue from sale of goods to franchisees is recognised at the point in time when control of the asset is transferred to the franchisees, generally on delivery of the goods.

(b) *Provision of franchising services*

Revenues from franchising services are derived from franchise agreements which entitle the franchisees the access to the brand of the Group, the associated intellectual property and operational support services provided by the Group ("**the franchise rights**"). The original term of a franchise agreement is typically three years ("**the franchise period**"). The Group accounts for the franchise rights as a single performance obligation as they are highly interrelated and not individually distinct.

Franchisees are required to pay (i) an initial one-time non-refundable franchise fee, and (ii) continuous franchise fee, which is determined at a certain percentage of the amounts of goods purchased by the franchisees from the Group. The initial one-time non-refundable franchise fee is recognised over the franchise period as the franchisee simultaneously receives and consumes the benefits provided by the Group. For the continuous franchise fee, the Group applies usage-based royalties under IFRS 15 to recognise franchise service revenue when subsequent usage occurred or the performance obligation to which some or all of the usage-based royalty has been allocated has been satisfied (or partially satisfied), whichever is the later. Thus, the continuous franchise fees are recognised as revenue when the ingredients and other raw materials procured by the franchisees are under control of the franchisees, generally at the time of delivery.

Franchisees are generally required to make a deposit, which is fully refundable upon the termination of the franchise period. The Group does not consider this advance consideration includes a significant financing component, since it is used to protect the Group from the failure of franchisees to adequately complete some or all of their obligations under the contracts.

(c) *Sale from self-operated stores*

The Group sells freshly-made tea drinks and other products to individual customers through its self-operated stores. Revenues from the sales of tea drinks and other products are recognised at the point in time when ordered goods are delivered and accepted by the customers.

(d) *Prepaid cards*

The Group also sells prepaid cards which can be redeemed for tea drinks and other products in both franchised stores and self-operated stores. Cash collected from the sales of prepaid cards is initially recorded in "Other payables and accruals" in the consolidated statements of financial position and subsequently settled with the franchisees upon redemption in the franchised stores or recognized as revenues upon redemption in the self-operated stores. The balance in the prepaid cards will expire in 36 months from the date of prepayment and the Group offers extension of validity period free of charge in the event of expiration. The Group recognises the remaining balances in the prepaid cards as revenue when the likelihood of the customer exercising its remaining rights becomes remote. The Group did not recognise any breakage revenue during the Relevant Periods.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receives remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments and Restricted Share Units ("**RSUs**"). The fair value of the services received in exchange for the grant of the equity instruments (RSUs) is recognised as an expense.

The total amount to be expensed is measured by reference to the fair value of the Group's shares at the grant date.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Dividends

Dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognised in respect of deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying values of deferred tax assets relating to recognised tax losses at 31 December 2022, 2023 and 2024 were RMB12,110,000, RMB5,337,000 and RMB3,712,000, respectively. Further details are contained in note 29 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets

The Group assessed whether there were any indicators of impairment for all non-financial assets (including the right-of-use assets) at 31 December 2022, 2023 and 2024. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

Fair value measurement of share-based payments

The Group has granted RSUs to the Group's employees during the Relevant Periods. The fair values of the RSUs were determined through the application of the discounted cash flow ("**DCF**") model at the grant dates. Significant estimates on assumptions, including the future cash flows and discount rate, were made by the board of directors of the Company. Further details are included in note 32 to the Historical Financial Information.

5. OPERATING SEGMENT INFORMATION

No operating segment information is presented as the Group's revenue and reported results during each of the Relevant Periods, and the Group's total assets as at 31 December 2022, 2023 and 2024 were derived from one single operating segment.

Geographical information

As the majority of the Group's revenues were generated in the PRC and the majority of the Group's non-current assets were in the PRC during each of the Relevant Periods, no further geographical segments are presented.

Information about major customers

No sales to a single customer accounted for more than 10% of the Group's total revenue during each of the Relevant Periods.

6. REVENUE

An analysis of revenue from contracts with customers is as follows:

(i) Disaggregated revenue information

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from self-operated stores	126,076	115,498	49,364
Revenue from franchisees:			
Sales of goods to franchisees	1,707,422	2,672,283	2,632,201
Franchising services	364,722	553,137	537,066
Others	785	7,283	65,945
Total	2,199,005	3,348,201	3,284,576

(ii) Timing of revenue recognition

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At a point in time	1,834,283	2,792,830	2,746,859
Over time	364,722	555,371	537,717
Total	2,199,005	3,348,201	3,284,576

Revenue recognised that was included in contract liabilities at the beginning of the reporting period:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods to franchisees	16,808	33,488	52,475
Franchising services	38,083	41,286	42,570
Total	54,891	74,774	95,045

(iii) Performance obligations

Information about the Group's performance obligations in relation to its principal business is summarised below:

Sales of goods to franchisees

The performance obligation is satisfied upon delivery of the goods and payment in advance is normally required.

Franchising services

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required.

Sales from self-operated stores

The performance obligation is satisfied at the point in time when the ordered goods are delivered and accepted by the customers.

As the practical expedient, the Group does not disclose the transaction price allocated to unsatisfied performance obligations for contracts with an original expected length of one year or less. The amounts of transaction prices allocated to the remaining performance obligations as disclosed below are related to franchisee income, of which the performance obligations are to be satisfied within three years. These amounts do not include variable consideration which is constrained.

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Amounts expected to be recognised as revenue:			
Within one year	43,249	53,025	17,481
After one year	30,870	39,021	10,026
Total	74,119	92,046	27,507

7. OTHER INCOME AND GAINS, NET

An analysis of other income and gains, net is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Government grants*	24,092	54,322	24,204
Fair value changes of financial assets at fair value through profit or loss	5,151	11,928	19,801
Bank interest income	1,515	6,063	6,322
Fair value changes of financial investments at fair value through profit or loss	(1,700)	(484)	500
(Loss)/gain on early termination of leases	(697)	(190)	393
Donations	(460)	(4,610)	(755)
Others	(925)	(459)	(2,338)
Total	26,976	66,570	48,127

* Government grants mainly represent various supports awarded by the local governments to support the Group's operation. There are no contingencies relating to these grants.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	6,347	6,037	4,724
Interest on interest-bearing bank borrowings	9	153	454
Total	6,356	6,190	5,178

9. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 December		
		2022	2023	2024
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Cost of inventories sold*		1,375,479	2,012,384	1,931,267
Depreciation of property, plant and equipment	*15*	21,428	28,182	25,473
Depreciation of right-of-use assets	*16*	56,358	61,783	54,779
Amortisation of intangible assets	*17*	2,931	3,214	2,643
Lease payments not included in the measurement of lease liabilities	*16*	636	1,504	2,624
Employee benefit expenses (including directors' and supervisors' remuneration):				
Wages, salaries and allowances		240,731	329,160	320,800
Pension scheme contributions and other social welfare		20,943	48,222	55,369
Share-based payment expenses		4,843	14,482	57,782
Total		266,517	391,864	433,951
Impairment of property, plant and equipment**	*15*	–	2,593	–
Marketing and promotion expenses		96,737	126,515	148,270
Transportation expenses		67,220	98,875	132,745
Service fees		40,891	54,313	46,358
Outsourced labor expenses		39,266	16,304	2,049
Listing expenses		–	13,963	31,373
Bank interest income	*7*	(1,515)	(6,063)	(6,322)
Interest on interest-bearing bank borrowings	*8*	9	153	454
Interest on lease liabilities	*8*	6,347	6,037	4,724

* The cost of inventories sold amount excludes depreciation and impairment of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets, employee benefit expenses, lease expenses and transportation expenses which are included in the cost of sales in the consolidated statements of profit or loss.

** The amount is included in cost of sales in the consolidated statements of profit or loss.

10. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration of directors, supervisors and the chief executive of the Company recorded in each of the Relevant Periods is set out below:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Fees	–	38	235
Other emoluments:			
Salaries, allowances and benefits in kind	3,136	8,717	6,324
Performance-related bonuses	640	5,635	3,093
Pension scheme contributions and other social welfare	318	633	611
Share-based payment expenses	528	5,628	15,817
Subtotal	4,622	20,613	25,845
Total	4,622	20,651	26,080

(a) Independent non-executive director

The fees paid to the independent non-executive director during the Relevant Periods were as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Mr. Han Ding-Gwo(6)	–	38	235

There were no other emoluments payable to the independent non-executive director during the Relevant Periods.

(b) Executive directors, a non-executive director, supervisors and the chief executive

Year ended 31 December 2022

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and other social welfare	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:						
Mr. Shan Weijun(1)	–	1,026	–	106	–	1,132
Ms. Zhou Rongrong(2)	–	958	–	106	–	1,064
Non-executive Director:						
Mr. Yan Yiqing(3)	–	–	–	–	–	–
Supervisor:						
Mr. Gu Liang(4)	–	1,152	640	106	528	2,426
Total	–	3,136	640	318	528	4,622

Year ended 31 December 2023

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and other social welfare	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:						
Mr. Shan Weijun[(1)]	–	1,029	166	113	–	1,308
Ms. Zhou Rongrong[(2)]....	–	1,029	166	113	–	1,308
Mr. Zhou Tianmu[(7)]	–	2,430	2,622	113	1,876	7,041
Mr. Wang Jiaxing[(8)]	–	937	266	48	628	1,879
Non-executive Director:						
Mr. Yan Yiqing[(3)]	–	1,215	1,556	58	1,876	4,705
Supervisors:						
Mr. Gu Liang[(4)]	–	1,206	558	113	902	2,779
Ms. Xu Na[(9)]	–	451	92	38	158	739
Ms. Chen Fangfang[(10)] ...	–	420	209	37	188	854
Total	–	8,717	5,635	633	5,628	20,613

Year ended 31 December 2024

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and other social welfare	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:						
Mr. Shan Weijun[(1)]	–	492	–	114	–	606
Ms. Zhou Rongrong[(2)] ...	–	492	–	114	–	606
Mr. Zhou Tianmu[(7)]	–	2,431	2,550	114	11,257	16,352
Mr. Wang Jiaxing[(8)]	–	910	126	62	1,485	2,583
Supervisors:						
Mr. Gu Liang[(4)]	–	1,196	254	114	2,247	3,811
Ms. Xu Na[(9)]	–	404	95	46	433	978
Ms. Chen Fangfang[(10)] ...	–	399	68	47	395	909
Total	–	6,324	3,093	611	15,817	25,845

There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the Relevant Periods.

Notes:

(1) Mr. Shan Weijun was appointed as a director and the chief executive of the Company in November 2013.

(2) Ms. Zhou Rongrong was appointed as a director of the Company in November 2020.

(3) Mr. Yan Yiqing was appointed as an investor designated director of the Company in November 2020 and joined the Group as an employee in July 2023. In the first general meeting of the Company held in November 2023, after Mr. Yan Yiqing joined the Group as an employee, he was not appointed as a director of the Company. His remuneration disclosed above included those for services rendered by him as employee for the year ended 31 December 2023.

(4) Mr. Gu Liang was appointed as a supervisor of the Company in February 2021.

(5) Ms. Wang Lijuan was appointed as a supervisor of the Company in February 2015 and resigned as a supervisor in February 2021.

(6) Mr. Han Ding-Gwo was appointed as an independent director of the Company in November 2023.

(7) Mr. Zhou Tianmu was appointed as a director of the Company in November 2023. His remuneration disclosed above included those for services rendered by him as employee for the year ended 31 December 2023.

(8) Mr. Wang Jiaxing was appointed as a director of the Company in November 2023. His remuneration disclosed above included those for services rendered by him as employee for the year ended 31 December 2023.

(9) Ms. Xu Na was appointed as a supervisor of the Company in November 2023. Her remuneration disclosed above included those for services rendered by her as employee for the year ended 31 December 2023.

(10) Ms. Chen Fangfang was appointed as a supervisor of the Company in November 2023. Her remuneration disclosed above included those for services rendered by her as employee for the year ended 31 December 2023.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during Relevant Periods included nil, 2 and 1 directors, respectively, and 1, 1 and 1 supervisor, respectively, details of whose remuneration are set out in note 10 above. Details of the remuneration for each of the Relevant Periods of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	5,685	2,171	4,648
Performance-related bonuses	2,338	1,405	3,630
Share-based payment expenses	210	1,127	15,863
Pension scheme contributions and other social welfare	197	226	343
Total	8,430	4,929	24,484

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
HK$1,500,001 to HK$2,000,000	1	–	–
HK$2,000,001 to HK$2,500,000	2	–	–
HK$2,500,001 to HK$3,000,000	–	2	–
HK$3,500,001 to HK$4,000,000	1	–	1
HK$4,500,001 to HK$5,000,000	–	–	1
HK$17,000,001 to HK$17,500,000	–	–	1
Total	4	2	3

12. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the EIT rate of the Group's PRC subsidiaries is 25% unless subject to tax exemption set out below.

Certain of the Group's PRC subsidiaries are qualified as small and micro enterprises and were entitled to a preferential EIT rate of 2.5% for the taxable income below RMB1 million during the year ended 31 December 2022 and a preferential EIT rate of 5% for the taxable income below RMB1 million during the years ended 31 December 2023 and 2024, a preferential EIT rate of 5% for the taxable income between RMB1 million and RMB3 million during the years ended 31 December 2022, 2023 and 2024.

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	68,891	122,997	117,051
Deferred tax	(16,421)	(388)	3,420
Tax charge for the year	52,470	122,609	120,471

A reconciliation of the tax expense applicable to profit before tax at the statutory rate applicable in Chinese Mainland to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	201,940	510,511	449,402
Tax at the statutory tax rate of 25%	50,485	127,628	112,351
Effect of preferential tax rates of subsidiaries	(23)	(2)	(51)
Adjustments in respect of current tax of previous periods	–	–	604
Super-deduction of research and development expenses and others	(125)	(10,606)	(10,547)
Expenses not deductible for tax	2,133	5,589	18,114
Tax charge for the year	52,470	122,609	120,471

13. DIVIDEND

On 14 December 2023, the Company declared a dividend of RMB60,000,000 to its shareholders, of which RMB8,703,000 was paid in December 2023 and RMB51,297,000 was paid in January 2024.

On 13 May 2024, the Company declared a dividend of RMB158,766,500 to its shareholders. Such dividend was fully paid on 20 May 2024.

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to owners of the parent, and the weighted average numbers of ordinary shares outstanding during each of the Relevant Periods.

The weighted average number of ordinary shares in issue before the conversion into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio as upon transformation into a joint stock company in November 2023 (note 30).

(a) Basic

	Year ended 31 December		
	2022	**2023**	**2024**
Profit attributable to owners of the parent *(RMB'000)*	149,470	387,902	328,931
Weighted average number of ordinary shares used in the basic earnings per share calculation	93,765,036	96,481,089	102,164,426
Basic earnings per share *(RMB)*	1.59	4.02	3.22

(b) Diluted

Diluted earnings per share amounts presented are the same as the basic earnings per share amounts as there were no potentially dilutive ordinary shares outstanding during each of the Relevant Periods.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022						
At 1 January 2022:						
Cost	25,139	522	14,479	308	2,715	43,163
Accumulated depreciation and impairment	(4,646)	–	(2,499)	(31)	–	(7,176)
Net carrying amount	20,493	522	11,980	277	2,715	35,987
At 1 January 2022, net of accumulated depreciation and impairment	20,493	522	11,980	277	2,715	35,987
Additions	6,109	656	10,675	4,366	34,740	56,546
Disposals	–	–	(1,596)	–	–	(1,596)
Transfers	16,647	6,821	–	–	(23,468)	–
Depreciation provided during the year	(15,171)	(289)	(5,479)	(489)	–	(21,428)
At 31 December 2022, net of accumulated depreciation and impairment	28,078	7,710	15,580	4,154	13,987	69,509
At 31 December 2022						
Cost	41,982	7,999	22,548	4,674	13,987	91,190
Accumulated depreciation and impairment	(13,904)	(289)	(6,968)	(520)	–	(21,681)
Net carrying amount	28,078	7,710	15,580	4,154	13,987	69,509
31 December 2023						
At 1 January 2023:						
Cost	41,982	7,999	22,548	4,674	13,987	91,190
Accumulated depreciation and impairment	(13,904)	(289)	(6,968)	(520)	–	(21,681)
Net carrying amount	28,078	7,710	15,580	4,154	13,987	69,509

	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023, net of accumulated depreciation and impairment	28,078	7,710	15,580	4,154	13,987	69,509
Additions	1,625	11	10,390	503	13,152	25,681
Disposals	–	(196)	(1,783)	–	–	(1,979)
Transfers	12,063	4,602	–	–	(16,665)	–
Depreciation provided during the year	(18,141)	(964)	(7,872)	(1,205)	–	(28,182)
Impairment provided during the year	–	–	(2,593)	–	–	(2,593)
At 31 December 2023, net of accumulated depreciation and impairment	23,625	11,163	13,722	3,452	10,474	62,436
At 31 December 2023						
Cost	45,873	12,396	28,848	5,177	10,474	102,768
Accumulated depreciation and impairment	(22,248)	(1,233)	(15,126)	(1,725)	–	(40,332)
Net carrying amount	23,625	11,163	13,722	3,452	10,474	62,436
31 December 2024						
At 1 January 2024:						
Cost	45,873	12,396	28,848	5,177	10,474	102,768
Accumulated depreciation and impairment	(22,248)	(1,233)	(15,126)	(1,725)	–	(40,332)
Net carrying amount	23,625	11,163	13,722	3,452	10,474	62,436
At 1 January 2024, net of accumulated depreciation and impairment	23,625	11,163	13,722	3,452	10,474	62,436
Additions	1,169	206	5,705	175	8,481	15,736
Disposals	–	(8,392)	(1,425)	–	–	(9,817)
Transfers	8,214	10,088	–	–	(18,302)	–
Depreciation provided during the year	(15,934)	(1,307)	(6,914)	(1,318)	–	(25,473)
At 31 December 2024, net of accumulated depreciation and impairment	17,074	11,758	11,088	2,309	653	42,882
At 31 December 2024						
Cost	43,906	14,298	29,230	5,352	653	93,439
Accumulated depreciation and impairment	(26,832)	(2,540)	(18,142)	(3,043)	–	(50,557)
Net carrying amount	17,074	11,758	11,088	2,309	653	42,882

Company

	Leasehold improvements	Furniture, fixtures and equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022				
At 1 January 2022:				
Cost	6,865	5,671	2,092	14,628
Accumulated depreciation and impairment	(1,100)	(923)	–	(2,023)
Net carrying amount	5,765	4,748	2,092	12,605
At 1 January 2022, net of accumulated depreciation and impairment	5,765	4,748	2,092	12,605
Additions	1,190	1,280	–	2,470
Disposals	–	(637)	–	(637)
Transfers	2,092	–	(2,092)	–
Depreciation provided during the year	(3,849)	(1,906)	–	(5,755)
At 31 December 2022, net of accumulated depreciation and impairment	5,198	3,485	–	8,683
At 31 December 2022				
Cost	8,925	5,982	–	14,907
Accumulated depreciation and impairment	(3,727)	(2,497)	–	(6,224)
Net carrying amount	5,198	3,485	–	8,683
31 December 2023				
At 1 January 2023:				
Cost	8,925	5,982	–	14,907
Accumulated depreciation and impairment	(3,727)	(2,497)	–	(6,224)
Net carrying amount	5,198	3,485	–	8,683
At 1 January 2023, net of accumulated depreciation and impairment	5,198	3,485	–	8,683
Additions	318	3,230	233	3,781
Disposals	(493)	(669)	–	(1,162)
Transfers	62	–	(62)	–
Depreciation provided during the year	(3,063)	(2,165)	–	(5,228)
At 31 December 2023, net of accumulated depreciation and impairment	2,022	3,881	171	6,074

	Leasehold improvements	Furniture, fixtures and equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023				
Cost	8,812	7,721	171	16,704
Accumulated depreciation and impairment	(6,790)	(3,840)	–	(10,630)
Net carrying amount	2,022	3,881	171	6,074
31 December 2024				
At 1 January 2024:				
Cost	8,812	7,721	171	16,704
Accumulated depreciation and impairment	(6,790)	(3,840)	–	(10,630)
Net carrying amount	2,022	3,881	171	6,074
At 1 January 2024, net of accumulated depreciation and impairment	2,022	3,881	171	6,074
Additions	101	1,560	1,441	3,102
Disposals	–	(364)	–	(364)
Transfers	1,612	–	(1,612)	–
Depreciation provided during the year	(1,931)	(2,472)	–	(4,403)
At 31 December 2024, net of accumulated depreciation and impairment	1,804	2,605	–	4,409
At 31 December 2024				
Cost	10,520	7,210	–	17,730
Accumulated depreciation and impairment	(8,716)	(4,605)	–	(13,321)
Net carrying amount	1,804	2,605	–	4,409

16. LEASES

The Group as a lessee

The Group has lease contracts for offices, warehouses, self-operated stores and a factory with lease terms between 2 and 6 years.

(a) Right-of-use assets

The carrying amounts and the movements in right-of-use assets during each of the Relevant Periods are as follows:

Group

	Offices	Warehouses	Self-operated stores	Factory	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	13,122	9,299	65,317	6,608	94,346
Additions	29,506	57,233	15,023	4,935	106,697
Depreciation charge	(12,648)	(15,483)	(26,140)	(2,087)	(56,358)
Termination	(428)	(432)	(8,496)	–	(9,356)
At 31 December 2022 and 1 January 2023	29,552	50,617	45,704	9,456	135,329
Additions	7,262	49,235	7,923	–	64,420
Depreciation charge	(12,522)	(26,187)	(20,688)	(2,386)	(61,783)
Termination	(949)	(318)	(12,218)	–	(13,485)
At 31 December 2023 and 1 January 2024	23,343	73,347	20,721	7,070	124,481
Additions	10,132	13,927	24,118	–	48,177
Depreciation charge	(10,527)	(28,567)	(13,403)	(2,282)	(54,779)
Termination	(2,945)	(13,112)	(5,230)	(2,580)	(23,867)
At 31 December 2024	20,003	45,595	26,206	2,208	94,012

Company

	Offices	Self-operated stores	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	11,832	2,386	14,218
Additions	2,790	38	2,828
Depreciation charge	(5,514)	(984)	(6,498)
Termination	(232)	(91)	(323)
At 31 December 2022 and 1 January 2023	8,876	1,349	10,225
Additions	3,299	218	3,517
Depreciation charge	(4,842)	(999)	(5,841)
Termination	(949)	–	(949)
At 31 December 2023 and 1 January 2024	6,384	568	6,952
Additions	6,230	342	6,572
Depreciation charge	(4,162)	(830)	(4,992)
Termination	(2,443)	–	(2,443)
At 31 December 2024	6,009	80	6,089

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during each of the Relevant Periods are as follows:

Group

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	81,389	135,621	129,132
New leases	106,697	64,420	48,177
Accretion of interest recognised during the year	6,347	6,037	4,724
Covid-19-related rent concessions from lessors	(410)	–	–
Payments	(49,743)	(63,651)	(61,685)
Termination	(8,659)	(13,295)	(24,260)
Carrying amount at the end of the year	135,621	129,132	96,088
Analysed into:			
Current portion	52,943	54,631	41,631
Non-current portion	82,678	74,501	54,457
Maturity analysis:			
Within 1 year	52,943	54,631	41,631
1 to 2 years	39,396	45,715	31,232
2 to 5 years	43,282	28,786	23,225
Total	135,621	129,132	96,088

Company

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	11,940	8,636	5,682
New leases	2,828	3,517	6,572
Accretion of interest recognised during the year	483	309	224
Payments	(6,293)	(5,817)	(4,086)
Termination	(322)	(963)	(2,890)
Carrying amount at the end of the year	8,636	5,682	5,502
Analysed into:			
Current portion	5,426	2,876	2,762
Non-current portion	3,210	2,806	2,740
Maturity analysis:			
Within 1 year	5,426	2,876	2,762
1 to 2 years	1,683	1,610	2,327
2 to 5 years	1,527	1,196	413
Total	8,636	5,682	5,502

The maturity analysis of lease liabilities is disclosed in note 38 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

Group

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	6,347	6,037	4,724
Depreciation charge of right-of-use assets	56,358	61,783	54,779
Expense relating to short term and low value leases	636	1,504	2,624
Covid-19-related rent concessions from lessors	(410)	–	–
Loss/(gain) on termination of leases	697	190	(393)
Total amount recognised in profit or loss	63,628	69,514	61,734

The Group as a lessor

The Group leases its plant and machinery under finance lease arrangement. The terms of the leases generally require the tenants to pay security deposits. The carrying amount of the Group's finance lease receivables and the movements during the Relevant Periods are included in note 19 to the Historical Financial Information.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under finance leases with its tenants are as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	–	–	1,654
1 to 2 years	–	–	1,654
2 to 3 years	–	–	1,654
3 to 4 years	–	–	1,654
4 to 5 years	–	–	1,516
Total undiscounted lease payments receivables	–	–	8,132
Less: unrealised finance income	–	–	(623)
Finance lease receivables, net	–	–	7,509

17. INTANGIBLE ASSETS

Group

	Software
	RMB'000
31 December 2022	
At 1 January 2022:	
Cost	5,742
Accumulated amortisation	(1,365)
Net carrying amount	4,377
At 1 January 2022, net of accumulated amortisation	4,377
Additions	3,517
Amortisation provided during the year	(2,931)
At 31 December 2022, net of accumulated amortisation	4,963
At 31 December 2022:	
Cost	9,259
Accumulated amortisation	(4,296)
Net carrying amount	4,963

	Software
	RMB'000
31 December 2023	
At 1 January 2023:	
Cost	9,259
Accumulated amortisation	(4,296)
Net carrying amount	4,963
At 1 January 2023, net of accumulated amortisation	4,963
Additions	5,293
Amortisation provided during the year	(3,214)
At 31 December 2023, net of accumulated amortisation	7,042
At 31 December 2023:	
Cost	14,541
Accumulated amortisation	(7,499)
Net carrying amount	7,042
31 December 2024	
At 1 January 2024:	
Cost	14,541
Accumulated amortisation	(7,499)
Net carrying amount	7,042
At 1 January 2024, net of accumulated amortisation	7,042
Additions	6,676
Amortisation provided during the year	(2,643)
At 31 December 2024, net of accumulated amortisation	11,075
At 31 December 2024:	
Cost	20,979
Accumulated amortisation	(9,904)
Net carrying amount	11,075

Company

	Software
	RMB'000
31 December 2022	
At 1 January 2022:	
Cost	5,062
Accumulated amortisation	(1,056)
Net carrying amount	4,006
At 1 January 2022, net of accumulated amortisation	4,006
Additions	3,005
Amortisation provided during the year	(2,701)
At 31 December 2022, net of accumulated amortisation	4,310
At 31 December 2022:	
Cost	8,067
Accumulated amortisation	(3,757)
Net carrying amount	4,310
31 December 2023	
At 1 January 2023:	
Cost	8,067
Accumulated amortisation	(3,757)
Net carrying amount	4,310
At 1 January 2023, net of accumulated amortisation	4,310
Additions	2,393
Transfers	(5,314)
Amortisation provided during the year	(1,389)
At 31 December 2023, net of accumulated amortisation	–
At 31 December 2023:	
Cost	5,135
Accumulated amortisation	(5,135)
Net carrying amount	–

	Software
	RMB'000
31 December 2024	
At 1 January 2024:	
Cost	5,135
Accumulated amortisation	(5,135)
Net carrying amount	–
At 1 January 2024, net of accumulated amortisation	–
Additions	131
Amortisation provided during the year	(22)
At 31 December 2024, net of accumulated amortisation	109
At 31 December 2024:	
Cost	3,729
Accumulated amortisation	(3,620)
Net carrying amount	109

18. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	3,850	7,150	3,000
Additions	5,000	–	–
Disposal	–	(3,666)	–
Fair value changes through profit or loss	(1,700)	(484)	500
At the end of the year	7,150	3,000	3,500

Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	3,850	3,750	–
Additions	–	–	–
Disposal	–	(3,666)	–
Fair value changes through profit or loss	(100)	(84)	–
At the end of the year	3,750	–	–

The Group's and the Company's financial investments at fair value through profit or loss represented equity investments in private investee companies.

19. OTHER NON-CURRENT ASSETS

Group

		As at 31 December		
		2022	**2023**	**2024**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Deposits	*(a)*	9,749	10,823	9,501
Financial lease receivables	*(b)*	–	–	6,080
Prepayments for property and equipment and intangible assets		1,890	3,578	2,648
Others		582	936	2,692
		12,221	15,337	20,921
Impairment allowance		(20)	(78)	(101)
Total		12,201	15,259	20,820

Company

		As at 31 December		
		2022	**2023**	**2024**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for property and equipment and intangible assets		34	1,897	1,461
Deposits	*(a)*	594	320	422
Others		85	140	150
		713	2,357	2,033
Impairment allowance		(1)	(2)	(101)
Total		712	2,355	1,932

(a) Deposits mainly represent rental deposits with remaining terms of over one year.

(b) The carrying amount of the Group's finance lease receivables and the movements during the Relevant Periods are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	–	–	–
New leases	–	–	7,626
Accretion of interest recognized during the year	–	–	21
Receipts	–	–	(138)
Carrying amount at the end of the year	–	–	7,509
Analysed into:			
Current portion	–	–	1,429
Non-current portion	–	–	6,080

The undiscounted lease payments receivable by the Group in future periods under finance leases are included in note 16 to the Historical Financial Information.

The expected credit losses rate for financial assets included in other non-current asset were 0.2%, 0.7% and 0.5% as at 31 December 2022, 2023 and 2024, respectively.

20. INVENTORIES

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	143,493	132,485	149,786
Raw materials	12,042	20,924	18,282
Total	155,535	153,409	168,068

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	138	128	22

21. TRADE RECEIVABLES

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	–	697	1,951
Impairment	–	–	(480)
Total	–	697	1,471

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	–	697	1,064
Impairment	–	–	(480)
Total	–	697	584

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at 31 December 2022, 2023 and 2024, based on the invoice date, is as follows:

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	–	266	714
Over 1 month	–	431	757
Total	–	697	1,471

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	–	266	128
Over 1 month	–	431	456
Total	–	697	584

The movements in the loss allowance for impairment of trade receivables are as follows:

	Year ended 31 December	
	2023	2024
	RMB'000	*RMB'000*
At beginning of year	–	–
Impairment loss, net	–	480
At end of year	–	480

The expected credit losses rate for trade receivables was less than 0.1% and was 25% as at 31 December 2023 and 2024, respectively.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Group

		As at 31 December		
		2022	2023	2024
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Value-added tax recoverable		32,197	23,241	35,736
Prepayments	*(a)*	13,023	18,892	29,627
Receivable from online platforms		8,043	10,607	14,902
Other receivables		438	988	9,588
Deposits	*(b)*	1,987	3,245	3,235
Listing expenses		–	2,685	1,736
Financial lease receivables	*19*	–	–	1,429
Prepaid income tax		2,107	–	985
		57,795	59,658	97,238
Impairment allowance		(4)	(24)	(101)
Total		57,791	59,634	97,137

(a) Prepayments represent advances to certain major suppliers for the purchase of goods or services.

(b) Deposits mainly represent rental deposits with remaining terms of within one year.

Except for certain loss allowance provided for deposits, the financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2022, 2023 and 2024, the expected credit losses rate for the financial assets included in the above balances were less than 0.1%, 0.2% and 0.3%, respectively.

Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Dividend receivable from a subsidiary	–	200,000	200,000
Due from subsidiaries	295,770	105,751	135,912
Prepayments	8,007	9,066	13,179
Receivables from online platforms	1,127	3,713	3,412
Listing expenses	–	2,685	1,736
Deposits	299	1,255	522
Value-added tax recoverable	232	433	364
Other receivables	123	788	12
	305,558	323,691	355,137
Impairment allowance	(1)	(9)	–
Total	305,557	323,682	355,137

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Except for certain loss allowance provided for deposits, the financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. The expected credit losses rates for the financial assets included in the above balances as at 31 December 2022, 2023 and 2024 were all less than 0.1%.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Structured deposits	130,447	200,304	787,305
Wealth management products	130,454	230,958	160,835
Total	260,901	431,262	948,140

Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Structured deposits	130,447	110,167	280,777
Wealth management products	130,454	230,958	160,835
Total	260,901	341,125	441,612

The wealth management products and structured deposits are purchased from creditworthy commercial banks in Chinese Mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

24. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TIME DEPOSITS

(a) Cash and cash equivalents

Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	193,014	631,310	342,659
Denominated in:			
RMB	193,014	630,500	333,487
USD	–	810	6,333
MYR	–	–	2,839
Total	193,014	631,310	342,659

Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	102,873	144,251	64,426
Denominated in:			
RMB	102,873	144,251	64,426

(b) Restricted cash

Group

		As at 31 December		
		2022	**2023**	**2024**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Restricted cash	*(a)*	–	30,359	80,000
Denominated in:				
RMB		–	30,359	80,000

(a) As at 31 December 2023 and 2024, restricted cash consisted primarily of bank deposits amounting to RMB30,000,000 and RMB80,000,000, respectively, reserved for the purchase of financial assets at fair value through profit or loss from a creditworthy commercial bank which were temporarily restricted as to withdrawal or use.

Company

		As at 31 December		
		2022	**2023**	**2024**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Restricted cash	*(a)*	–	359	40,000
Denominated in:				
RMB		–	359	40,000

(a) As at 31 December 2024, restricted cash consisted of bank deposits amounting to RMB40,000,000 reserved for the purchase of financial assets at fair value through profit or loss from a creditworthy commercial bank which was temporarily restricted as to withdrawal or use.

(c) Time deposits

Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Time deposits with original maturities over three months	–	–	20,000
Interest receivable	–	–	228
	–	–	20,228
Denominated in:			
RMB	–	–	20,228

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

25. TRADE PAYABLES

An aging analysis of the trade payables as at 31 December 2022, 2023 and 2024, based on the transaction date, is as follows:

Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	171,156	202,215	203,450
1 to 3 months	13,916	15,849	21,562
3 to 6 months	882	1,358	1,089
Over 6 months	554	383	152
Total	186,508	219,805	226,253

Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	8,691	16,048	2,892

The trade payables are non-interest-bearing and are normally settled on terms of typically 30 days.

26. OTHER PAYABLES AND ACCRUALS

Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Accrued expenses and others	26,200	42,716	74,806
Payroll and welfare payable	52,260	74,551	60,918
Deposits	37,313	50,992	60,113
Other tax payables	10,297	12,183	17,179
Total	126,070	180,442	213,016

Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Deposits	36,528	46,959	54,249
Due to subsidiaries	409,472	142,095	54,204
Accrued expenses and others	17,150	29,220	48,316
Payroll and welfare payable	38,615	51,988	37,372
Other tax payables	880	2,387	2,663
Total	502,645	272,649	196,804

The amounts due to subsidiaries are non-interest-bearing and repayable on demand. Other payables and accruals were non-interest-bearing and repayable on demand.

27. CONTRACT LIABILITIES

Group

Details of contract liabilities are as follows:

	As at 1 January	As at 31 December		
	2022	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Sales of goods	16,808	33,488	52,475	38,077
Franchising services	38,083	41,286	42,570	12,523
Others	–	–	–	6,226
	54,891	74,774	95,045	56,826
Non-current:				
Franchising services	28,702	19,459	9,279	1,106

Contract liabilities of the Group mainly arise from the advance payments received from franchisees for the purchase of goods and services and deferred upfront franchise fees. The increase in contract liabilities in 2022 and 2023 was mainly due to the increase in the number of franchisees and short-term advances received from franchisees for the purchase of goods at the end of the year. The decrease in contract liabilities in 2024 was mainly due to the decrease of advance payments received for the purchase of goods and services and the lower average initial one-time franchise fee received during the year.

Company

Details of contract liabilities are as follows:

	As at 1 January	As at 31 December		
	2022	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Franchising services	35,179	35,885	42,570	12,523
Non-current:				
Franchising services	28,702	19,459	9,279	1,106

The decrease in contract liabilities in 2022, 2023 and 2024 was mainly due to lower average initial one-time franchise fee received during the respective years.

28. INTEREST-BEARING BANK BORROWINGS

Group

	As at 31 December 2022		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current:			
Bank borrowings — unsecured	2.05	2023	1,000

	As at 31 December 2024		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current:			
Bank borrowings — unsecured	1.65	2025	29,923

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank borrowings repayable:			
Within one year	1,000	–	29,923

29. DEFERRED TAX

Group

The movements in deferred tax assets during the Relevant Periods are as follows:

	Losses available for offsetting against future taxable profits	Deductible advertising expenses in the future	Lease liabilities	Unrealised gains from intercompany transaction	Unrealised loss from financial investments at fair value through profit or loss and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	12,699	3,114	20,347	223	49	36,432
Deferred tax (charged)/credited to the consolidated statement of profit or loss during the year	(589)	9,722	13,557	3,345	432	26,467
Gross deferred tax assets at 31 December 2022	12,110	12,836	33,904	3,568	481	62,899
Deferred tax (charged)/credited to the consolidated statement of profit or loss during the year	(6,773)	3,877	(1,621)	(74)	2,318	(2,273)
Gross deferred tax assets at 31 December 2023	5,337	16,713	32,283	3,494	2,799	60,626
Deferred tax (charged)/credited to the consolidated statement of profit or loss during the year	(1,625)	(1,848)	(8,266)	858	366	(10,515)
Gross deferred tax assets at 31 December 2024	3,712	14,865	24,017	4,352	3,165	50,111

The movements in deferred tax liabilities during the Relevant Periods are as follows:

	Right-of-use assets	Unrealised gains from financial investments/ assets at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	23,586	465	24,051
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	10,246	(200)	10,046
Gross deferred tax liabilities at 31 December 2022	33,832	265	34,097
Deferred tax (credited)/charged to the consolidated statement of profit or loss during the year	(2,712)	51	(2,661)
Gross deferred tax liabilities at 31 December 2023	31,120	316	31,436
Deferred tax (credited)/charged to the consolidated statement of profit or loss during the year	(7,622)	527	(7,095)
Gross deferred tax liabilities at 31 December 2024	23,498	843	24,341

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	28,802	29,190	25,791
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–	21

Company

The movements in deferred tax assets during the Relevant Periods are as follows:

	Losses available for offsetting against future taxable profits	Deductible advertising expenses in the future	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	–	3,114	2,985	–	6,099
Deferred tax credited/(charged) to the statement of profit or loss during the year	–	9,722	(827)	–	8,895
Gross deferred tax assets at 31 December 2022	–	12,836	2,158	–	14,994
Deferred tax credited/(charged) to the statement of profit or loss during the year	–	3,877	(738)	55	3,194
Gross deferred tax assets at 31 December 2023	–	16,713	1,420	55	18,188
Deferred tax (charged)/credited to the statement of profit or loss during the year	–	(1,848)	(44)	89	(1,803)
Gross deferred tax assets at 31 December 2024	–	14,865	1,376	144	16,385

The movements in deferred tax liabilities during the Relevant Periods are as follows:

	Right-of-use assets	Unrealised gains from financial investments/ assets at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	3,554	427	3,981
Deferred tax credited to the statement of profit or loss during the year	(998)	(162)	(1,160)
Gross deferred tax liabilities at 31 December 2022	2,556	265	2,821
Deferred tax (credited)/charged to the statement of profit or loss during the year	(818)	16	(802)
Gross deferred tax liabilities at 31 December 2023	1,738	281	2,019
Deferred tax (credited)/charged to the statement of profit or loss during the year	(216)	122	(94)
Gross deferred tax liabilities at 31 December 2024	1,522	403	1,925

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the statement of financial position	12,173	16,169	14,460
Net deferred tax liabilities recognised in the statement of financial position	–	–	–

30. PAID-IN CAPITAL/SHARE CAPITAL

Paid-in capital

A summary of movements in the Company's paid-in capital during the Relevant Periods is as follows:

	Notes	Total RMB'000
At 1 January 2022, 31 December 2022 and at 1 January 2023		10,896
Capital injection	(a)/(b)	725
Conversion into a joint stock company	(c)	(11,621)
As at 31 December 2023, 1 January 2024 and 31 December 2024		–

Share capital

A summary of movements in the Company's share capital during the Relevant Periods is as follows:

	Notes	Number of shares	Nominal value of shares RMB'000
As at 1 January 2022, 31 December 2022 and 1 January 2023		–	–
Issue of ordinary shares upon conversion into a joint stock company (ordinary shares of RMB1.00 each)	(c)	100,000,000	100,000
As at 31 December 2023 and 1 January 2024		100,000,000	100,000
Issue of ordinary shares (ordinary shares of RMB1.00 each)	(d)	2,430,000	2,430
As at 31 December 2024		102,430,000	102,430

Notes:

(a) In July 2023, the Company entered into a capital increase agreement with Shanghai Yuhong Enterprise Management Partnership (Limited partnership) ("**Shanghai Yuhong**") and Shanghai Yuyun Enterprise Management Partnership (Limited partnership) ("**Shanghai Yuyun**") for the injection of capital totaling RMB336,000 into the Company by the above investors with approximately RMB336,000 credited to the Company's paid-in capital. Shanghai Yuhong and Shanghai Yuyun are employee incentive platforms owned by employees of the Group (note 32).

(b) In July 2023, the Company entered into a capital increase agreement with Zhuhai Jin Yi Ming Equity Investment Fund Partnership (Limited partnership), Suzhou Xiangzhong Venture Capital Partnership (Limited partnership), Nanjing Xiangzhong Venture Capital Partnership (Limited partnership), Shanghai Shibei High-tech Venture Capital Partnership (Limited partnership), Shanghai Yiyu Investment Consulting Co., LTD., Beijing Desai Innovation Equity Investment Center (Limited Partnership) and Zhuhai Hengqin Zhiyiganrui Investment Partnership (Limited partnership). According to the agreement, capital totaling RMB133,400,000 was injected into the Company by the above investors with approximately RMB388,000 and RMB133,012,000 (before expenses) credited to the Company's paid-in capital and capital reserve, respectively. During the year ended 31 December 2023, 100% of the total capital was contributed by these investors.

(c) In November 2023, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. As of the conversion base date the net assets of the Company, including paid-in capital, capital reserve, statutory reserve and retained profits, amounting to approximately RMB382,556,000 were converted into 100,000,000 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve.

(d) In February 2024, the Company entered into a capital increase agreement with Guangzhou Hanshuai Venture Capital Partnership (Limited Partnership), Gongqingcheng Jinxiao Venture Capital Partnership (Limited Partnership), Shanghai Yipu Enterprise Management Co., Ltd. and Xiamen Yinlin Equity Investment Partnership (Limited Partnership). According to the agreement, registered capital totaling RMB2,430,000 was subscribed by the above investors at cash considerations totaling RMB121,500,000 (before expenses).

31. RESERVES

The amounts of the Group's retained profits and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Group.

(a) Capital reserve

The capital reserve represents capital contribution of the Group and share-based payment reserves. Details of the movement in capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(b) Statutory surplus reserve

In accordance with the PRC Company Law, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the PRC Company Law, part of the statutory surplus reserves may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(c) Exchange fluctuation reserve

The exchange fluctuation reserve is arising from the translation of the financial information of entities of which the functional currency is not RMB.

(d) Reserve movements of the Company

Year ended 31 December 2022

	Capital reserve	Statutory reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	141,198	1,736	15,627	158,561
Profit and total comprehensive income for the year	–	–	10,416	10,416
Share-based payments	4,843	–	–	4,843
Transfer from retained profits	–	1,042	(1,042)	–
At 31 December 2022	146,041	2,778	25,001	173,820

Year ended 31 December 2023

	Capital reserve	Statutory reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	146,041	2,778	25,001	173,820
Profit and total comprehensive income for the year	–	–	271,506	271,506
Capital injection	131,285	–	–	131,285
Share-based payments	14,482	–	–	14,482
Transfer from retained profits	–	24,606	(24,606)	–
Dividend declared	–	–	(60,000)	(60,000)
Conversion into a joint stock company	606	(5,810)	(83,175)	(88,379)
At 31 December 2023	292,414	21,574	128,726	442,714

Year ended 31 December 2024

	Capital reserve	Statutory reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	292,414	21,574	128,726	442,714
Profit and total comprehensive income for the year	–	–	288,255	288,255
Capital injection	114,710	–	–	114,710
Share-based payments	57,782	–	–	57,782
Transfer from retained profits	–	28,826	(28,826)	–
Dividend declared	–	–	(158,767)	(158,767)
At 31 December 2024	464,906	50,400	229,388	744,694

32. SHARE-BASED PAYMENTS

2020 Employee Incentive Scheme

On 30 September 2020, pursuant to the shareholders' resolution, the Company adopted the 2020 Employee Incentive Scheme to provide incentives and rewards to employees who contributed to the success of the Group's operations. The maximum equity-settled share awards that may be granted under the 2020 Employee Incentive Scheme shall not exceed 15.52% of the Company's paid-in capital, which was originally paid and own by the founder. The minimum price for eligible participants to subscribe for the restricted share units ("**RSUs**") under the 2020 Employee Incentive Scheme is RMB32.61 per RSU. The RSUs granted would vest subject to specific service condition that the employees remain in service and vest from the grant date over a vesting period of four years at minimum without any performance condition requirements. Once the vesting conditions underlying the respective RSUs are met, the RSUs are considered duly and validly issued to the holder.

On 30 April 2021, the Company and the founder of the Company signed restricted share unit agreements (the "**2021 RSU agreements**") with certain employees to grant a total of 73,902 RSUs under the 2020 Employee Incentive Scheme to these employees, which represented 0.69% of the Company's paid-in capital. The grantees of the RSUs paid a consideration of RMB32.61 per RSU. Such RSUs shall be fully vested upon the fifth anniversary dates of the grants.

On 31 March 2022, the Company and the founder of the Company signed another restricted share unit agreements (the "**2022 RSU agreements**") with certain employees to grant a total of 96,292 RSUs under the 2020 Employee Incentive Scheme to these employees, which represented 0.88% of the Company's paid-in capital. The grantees of the RSUs paid a consideration of RMB32.61 per RSU. Such RSUs shall be fully vested upon the fifth anniversary dates of the grants.

Amended 2020 Employee Incentive Scheme

On 20 July 2023, pursuant to the shareholders' resolution, the Company adopted an amendment to the 2020 Employee Incentive Scheme (the "**Amended 2020 Employee Incentive Scheme**"). Under the Amended 2020 Employee Incentive Scheme, the minimum price for eligible participants to subscribe for the RSUs is changed to RMB1.00 per RSU.

In November 2023, the Company and the founder of the Company signed RSU agreements with certain employees to grant a total of 281,398 RSUs under the Amended 2020 Employee Incentive Scheme, which represents 2.42% of the Company's paid-in capital. The grantees of the RSUs paid a consideration of RMB1.18 per RSU. Such RSUs shall be fully vested upon the fourth anniversary dates of the grants.

2023 Employee Incentive Scheme

On 20 July 2023, pursuant to the shareholders' resolution, the Company adopted the 2023 Employee Incentive Scheme to provide incentives and rewards to employees who contributed to the success of the Group's operations. The aggregate equity-settled share awards to be granted under the 2023 Employee Incentive Scheme represents 2.90% of the Company's paid-in capital, which are subscribed and held by Shanghai Yuhong and Shanghai Yuyun, the employee incentive platforms (note 30). The RSUs granted under the 2023 Employee Incentive Scheme would vest subject to specific service condition that the employees remain in service and vest from the grant date over a vesting period of four years at minimum without any performance condition requirements. Once the vesting conditions underlying the respective RSUs are met, the RSUs are considered duly and validly issued to the holder.

In November 2023, the Company and the founder of the Company signed the RSU agreements with certain employees to grant a total of 336,994 RSUs under the 2023 Employee Incentive Scheme, which represents 2.90% of the Company's paid-in capital. The grantees of the RSUs paid a consideration of RMB1.00 per RSU. Such RSUs shall be fully vested upon the fourth anniversary dates of the grants.

In May 2024, the Company and the founder of the Company signed the RSU agreements with certain employees to grant a total of 16,500 RSUs under the 2023 Employee Incentive Scheme, which represents 0.14% of the Company's share capital. The grantees of the RSUs paid a consideration of RMB1.00 per RSU. Such RSUs shall be fully vested upon the fourth anniversary dates of the grants.

The fair value of equity-settled share awards granted was estimated at the date of grant according to the fair value of ordinary shares through the application of the DCF Model. Movements in the number of RSUs granted and the respective weighted average grant date fair values are as follows:

	Number of RSUs	Weighted average grant date fair value per RSU
		(RMB)
Outstanding as at 1 January 2022	71,142	197.57
Granted	96,292	286.34
Forfeited	(7,973)	235.12
Outstanding as at 31 December 2022	159,461	249.30
Outstanding as at 1 January 2023	159,461	249.30
Granted	618,392	414.18
Forfeited	(28,826)	253.29
Outstanding as at 31 December 2023	749,027	385.27
Outstanding as at 1 January 2024	749,027	385.27
Granted	16,500	430.65
Forfeited	(93,793)	385.51
Outstanding as at 31 December 2024	671,734	386.35

The Company was converted to a joint stock company in November 2023, 100,000,000 ordinary shares with par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day. As at 31 December 2023 and 2024, the outstanding RSUs represented 6,445,649 and 5,780,515 ordinary shares.

Share-based payment expense relating to awards granted to employees which is based on the grant date fair values of the RSUs is recognised on a straight-line basis over the entire vesting period. The fair value of each RSU at the grant date is determined using a DCF model, with the assistance of an independent third-party valuation firm.

Key assumptions are set out below:

	2022	2023	2024
Discount rate *(%)*	17.0	16.0	16.0
Discount for lack of marketability ("**DLOM**") *(%)*	20.0	10.0	10.0
Annual revenue growth rate for the 5-year period *(%)*	7.5-55.6	2.5-33.3	2.2-14.8
Gross profit rate *(%)*	30.7-31.2	31.0-31.1	31.1-31.3
Terminal growth rate *(%)*	3.0	2.2	2.2

The expected revenue growth rate, gross profit rate and terminal growth rate are determined by the management based on past performance and its expectation for market development. The discount rate was estimated by the weighted average cost of capital as of the valuation date. The DLOM was estimated based on the Black-Scholes method.

The Group recognised share-based payment expenses of RMB4,843,000, RMB14,482,000 and RMB57,782,000 in relation to the above-mentioned RSUs for the years ended 31 December 2022, 2023 and 2024, respectively.

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB106,697,000, RMB64,420,000 and RMB48,177,000, respectively.

During the year ended 31 December 2024, restricted cash of RMB140,000,000 reserved for the purchase of financial assets at fair value through profit or loss was transferred into financial assets at fair value through profit or loss, which was a non-cash transaction.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2022

	Lease liabilities	Interest-bearing bank borrowings
	RMB'000	*RMB'000*
At 1 January 2022	81,389	–
Changes from financing cash flows	(49,743)	991
New leases	106,697	–
Interest expense *(note 8)*	6,347	9
Covid-19-related rent concessions from lessors	(410)	–
Termination of lease contracts	(8,659)	–
At 31 December 2022	135,621	1,000

Year ended 31 December 2023

	Lease liabilities	Interest-bearing bank borrowings	Dividend payable
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	135,621	1,000	–
Changes from financing cash flows	(63,651)	(1,153)	(8,703)
Dividend declared	–	–	60,000
New leases	64,420	–	–
Interest expense *(note 8)*	6,037	153	–
Termination of lease contracts	(13,295)	–	–
At 31 December 2023	129,132	–	51,297

Year ended 31 December 2024

	Lease liabilities	Interest-bearing bank borrowings	Dividend payable
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024	129,132	–	51,297
Changes from financing cash flows	(61,685)	29,469	(210,064)
Dividend declared	–	–	158,767
New leases	48,177	–	–
Interest expense *(note 8)*	4,724	454	–
Termination of lease contracts	(20,260)	–	–
At 31 December 2024	100,088	29,923	–

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	636	1,504	2,624
Within financing activities	49,743	63,651	61,685
Total	50,379	65,155	64,309

34. COMMITMENTS

The Group had the following contractual commitments at 31 December 2022, 2023 and 2024:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Purchase of property, plant and equipment and other intangible assets	10,404	5,538	2,404

35. RELATED PARTY TRANSACTIONS

(1) The Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Transactions with close family members of controlling shareholders			
Sales of goods to franchisees	5,784	8,008	6,898
Franchising services	1,126	1,539	1,312
Total	6,910	9,547	8,210

(2) Outstanding balances with related parties:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade in nature			
Close family members of controlling shareholders			
Contract liabilities:			
Current	166	186	48
Non-current	12	6	–
Total	178	192	48

(3) Compensation of key management personnel of the Group

Compensation of key management personnel of the Group, which comprises the directors' and chief executive's remuneration, is disclosed in note 10 to the Historical Financial Information.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2022

Financial assets

	Financial assets at fair value through profit or loss mandatorily designated as such	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial investments at fair value through profit or loss	7,150	–	7,150
Financial assets included in other non-current assets	–	10,311	10,311
Financial assets included in prepayments, other receivables and other assets	–	10,464	10,464
Financial assets at fair value through profit or loss	260,901	–	260,901
Cash and cash equivalents	–	193,014	193,014
Total	268,051	213,789	481,840

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	186,508
Financial liabilities included in other payables and accruals	63,513
Interest-bearing bank borrowings	1,000
Total	251,021

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss mandatorily designated as such	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial investments at fair value through profit or loss	3,000	–	3,000
Trade receivables	–	697	697
Financial assets included in other non-current assets	–	11,681	11,681
Financial assets included in prepayments, other receivables and other assets	–	14,816	14,816
Financial assets at fair value through profit or loss	431,262	–	431,262
Restricted cash	–	30,359	30,359
Cash and cash equivalents	–	631,310	631,310
Total	434,262	688,863	1,123,125

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	219,805
Financial liabilities included in other payables and accruals	93,708
Dividend payable	51,297
Total	364,810

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss mandatorily designated as such	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial investments at fair value through profit or loss	3,500	–	3,500
Trade receivables	–	1,471	1,471
Financial assets included in other non-current assets	–	16,562	16,562
Financial assets included in prepayments, other receivables and other assets	–	29,053	29,053
Financial assets at fair value through profit or loss	948,140	–	948,140
Restricted cash	–	80,000	80,000
Time deposits	–	20,228	20,228
Cash and cash equivalents	–	342,659	342,659
Total	951,640	489,973	1,441,613

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	226,253
Financial liabilities included in other payables and accruals	134,919
Interest-bearing bank borrowings	29,923
Total	391,095

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to their fair values, are as follows:

	Carrying amounts		
	31 December 2022	31 December 2023	31 December 2024
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial investments at fair value through profit or loss	7,150	3,000	3,500
Financial assets at fair value through profit or loss	260,901	431,262	948,140
Total	268,051	434,262	951,640

	Fair values		
	31 December 2022	31 December 2023	31 December 2024
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial investments at fair value through profit or loss	7,150	3,000	3,500
Financial assets at fair value through profit or loss	260,901	431,262	948,140
Total	268,051	434,262	951,640

Management has assessed that the fair values of cash and cash equivalents, time deposits, restricted cash, trade receivables, financial assets included in prepayments, other receivables and other assets, financial assets included in other non-current assets, trade payables, dividend payable, financial liabilities included in other payables and accruals and interest-bearing bank borrowings approximate to their carrying amounts.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

For the fair value of financial investments at fair value through profit or loss, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of an equity investment in a private company recorded in financial investments at fair value through profit or loss together with a quantitative sensitivity analysis:

	Valuation technique	Significant unobservable input	Inputs/ range of inputs	Sensitivity of fair value to the input
31 December 2022				
Financial investments at fair value through profit or loss	Recent transaction price	Recent transaction price	N/A	N/A
31 December 2023				
Financial investments at fair value through profit or loss	Valuation multiples	Average EV/Revenue multiple of peers	3.04	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB290,000
		Discount for lack of marketability	1.3%-19.9%	10% increase/decrease in discount would result in decrease/increase in fair value by RMB10,000
31 December 2024				
Financial investments at fair value through profit or loss	Valuation multiples	Average EV/Revenue multiple of peers	3.34	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB370,000
		Discount for lack of marketability	0.3%-17.5%	10% increase/decrease in discount would result in decrease/increase in fair value by RMB10,000

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

The fair value of the Group's investment in another private investee company is categorized into Level 3 valuation using the asset-based approach as at 31 December 2022, 2023 and 2024. The unobservable inputs include net asset value of the investee company and discount for lack of marketability. 10% increase/decrease in net asset value would result in increase/decrease in the fair value of the investment by RMB40,000, RMB7,000 and RMB6,000 as at 31 December 2022, 2023 and 2024, respectively. 10% increase/decrease in discount for lack of marketability would result in decrease/increase in the fair value of the investment by less than RMB1,000 as at 31 December 2022, 2023 and 2024.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2022:

	Fair value measurement categorised into			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial investments at fair value through profit or loss	3,750	–	3,400	7,150
Financial assets at fair value through profit or loss	–	260,901	–	260,901
Total	3,750	260,901	3,400	268,051

As at 31 December 2023:

	Fair value measurement categorised into			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial investments at fair value through profit or loss	–	–	3,000	3,000
Financial assets at fair value through profit or loss	–	431,262	–	431,262
Total	–	431,262	3,000	434,262

As at 31 December 2024:

	Fair value measurement categorised into			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial investments at fair value through profit or loss	–	–	3,500	3,500
Financial assets at fair value through profit or loss	–	948,140	–	948,140
Total	–	948,140	3,500	951,640

(1) Financial instruments in level 1

The fair values of financial instruments traded in active markets are based on quoted market prices at each of the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(2) Financial instruments in level 2

Level 2 applies to assets for which there are inputs other than quoted market prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices). The financial assets classified as level 2 are wealth management products and structured deposits. The fair value of wealth management products is determined based on the valuation results provided by the issuing bank. The issuing bank determined the value of the wealth management products based on market interest rates and maturity terms of the relevant underlying assets. The fair value of structured deposits is determined based on the income approach.

(3) Financial instruments in level 3

Level 3 instruments of the Group's assets represent equity investments in two private investee companies.

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Financial investments at fair value through profit or loss			
At beginning of year	–	3,400	3,000
Purchases	5,000	–	–
Total (loss)/gain recognised in profit or loss included in other income and gains, net	(1,600)	(400)	500
At end of year	3,400	3,000	3,500

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash bank balances and wealth management products and structured deposits purchased from reputable commercial banks. The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial assets and liabilities such as trade payables which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2022, 2023 and 2024. The amounts presented are gross carrying amounts for financial assets.

31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in other receivables and other assets — normal*	20,775	–	–	–	20,775
Cash and bank balances — not yet past due	193,014	–	–	–	193,014
Total	213,789	–	–	–	213,789

31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	–	697	697
Financial assets included in other receivables and other assets — normal*	26,497	–	–	–	26,497
Restricted cash — not yet past due	30,359	–	–	–	30,359
Cash and cash equivalents — not yet past due	631,310	–	–	–	631,310
Total	688,166	–	–	697	688,863

31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	–	1,951	1,951
Financial assets included in other receivables and other assets — normal*	45,817	–	–	–	45,817
Restricted cash — not yet past due	80,000	–	–	–	80,000
Time deposits — not yet past due	20,228	–	–	–	20,228
Cash and cash equivalents — not yet past due	342,659	–	–	–	342,659
Total	488,704	–	–	1,951	490,655

* The credit quality of the financial assets included in other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

31 December 2022

	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	1,436	185,072	–	–	–	186,508
Financial liabilities included in other payables and accruals	–	63,513	–	–	–	63,513
Interest-bearing bank borrowings	–	1,000	–	–	–	1,000
Lease liabilities	–	60,810	46,800	48,944	–	156,554
Total	1,436	310,395	46,800	48,944	–	407,575

31 December 2023

	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	1,741	218,064	–	–	–	219,805
Financial liabilities included in other payables and accruals	–	93,708	–	–	–	93,708
Dividend payable	51,297	–	–	–	–	51,297
Lease liabilities	–	59,331	48,117	30,041	–	137,489
Total	53,038	371,103	48,117	30,041	–	502,299

31 December 2024

	On demand	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	1,241	225,012	–	–	–	226,253
Financial liabilities included in other payables and accruals	–	134,919	–	–	–	134,919
Interest-bearing bank borrowings	–	30,000	–	–	–	30,000
Lease liabilities	–	44,975	32,297	23,872	–	101,144
Total	1,241	434,906	32,297	23,872	–	492,316

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The debt to asset ratios as at 31 December 2022, 2023 and 2024 are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Total assets	925,195	1,548,079	1,855,783
Total liabilities	560,620	709,110	671,697
Debt to asset ratio	60.59%	45.81%	36.19%

39. EVENTS AFTER THE REPORTING PERIOD

In February 2025, the Company subscribed for certain shares in Jiahe Foods Industry Co., Ltd. ("**Jiahe Foods**") through participation in the private placing by Jiahe Foods with a total consideration of approximately RMB85 million which was determined with reference to the prevailing trading price of Jiahe Foods, and such consideration was fully settled on March 4, 2025.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2024.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included for information purposes only. The unaudited pro forma information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 as if the Global Offering had taken place on 31 December 2024.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group to owners of the Company had the Global Offering been completed as at 31 December 2024 or at any future date.

	Consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets as at 31 December 2024	Unaudited pro forma adjusted consolidated net tangible assets per Share as at 31 December 2024	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$95.57 per Share	1,173,011	189,044	1,362,055	12.99	13.99
Based on an Offer Price of HK$103.37 per Share	1,173,011	205,631	1,378,642	13.15	14.17
Based on an Offer Price of HK$113.12 per Share	1,173,011	226,365	1,399,376	13.35	14.38

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 was equal to the consolidated net assets attributable to owners of the Company as at 31 December 2024 of RMB1,184,086,000 after deducting of intangible assets of the Group as at 31 December 2024 of RMB11,075,000 set out in the Accountants' Report in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering are based on the offer price of HK$95.57, HK$103.37 and HK$113.12 per share, respectively, after deduction of the underwriting fees and other related expenses payable by the Company (excluding listing expenses of RMB45,336,000 which have been charged to profit or loss during the Track Record Period) and do not take into account any share which may be sold and offered upon exercise of the Over-allotment Option.

3. The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 104,841,340 Shares are in issue assuming the Global Offering had been completed on 31 December 2024, without taking into account of any shares which may be allotted and issued upon the exercise of the Over-allotment Option.

4. For the purpose of this unaudited pro forma adjusted consolidated net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at a rate of HK$1.00 to RMB0.92831. No representation is made that the Hong Kong dollars amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or any other rates or at all.

5. No other 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 31 December 2024.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Auntea Jenny (Shanghai) Industrial Co., Ltd.

We have completed our assurance engagement to report on the compilation of Unaudited Pro forma financial information of Auntea Jenny (Shanghai) Industrial Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The Unaudited Pro forma financial information consists of the Unaudited Pro forma consolidated net tangible assets as at 31 December 2024 and related notes as set out on pages II-1 to II-2 of the Prospectus dated 28 April 2025 issued by the Company (the "**Unaudited Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Part A of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 31 December 2024 as if the transaction had taken place at 31 December 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 31 December 2024, on which an accountants' report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong
28 April 2025

The primary aim of this Appendix is to offer potential investors a summary of the Articles of Association, and as such, it might not contain all the information pertinent to potential investors.

SHARES AND REGISTERED CAPITAL

Variation of Rights of Existing Shares or Classes of Shares

The Articles of Association do not contain provisions related to the variation of rights of existing shares or classes of shares.

Calls on Shares and Forfeiture of Shares

The Articles of Association do not include any provisions concerning calls on shares or the forfeiture of shares.

Power of the Company to Purchase Its Own Shares

The Company shall not repurchase its own shares except in specific situations which includes:

(1) reducing the registered capital of the Company;

(2) merging with another company that holds shares in the Company;

(3) using shares for employee stock ownership plan or share incentives;

(4) shareholders who object to resolutions of the shareholders' meeting on merger or division of the Company requesting the Company to buy back their shares;

(5) to use the shares for conversion of corporate bonds issued by the Company which are convertible into shares;

(6) where it is necessary for the Company to preserve its value and shareholders' interest;

(7) other circumstances as permitted by the laws, administrative regulations, and the regulatory rules of the place where the shares of the Company are listed.

The Company may repurchase its shares through public centralized trading or other methods recognized by laws, administrative regulations, the China Securities Regulatory Commission and the stock exchange where the Company's shares are listed. The repurchase of its shares by the Company under the circumstances set out in items (3), (5) and (6) above shall be conducted through public centralized trading.

Where the Company repurchases its shares under the circumstances set out in items (1) and (2) above, a resolution shall be passed at the shareholders' meeting of the Company. Share repurchases under circumstances mentioned in items (3), (5) and (6) must be conducted through public centralized trading.

In instances where the Company engages in the domestic unlisted share repurchases following the conditions specified in item (1), the repurchased shares must be eliminated within 10 days of the repurchase. For the domestic unlisted share repurchases conducted under the conditions outlined in items (2) and (4), such shares are required to be either transferred or canceled within a span of 6 months. In cases where the Company repurchases the domestic unlisted share based on the circumstances detailed in items (3), (5) and (6), the aggregate number of shares in the Company's possession should not surpass 10% of the total issued shares, and these shares must be either transferred or canceled within a period of 3 years.

Power of Any Subsidiary of Our Company to Own Shares in Its Parent

The Articles of Association do not include provisions regarding the ability of a subsidiary of our Company to hold shares in its parent company.

Capital Increase and Capital Reduction

The Company may, in line with its business and development requirements and compliance with the laws, regulations and securities regulatory rules of the stock exchange where its shares are listed, may increase its capital through the following methods, contingent upon separate resolutions from the shareholders' meeting:

(1) public offering of shares;

(2) non-public issuance of shares;

(3) distribution of bonus shares to existing shareholders;

(4) conversion of capital reserve into share capital;

(5) other means as is stipulated by laws, administrative regulations, or as approved by relevant regulatory authorities such as the securities regulatory authority of the State Council and the regulatory authority of the place where the Company's shares are listed.

The Company may reduce its registered capital. In the event of a registered capital reduction, the Company is required to compile a balance sheet and an inventory of assets.

The Company shall reduce its registered capital under the prescribed procedures outlined in the PRC Company Law and other relevant regulations as well as the Articles of Association.

Transfer of Shares

Shares issued by the Company before the public offering of shares are subject to a restriction on transfer for one year from the date the Company's shares are listed and traded on the stock exchange.

Directors, supervisors and senior management of the Company are required to disclose their shareholdings and any changes to the Company. They are restricted from transferring more than 25% of their total shares in the Company each year during their terms of office as determined at the time of taking office. Additionally, they are not allowed to transfer their Company shares within one year from the date of the Company's shares being listed and traded. Following their departure from the Company, these individuals are further restricted from transferring their Company shares for a period of six months.

If there are additional restrictions on transfer of overseas listed shares imposed by the relevant regulations of the securities regulatory authority of the place where the Company's shares are listed, such regulations shall prevail.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

Shareholders

Shareholders of the Company shall enjoy the following rights:

(1) to receive dividends and other distributions in proportion to the number of shares held;

(2) to request to convene, summon, preside over, attend or appoint a proxy to attend shareholders' meetings in accordance with the laws, and to exercise the corresponding rights to speak and vote;

(3) to supervise Company's operations, provide suggestions and make inquiries;

(4) to transfer, give or pledge their shares in compliance with laws, administrative regulations and the Articles of Association;

(5) to review and copy the Articles of Association, the register of members, minutes of shareholders' meeting, resolutions of the Board meetings, resolutions of the Supervisory Committee meetings and financial and accounting reports. Qualified shareholders may inspect the Company's accounting books and vouchers;

(6) in case of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company proportionate to the number of shares held;

(7) to request the Company to buy back the shares of shareholders objecting to resolutions of the shareholders' meeting concerning merger or division of the Company;

(8) other rights stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Shareholders of the Company shall assume the following obligations:

(1) to abide by laws, administrative regulations, and the Articles of Association;

(2) to pay subscription monies according to the number of shares subscribed and the method of subscription;

(3) not to withdraw its share capitals except under the circumstances stipulated by laws and regulations;

(4) not to abuse shareholders' rights to harm the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to the detriment of the Company's creditors;

(5) other obligations as mandated by laws, administrative regulations, departmental rules, regulatory documents and listing rules of the stock exchange of the place where the Company's shares are listed and the Articles of Association.

Shareholders who abuse their shareholders' rights and cause losses to the Company or other shareholders shall be held accountable for compensation in accordance with the law. Furthermore, shareholders who abuse the independent legal person status of the Company and the limited liability of shareholders to evade debts, thereby seriously harming the interests of the Company's creditors, shall bear joint and several liabilities for the debts of the Company.

Inspection of register of members

The Company will establish a register of shareholders based on certificates provided by the securities registration institution. This register serves as conclusive evidence of shareholders' ownership in the Company. Shareholders have rights and obligations corresponding to the types of shares they hold, and those with the same type of shares enjoy identical rights and assume similar obligations.

The Company may be allowed to suspend the registration of shareholders, subject to conditions equivalent to those outlined in section 632 of the Companies Ordinance.

When the Company calls a shareholders' meeting, distributes dividends, undergoes liquidation or engages in other activities requiring confirmation of shareholder identity, the Board or the convener of the shareholders' meeting will determine the record date. Shareholders appearing on the register of shareholders after the close of trading on the record date are considered entitled to relevant interests.

Proxies

All shareholders listed on the record date, or their designated proxies, have the right to attend the shareholders' meeting. They are entitled to speak and exercise voting rights in adherence to relevant laws, regulations, stock exchange listing rules of the Company's listing location, and the Articles of Association. However, a shareholder may choose to waive their voting right on specific matters, such as when holding a significant interest in a particular transaction or arrangement under consideration.

Individual shareholders attending the meeting in person must present their identity cards or other valid proof of identity and their stock account card. Proxies for individual shareholders should provide their valid identity cards along with the shareholder's power of attorney.

In the case of a legal person shareholder, representation at the meeting is through its legal representative or a proxy appointed by the legal representative. If the legal representative attends, they should present their identity card and valid proof of their status (save for a Recognized Clearing House or its nominee). If a proxy attends, they must provide their identity card, and a written power of attorney or an authorization form issued by the legal representative of the legal person shareholder.

Proxy forms should include a statement indicating that, in the absence of instructions from the shareholder, the proxy may vote as deemed appropriate.

If the voting proxy is signed by an authorized person, the power of attorney or other authorization documents must be notarized (save for a Recognized Clearing House or its nominee). These notarized documents, along with the voting proxy form, shall be kept at the Company's domicile or another specified location mentioned in the meeting notice.

Shareholder's Meeting

Quorum for meetings and separate class meetings

The Articles of Association do not contain any provisions regarding the quorum for shareholders' meeting or separate class meetings.

Notice of meetings and business to be conducted thereat

The Company shall convene an extraordinary meeting within 2 months if any of the following situations arise:

(1) the number of directors is below the quorum specified in the PRC Company Law or less than two-thirds of the number stated in the Articles of Association;

(2) unrecovered losses of the Company reach one-third of the total share capital;

(3) shareholders, individually or jointly holding 10% or more of the Company's voting shares, formally request it in writing;

(4) the Board deems it necessary;

(5) suggested by the Supervisory Committee;

(6) other circumstances o by laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Shareholders' meeting shall be summoned by the Board in accordance with the laws, except as otherwise provided by laws and regulations or the Articles of Association.

The independent non-executive Directors are entitled to propose the convening of an extraordinary meeting to the Board. The Board shall give a written reply on whether or not to convene the extraordinary meeting within 10 days after receiving the proposal from the independent non-executive Directors, as in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. If the Board approves, a notice is issued within 5 days after passing the resolution. In case of disagreement, the Board shall provide reasons and makes an announcement.

The Supervisory Committee is entitled to propose in writing to the Board for an extraordinary meeting. The Board shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, give a written reply on whether to convene the extraordinary meeting or not within 10 days after receipt of the proposal. If the Board agrees to convene the extraordinary meeting, a notice of such meeting shall be issued within 5 days after the resolution of the Board is passed. Any change to the original proposal in the notice is subject to the consent of the Supervisory Committee. In instances where the Board rejects the proposal or fails to respond within the specified 10-day timeframe, such inaction is construed as a failure to fulfill its duty. Consequently, the Supervisory Committee is empowered to autonomously convene and preside over the meeting.

Shareholders individually or jointly holding 10% or more of the Company's voting shares are entitled to request in writing to the Board of Directors for an extraordinary meeting and add proposals to the meeting agenda. The Board shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, give a written reply on whether to convene the extraordinary meeting or not within 10 days after receipt of the written proposal. Should the Board approve the meeting, a notice is to be issued within 5 days after the Board's resolution. Any change to the original proposal made in the notice shall be subject to the consent of the relevant shareholders. In case the Board declines to convene the meeting or fails to respond within the stipulated 10-day period, the shareholders individually or jointly holding 10% or more of the Company's shares are entitled to submit a written proposal to the Supervisory Committee, urging the convening of an extraordinary meeting with additional proposals for the meeting agenda. If the Supervisory Committee agrees to convene the extraordinary meeting, it shall issue a notice of shareholders' meeting within 5 days of receiving the request. Any alternation to the original proposal in the notice shall be approved by the relevant shareholders.

If the Supervisory Committee neglects to issue the notice within the prescribed 10-day period, it is deemed an indication of its unwillingness to convene and preside over the shareholders' meeting. Consequently, shareholders holding 10% or more of the Company's shares for a consecutive period exceeding 90 days are entitled to independently summon and preside over the meeting.

When the Company convenes a shareholders' meeting, the Board, the Supervisory Committee and shareholders individually or jointly holding 1% or more of the Company's shares are entitled to submit proposals to the Company.

Shareholders individually or jointly holding 1% or more of the Company's shares may submit ad hoc proposals in writing to the convener 10 days before a shareholders' meeting is convened. The convener must issue a supplementary notice for the shareholders' meeting within 2 days of receiving the proposal, incorporating the contents of the special proposal.

Apart from the above situation, the convener is prohibited from modifying the proposals outlined in the shareholders' meeting notice or introducing any new proposals after the notice has been issued.

The convener is required to inform shareholders through an announcement at least 21 days before the annual meeting (excluding the day of the meeting) and at least 15 days before an extraordinary meeting (excluding the day of the meeting). If laws, regulations and securities regulatory authority of the place where the Company's shares are listed stipulate otherwise, such provisions shall prevail.

Requirements for annual meetings

Shareholders' meeting are divided into annual meetings and extraordinary meetings. An annual meeting must be organized once in each fiscal year within six months following the conclusion of the preceding fiscal year.

Special resolutions — majorities required

Resolutions of the shareholders' meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution requires approval by votes representing more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

A special resolution requires approval by votes representing at least two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

The following matters shall be approved by ordinary resolutions at a shareholders' meeting:

(1) approval of work reports of the Board and the Supervisory Committee;

(2) endorsement of profit distribution plans and loss recovery plans formulated by the Board;

(3) appointment and removal of members of the Board and members of the Supervisory Committee who are not employee representatives. This includes the removal of any directors before the expiry of their term, with the provision that such removal shall not prejudice the claim of such director for damages under any contract. Additionally, decisions on their remuneration and method of payment;

(4) ratification of the annual reports of the Company;

(5) decision on the engagement and dismissal of an accounting firm providing regular audit services to the Company, including the determination of its remuneration;

(6) consideration and approval of matters other than those explicitly required by laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed, or the Articles of Association to be adopted by special resolution.

The following matters shall be approved by special resolutions at a shareholders' meeting:

(1) approval for increase or reduction of the registered capital of the Company;

(2) decisions related to the division, split, merger, dissolution and liquidation of the Company;

(3) approval for any amendments or modification to the Articles of Association;

(4) purchase or disposal of material assets or provision of provision of guarantees to others by the Company within 1 year with an amount exceeding 30% of the latest audited total assets of the Company;

(5) a share incentive scheme;

(6) other matters stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange of the place where the Company's shares are listed or the Articles of Association. Additionally, any matters perceived by the shareholders' meeting, through an ordinary resolution, to have a material impact on the Company and requiring approval by a special resolution.

Voting rights (generally and on a poll)

Shareholders, including proxies, shall exercise their voting rights based on the number of voting shares they represent, with each share entitling the holder to one vote.

Shareholders attending the shareholders' meeting shall express one of the following opinions on the proposal being voted on: affirmative, negative or abstention. Incomplete, incorrect or unintelligible ballots, or those with no vote recorded, will be considered a waiver of voting rights, and the voting result for such shares will be categorized as "abstention."

If the regulatory rules of the stock exchange where the Company's shares are listed mandate a shareholder to waive their voting right on a specific matter or restrict a shareholder from voting for or against any matter, votes cast by such shareholders or their proxies will not be counted if such regulations or restrictions are violated.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Independent non-executive director

The Board of Directors is required to comprise more than 1/3 of independent Directors, and the total number of independent Directors should not be less than three.

Staff representative director

One of the board of directors shall be staff representative director.

Compensation or payments for loss of office

A Director may be removed by the shareholders' meeting before completing his/her term of office, but such removal shall not prejudice his/her claim for damages under any contract.

Loans to directors

There are no provisions in the Articles of Association relating to loans to directors.

Giving of financial assistance to purchase the shares of the company or shares of any subsidiary

The Company or its subsidiaries (including its subsidiaries) shall not provide any grants, loans, guarantees and other financial assistance for others to acquire shares/shareholdings in the Company or its parent company, except in the case of the Company's implementation of the employee shareholding scheme.

Disclosure of interest in contracts with the company or any subsidiaries

Directors shall not conclude any contract or engage in any transaction with the Company that violate the Articles of Association or lack approval from the shareholders' meeting.

Remuneration

The appointment and removal of the members of the Board of Directors, as well as their remuneration and payment methods, shall be adopted by the shareholders' meeting by ordinary resolution.

Retirement, appointment, removal

The Company shall have a board of directors which shall be accountable to the shareholders' meeting. The Board shall consist of 7 directors and, including one chairman, one staff representative director, and three independent non-executive directors being no less than one-third of the directors of the Company. At least one of the independent non-executive directors must have appropriate professional qualifications or possess appropriate accounting or related financial management expertise.

Directors are required to be elected or replaced through the shareholders' meeting, and they may be removed by the shareholders' meeting before the completion of their terms of office. The term of office of the directors shall be 3 years, and the directors are eligible for re-election and reappointment. Staff representative director(s), upon being elected by the staff of the Company through the staff representative meeting, shall directly assume office on the Board.

The term of office of the Directors shall commence from the date of their appointment until the expiry of the term of the current session of the Board. If a director's term expires without a responsive re-election, the said director shall continue fulfilling the duties as director according to laws, administrative regulations, departmental rules, the listing rules of the stock exchange of the place where the shares of the Company are listed and the Articles of Association until a new director is elected.

The directors of the Company are natural persons, and none of the following persons shall serve as our Director:

(1) a person lacking civil capacity or with limited civil capacity;

(2) a person who has been sentenced to a term of imprisonment for any of the following crimes: embezzlement, bribery, conversion of property, misappropriation of property, or sabotaging the socialist economic order; or has been deprived of his/her political rights as a result of a criminal conviction and five years have not elapsed since the date on which execution of the sentence was completed, or being announced on probation, where not more than 2 years have elapsed since the date of completion of the probation period;

(3) a person who has served as a director, the factory manager or the general manager of an insolvent and liquidated company, being personally liable for the bankruptcy, within the past three years since the date when the bankruptcy and liquidation of the company or enterprise are completed;

(4) a person who has served as the legal representative of a company or enterprise whose business license was revoked or ordered to close down due to any violation of law, being personally liable for the revocation, within the past three years since the date when the revocation or order occurs;

(5) a person being listed as a defaulter subject to enforcement by the People's Court for being liable for relatively large amount of personal debt which has become overdue;

(6) a person banned from entering the securities market by the China Securities Regulatory Commission, with the ban still in effect;

(7) individuals who have been publicly determined by a stock exchange to be unsuitable to serve as a director or senior management personnel of a listed company, and whose prescribed period of such determination has not yet expired;

(8) individuals disqualified based on other criteria specified by laws, administrative regulations, departmental rules, regulatory documents, supervisory rules of the stock exchange where the shares are listed, or relevant supervisory authorities.

The election or appointment of a director violating these provisions shall be void. If a director encounters any of the above circumstances during his/her term of office, he/she shall be dismissed by the Company.

Duties of Directors

Directors shall abide by laws, administrative regulations, departmental rules, listing rules of the stock exchange where the Company's shares are listed and the Articles of Association, and shall owe the following fiduciary duties to the Company:

(1) Directors shall not expropriate the property of the Company and misappropriate the funds of the Company;

(2) Directors shall not open accounts in which the funds of the company are deposited in his or her personal name or in the name of other individuals;

(3) Directors shall not exploit his/her position to bribe or accept other illegal income;

(4) Directors are not allowed, in violation of the Articles of Association, to enter into contracts or conduct transactions with the Company;

(5) Directors should not exploit their positions to pursue business opportunities belonging to the Company for personal gain or on behalf of others except for prescribed situations;

(6) Directors should not carry on a business of the same kind as that of the Company for himself or for others, without reporting to the board of directors or shareholders' meeting and without being approved by the board of directors or shareholders' meeting through resolution in accordance with the provisions of the Articles of Association;

(7) Directors must not accept commissions from others for transactions conducted with the Company as personal gain;

(8) Directors are prohibited from disclosing confidential Company information without proper authorization;

(9) Directors shall not misuse their connected relationships to the detriment of the Company's interests;

(10) Directors are obligated to fulfill additional fiduciary obligations as stipulated in laws, administrative regulations, departmental rules and the Articles of Association.

Any income obtained by a director in violation of the above provisions shall be deemed the property of the Company. In cases where such actions result in losses to the Company, the director shall be held liable for compensation.

Directors shall comply with laws, administrative regulations and the Articles of Association, and assume the following diligent obligations to the Company:

(1) directors shall prudently, earnestly and diligently exercise the powers granted by the Company. This ensures that the Company conducts its commercial activities in accordance with state laws, administrative regulations and economic policies, while adhering to the specified business activities outlined in the Company's business license;

(2) directors are obligated to treat all shareholders fairly;

(3) directors are required to maintain timely awareness of the operation and management of the Company;

(4) directors are to sign written statements confirming the regular reports of the Company. They must ensure that information disclosed by the Company is true, accurate and complete;

(5) directors must provide accurate information and materials to the Supervisory Committee. They should not impede the Supervisory Committee or individual supervisors from performing their duties;

(6) directors must fulfill other diligence obligations stipulated in laws, administrative regulations, departmental rules, the Articles of Association and regulatory rules in the location where the Company's shares are listed.

The fiduciary duties owed by a director to the Company and shareholders persist even after the termination of their term of office. This obligation remains effective for three years after the effectiveness of resignation or expiration of the term of office. After resigning or when the term of office expires, a director must maintain confidentiality regarding the Company's trade secrets and refrain from engaging in any business similar to that of the Company using its key technology. The continuation period for other obligations is determined fairly, considering the time elapsed between the relevant event and the departure, as well as the circumstances and conditions under which the director's relationship with the Company is terminated.

Any director who violates laws, administrative regulations, departmental rules, regulatory rules for securities where the Company's shares are listed, or the Articles of Association, causing losses to the Company in the performance of their duties, shall be held liable for compensation.

Board of Directors

The Board shall exercise the following powers:

(1) to convene shareholders' meeting and report to the shareholders' meeting;

(2) to execute the resolutions of the shareholders' meeting;

(3) to decide on the business plans and investment plans of the Company;

(4) to devise plans for profit distribution and strategies for recovering losses for the Company;

(5) to formulate proposals for the increase or reduction registered capital, issuance of bonds or other securities, and listing plans of the Company;

(6) to formulate plans for material acquisitions, purchase of Company shares, merger, division, dissolution and changes in the corporate form;

(7) to decide on the Company's external investment, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted wealth management, connected transactions, external loans and other matters within the scope authorized by the shareholders' meeting;

(8) to determine the establishment of the Company's internal management bodies;

(9) to appoint or remove the Company's general manager and secretary of Board of Directors, and any matters in relation to their compensations to appoint or remove the Company's deputy general manager, chief financial officer and other senior management based on the nomination of the general manager, and decide on their remuneration, rewards and punishments;

(10) to formulate the basic management system of the Company;

(11) to formulate proposals for any amendment to the Articles of Association;

(12) to manage the information disclosure of the Company;

(13) to propose to the shareholders' meeting the appointment or replacement of the accounting firm that audits the Company;

(14) to listen to the work report of the general manager of the Company and inspect his/her work of the general manager;

(15) to examine and approve transactions requiring decisions of the Board (including, without limitation, transactions subject to disclosure and connected transactions) in accordance with the regulatory rules of the place where the Company's shares are listed;

(16) other functions and powers conferred by laws, administrative regulations, departmental rules, listing rules of the stock exchange of the place where the Company's shares are listed, or the Articles of Association.

To make resolutions on the aforementioned matters, except for items (5), (6) and (11), and matters required by laws, administrative regulations, departmental rules, listing rules of the stock exchange where the Company's shares are listed, and these Articles of Association to be subject to the approval of two-thirds of the directors, other matters may be resolved by more than half of the directors.

Issues exceeding the authority granted by the shareholders' meeting must be presented to the shareholders' meeting for consideration.

Power to allocate and issue shares

The Articles of Association authorize the board of directors to decide on the issuance of up to 50% of the issued shares within a period of three years. However, capital contributions in the form of non-monetary property shall be resolved by the shareholders' meeting.

Where the board of directors decides on the issuance of new shares in accordance with the authorization of the Articles of Association, the resolution of the board of directors shall be passed by more than two-thirds of all directors.

Power to dispose assets of our company or any subsidiary

The Board of Directors shall determine the authority related to external investment, asset acquisition and sales, asset mortgage, external guarantee matters, entrusted financial management, major transaction and connected transactions. Stringent review and decision-making procedures are established, and major investment projects undergo scrutiny by relevant experts and professionals and shall be reported to the shareholders' meeting for approval.

Borrowing powers

The Board of Directors has the authority to formulate proposals for the company to issue bonds and list its shares, subject to approval by the shareholders' meeting.

GENERAL MANAGER

The Company shall have one general manager who shall be appointed or dismissed by the Board of Directors. The general manager is accountable to the Board and is vested with the following powers:

(1) responsible for the production, operation and management of the Company. Organizes the implementation of Board resolutions and reports to the Board;

(2) organizes the implementation of the Company's annual business plan and investment plan;

(3) drafts plans for the establishment of the Company's internal management bodies;

(4) drafts the basic management system of the Company;

(5) formulates the specific rules and regulations of the Company;

(6) proposes to the Board the appointment or dismissal of deputy general managers, chief financial officer and other senior management of the Company;

(7) appoints or dismisses management personnel, excluding those requiring Board approval;

(8) exercises other powers conferred by the Articles of Association or the Board.

The general manager is required to attend board meetings.

SUPERVISORY COMMITTEE

The Company shall have a Supervisory Committee. The Supervisory Committee of the Company comprises three Supervisors, with one elected chairman chosen by more than half of all Supervisors.

The Supervisory Committee shall include shareholders' representatives and an appropriate number of employees' representatives, with the stipulation that the ratio of employees' representatives should not fall below one-third. Shareholders' representatives will be elected or removed by the shareholders' meeting, while employees' representatives will be chosen or dismissed by the Company's employees through processes such as an employees' representative congress, employees' congress or other forms of democratic election.

The Supervisory Committee exercises the following powers:

(1) reviews the regular reports of the Company prepared by the Board, to provide written review opinions and to execute written confirmation opinions;

(2) examines the financial affairs of the Company;

(3) supervises the directors and senior management in their performance of their duties, proposing the removal of directors and senior management who have violated laws, administrative regulations, the Articles of Association or the resolutions of the shareholders' meetings;

(4) demands rectification from a Director or senior management when the acts of such persons are detrimental to the interests of the Company;

(5) proposes the convening of extraordinary meetings, summoning and presiding over shareholders' meeting if the Board neglects its duties to do so under the PRC Company Law;

(6) submits proposals to the shareholders' meeting;

(7) negotiates with or initiates litigation against the directors on behalf of the Company, or to initiate proceedings against directors and senior management following the PRC Company Law;

(8) checks financial reports, business reports, profit distribution plans and other financial documents submitted to shareholders' meetings by the Board. If questions arise, commissions certified public accountants and certified auditors in the Company's name to assist in verification of doubtful documents, with the expenses borne by the Company;

(9) investigates irregularities identified in the operation of the Company; if necessary, to engage professional institutions such as accounting firms and law firms to assist its work at the expense of the Company;

(10) may request reports on the performance of duties from directors and senior management personnel;

(11) exercises other powers conferred by laws, administrative regulations, departmental rules, the listing rules of the stock exchange of the place where the Company's shares are listed, or the Articles of Association.

Resolutions of the Supervisory Committee require approval from at least half of the supervisors.

ACCOUNTS AND AUDIT

Financial and Accounting Policies

The Company shall establish its financial and accounting system in compliance with laws, administrative regulations, and the requirements of the relevant state authorities. Financial reports will be prepared at the end of each fiscal year and undergo auditing and verification as per legal requirements.

The Company shall submit and disclose its annual financial reports to China Securities Regulatory Commission (if necessary) and the stock changes where the Shares are listed within four months from the ending date of each fiscal year and submit and disclose its interim reports to the delegated authority of China Securities Regulatory Commission (if necessary) and the stock changes where the Shares are listed within two months from the ending date of the first half of each fiscal year.

The Company is restricted to using only statutory accounting books, and its assets cannot be held in accounts under the name of any individual.

Appointment and Dismissal of Accountants

The Company employs an independent accounting firm that complies with relevant national regulations and regulatory provisions of the place where shares of the Company are listed to conduct accounting statement audit, net asset verification and other related consulting services. The employment period is one year and is renewable.

The decision to employ accounting firms for regular auditing services must be made by the shareholders' meeting, and the Board of Directors cannot appoint accounting firms before the shareholders' meeting's decision.

The Company commits to providing the employed accounting firm with complete and accurate accounting vouchers, books, financial and accounting reports, and other accounting materials, refraining from refusal, concealment or false statements.

Upon dismissal or non-renewal of the accounting firm, the Company will notify the firm 30 days in advance. During the shareholders' meeting's vote on dismissal, the accounting firm is allowed to express its opinions. If the accounting firm decides to resign, it must clarify to the shareholders' meeting whether any improper situations exist within the Company.

Dividends and Other Methods of Distribution

The Company's profit distribution shall not exceed the scope of its accumulated distributable profits, nor shall it impair the Company's continuous operation capability. Details on the profit distribution policies are as follows:

(1) Distribution principle: the Company adheres to a positive profit distribution policy, prioritizing equitable returns for shareholders, emphasizing sustainable Company development, and upholding the consistency and stability of the profit distribution policy.

(2) Distribution method: the Company may distribute profits in the form of cash, stock or a combination of both. In cases where conditions for cash dividend distribution are met, priority is given to cash dividends over stock dividends.

(3) Dividend distribution period: the Company aims to conduct profit distribution at least once annually. The Board of Directors may propose interim and special profit distributions based on the Company's profits and capital needs and submit the same to the shareholders' meeting for approval.

(4) Conditions to distribution of cash dividends: the Company is eligible to distribute dividends in cash if it has recorded profits in the preceding fiscal year, possesses positive accumulated distributable profits, and meets the capital requirements for normal production and operations.

(5) If stock dividends are employed for profit distribution, the Board of Directors is responsible for specifying the rational factors governing the distribution of stock dividends.

Following shareholder approval of the profit distribution plan, the Board commits to completing dividend (or share) distribution within two months of the shareholders' meeting.

PROCEDURES ON LIQUIDATION

The Company shall be dissolved under the following circumstances:

(1) the term specified in the Articles of Association expires, or events of dissolution outlined in the Articles of Association occur;

(2) the shareholders' meeting passes a resolution to dissolve the Company;

(3) dissolution is necessitated by the merger or division of the Company;

(4) the Company's business license is revoked, or it is mandated to close down in accordance with the law;

(5) in cases where the Company is in severe operational and managerial difficulties, and its continued existence would lead to significant losses for shareholders, and such challenges cannot be resolved through alternative means, shareholders holding 10% or more of the voting rights may request the people's court to dissolve the Company.

For reasons (1), (2), (4), and (5) above, a liquidation committee shall be formed, and the liquidation process shall commence within 15 days after the cause of dissolution arises. The directors shall be the liquidation obligors of the Company to carry out the liquidation. Failure to establish a liquidation committee within the stipulated timeframe may prompt creditors to petition the people's court to appoint relevant personnel for the formation of a liquidation committee to carry out the liquidation process.

The liquidation committee is obligated to notify creditors within 10 days of its establishment, publish an announcement in designated newspapers and periodicals or on the National Enterprise Credit Information Publicity System, and comply with the requirements of the stock exchange where the Company's shares are listed within 60 days.

Where the liquidation group discovers upon clearance of company assets and preparation of the balance sheet and inventory of assets that the company assets are insufficient to settle the debts, an application shall be made to a people's court to declare the insolvency in accordance with the law.

Upon completion of the liquidation, the liquidation group shall prepare and submit a liquidation report to the shareholders' meeting or a people's court for confirmation, submit a copy of the liquidation report to the company registration authorities to apply for de-registration and make a public announcement of the termination of the company.

ALTERATIONS TO CONSTITUTIONAL DOCUMENTS

The Company shall amend the Articles of Association under any of the following circumstances:

(1) in the event of amendments to the PRC Company Law or relevant laws, administrative regulations and securities regulatory rules of the stock exchange where the Company's shares are listed, leading to conflicts with the existing provisions of the Articles of Association;

(2) if there is a change in the Company's situation that is inconsistent with the matters recorded in the Articles of Association;

(3) when the shareholders' meeting decides to make amendments to the Articles of Association.

Any amendments approved by the shareholders' meeting, requiring approval from competent authorities, will be submitted accordingly. If there are changes in the registered particulars of the Company, the necessary application for registration of these changes will be made in accordance with the applicable laws.

ANY OTHER PROVISIONS MATERIAL TO THE COMPANY OR THE SHAREHOLDERS THEREOF

General Provisions

Our Company is a permanently existing joint stock limited company.

All the assets of the Company are divided into shares of equal value. Shareholders bear responsibility for the Company proportional to their subscribed shares, and the Company is liable for its debts using all its assets.

The Articles of Association, effective from their initiation, serve as the legally binding document governing the Company's organization, activities and the rights and obligations among the Company, shareholders, directors, supervisors and senior officers. Shareholders have the right to initiate lawsuits against other shareholders, directors, supervisors, general managers or any other senior officers based on the Articles of Association. Any shareholder may file a lawsuit against the Company, and the Company may file a lawsuit against any shareholder, director, supervisor, general manager or any other senior officer.

Reserves

When distributing its current-year after-tax profits, the Company is obligated to allocate 10% of the profit to its statutory reserve fund. However, allocations to the statutory reserve fund can be waived once the cumulative amount reaches more than 50% of the Company's registered capital. In instances where the statutory reserve fund is insufficient to cover any losses incurred by the Company in the previous year, the current year's profit shall be utilized to offset such losses before any allocation is made to the statutory reserve fund.

Following the allocation to the statutory reserve fund from the after-tax profit, and upon the adoption of a resolution by the shareholders' meeting, an allocation may be directed to the discretionary reserve fund. Once the Company has covered its losses and made allocations to the reserve funds, any remaining profit shall be distributed to the shareholders based on their respective shareholdings.

Profits shall not be distributed to shares held by the Company itself. If the shareholders' meeting, contrary to the previous provision, distributes profits to the shareholders before covering the Company's losses and making an allocation to the statutory reserve fund, the distributed profits must be returned to the Company.

The Company reserve funds are earmarked for purposes such as covering the Company's losses, expanding production and operations or converting them to increase the Company's capital. The discretionary common reserve and statutory common reserve should be used first to make up the Company's losses; if it cannot be covered, the capital common reserve shall be used in accordance with the provisions.

After converting statutory reserve funds into capital, the remaining balance of the statutory reserve funds must be maintained at no less than 25% of the Company's registered capital prior to the conversion.

Rights of the Minorities in Relation to Fraud or Oppression Thereof

If Directors or senior management personnel violate the provisions of laws, administrative regulations or the articles of the Articles of Association in his/her performance of duties and powers, causing losses to our Company, shareholders holding individually or jointly more than 1% of the Company's shares continuously for over 180 days have the right to request the Supervisory Committee, in writing, to file a lawsuit with the people's court. If the Supervisory Committee itself violates laws, administrative regulations or the Articles of Association, causing losses to the Company, the aforesaid shareholders may, in writing, request the Board of Directors to initiate legal action.

If the Supervisory Committee or the Board of Directors declines to file a lawsuit following a written request, or fails to do so within 30 days from the date of receiving the request, or if the situation is urgent and a delay in filing a lawsuit would result in irreparable damage to the Company's interests, the mentioned shareholders have the right to independently file a lawsuit with the people's court for the benefit of the Company.

If another person infringes on the legitimate rights and interests of our Company and causes losses to our Company, shareholders who individually or jointly hold more than 1% of our Company's shares for more than 180 consecutive days may file a lawsuit with the people's court in accordance with the above provisions.

If any director, supervisor or senior management member of a wholly-owned subsidiary of the Company performs his/her duties in violation of the provisions of laws, administrative regulations or these Articles of Association and hereby causes losses to the Company, or if others infringe upon the lawful rights and interests of a wholly-owned subsidiary of the Company and cause losses, the shareholders who have held, individually or in aggregate, more than one percent of the shares of the Company for more than 180 consecutive days, may, request in writing that the supervisory board or the board of directors of the wholly-owned subsidiary bring a lawsuit to the People's Court, or in its own name to bring a lawsuit directly to the People's Court.

If Directors or senior management personnel violate laws, administrative regulations or the provisions of the Articles of Association and harm the interests of shareholders, shareholders may file a lawsuit with the people's court.

In cases where Company shareholders misuse their rights, leading to losses for the Company or other shareholders, they are subject to compensation liability in accordance with the law. If Company shareholders abuse the independent legal person status and limited liability, evade debts and significantly harm the interests of the Company's creditors, they are jointly and severally liable for the Company's debts.

The controlling shareholders and actual controllers of the Company are prohibited from utilizing their affiliated relationships to detrimentally affect the Company's interests. Violations leading to losses for the Company make them liable for compensation. These individuals have a fiduciary obligation to the Company and its general public shareholders. Controlling shareholders must responsibly exercise their investor rights within the bounds of the law. They are prohibited from using profit distribution, asset restructuring, external investment, fund occupation, loan guarantees, etc., to compromise the legitimate rights and interests of the Company and its general public shareholders. Their controlling position should not be exploited to harm the Company's interests or those of its general public shareholders. Violations to relevant laws, regulations or the provisions of the Articles of Association leading to losses for the Company and general public shareholders make them liable for compensation.

FURTHER INFORMATION ABOUT OUR COMPANY

Incorporation

Our Company was established as a limited liability company in the PRC on November 8, 2013 and was converted into a joint stock limited company on November 24, 2023 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company was RMB102,430,000.

Our principal place of business in Hong Kong is at 40th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong. We were registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on January 19, 2024. Ms. Yu Anne (余安妮) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices 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 III — Summary of the Articles of Association."

Changes in Share Capital

On November 8, 2013, our Company was incorporated with a registered capital of RMB500,000.

The following sets out the changes in the share capital of our Company during the two years immediately preceding the date of this prospectus:

On July 28, 2023, the share capital of our Company was increased from RMB10,896,117 to RMB11,620,661.

On November 24, 2023, the share capital of our Company was increased from RMB11,620,661 to RMB100,000,000.

On February 22, 2024, the share capital of our Company was increased from RMB100,000,000 to RMB102,430,000.

For more details, see "History, Development and Corporate Structure — Establishment and Development of Our Company." Save as aforesaid, there had been no alterations of our share capital within the two years preceding the date of publication of this prospectus.

Resolutions of our Shareholders

Pursuant to a general meeting held on February 13, 2024, among other things, our Shareholders resolved that:

(a) the issuance by our Company of the H Shares of nominal value of RMB1.00 each and such H Shares being listed on the Hong Kong Stock Exchange;

(b) the number of H Shares to be issued shall not be more than 25% of the total issued share capital of our Company as enlarged by the Global Offering, and the grant to the underwriters (or their representatives) of the Over-allotment Option of not more than 15% of the number of H Shares issued pursuant to the Global Offering;

(c) subject to the completion of the Global Offering, the adoption of the Articles of Association which shall become effective on the Listing Date, and authorization to the Board to amend the Articles of Association for the purpose of the Company's Listing; and

(d) authorization of the Board to handle all matters relating to, among other things, the Global Offering, the issue and listing of the H Shares.

Changes in Share Capital of our Subsidiaries

The following sets forth the changes in the share capital of the subsidiaries of the Company within two years immediately preceding the date of this prospectus:

On May 22, 2023, the registered capital of Zhejiang Senyi Food Technology Co., Ltd. (浙江森逸食品科技有限公司) was increased from RMB10 million to RMB50 million.

On June 29, 2023, Shanghai Senqian Technology Development Co., Ltd. (上海森乾科技發展有限公司) was established in Shanghai, the PRC with the registered capital of RMB2 million.

On August 28, 2023, Hangzhou Auntea Jenny Industrial Co., Ltd. (杭州滬上阿姨實業有限公司) was established in Hangzhou, Zhejiang Province, the PRC with the registered capital of RMB20 million. On October 28, 2024, the registered capital increased to RMB68 million.

On October 11, 2023, Shanghai Pangyi Industrial Co., Ltd. (上海龐逸實業有限公司) was established in Shanghai, the PRC with the registered capital of RMB1 million.

On January 3, 2024, the registered capital of Shanghai Ruizhong Industrial Co., Ltd. (上海睿眾實業有限公司) was increased from RMB10 million to RMB20 million.

On January 30, 2024, Shanghai Shenpu Supply Chain Management Co., Ltd. (上海神璞供應鏈管理有限公司) was established in Shanghai, the PRC with the registered capital of RMB1 million.

On March 21, 2024, Shanghai Huyi Supply Chain Management Co., Ltd. (上海滬姨供應鏈管理有限公司) was established in Shanghai, the PRC with the registered capital of RMB10 million.

On November 29, 2024, Chongqing Senyu Supply Chain Management Co., Ltd. (重慶森渝供應鏈管理有限公司) was established in Chongqing, the PRC with the registered capital of RMB85 million.

On January 9, 2025, Shanghai Pangpu Technology Development Co., Ltd. (上海龐璞科技發展有限公司) was established in Shanghai, the PRC with the registered capital of RMB1 million.

On April 1, 2025, Tianjin Senjin Supply Chain Management Co., Ltd. (天津森津供應鏈管理有限公司) was established in Tianjin, the PRC with the registered capital of RMB3 million.

FURTHER INFORMATION ABOUT OUR BUSINESS

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:

1. the investment agreement dated July 25, 2023 entered into among Shanghai Zhenjing Industrial Co., Ltd. (上海臻敬實業股份有限公司) (currently known as Auntea Jenny (Shanghai) Industrial Co., Ltd. (滬上阿姨(上海)實業股份有限公司), the "**Company**"), Mr. Shan Weijun (單衛鈞) ("**Mr. Shan**"), Ms. Zhou Rongrong (周蓉蓉) ("**Ms. Zhou**"), Shanghai Puhai Enterprise Management Co., Ltd. (上海璞海企業管理有限公司) ("**Shanghai Puhai**"), Shanghai Senrui Enterprise Management Partnership (Limited Partnership) (上海森芮企業管理合夥企業(有限合夥)) ("**Shanghai Senrui**"), Shanghai Yuchao Enterprise Management Partnership (Limited Partnership) (上海禹超企業管理合夥企業(有限合夥)) ("**Shanghai Yuchao**"), Shanghai Yuhong Enterprise Management Partnership (Limited Partnership) (上海禹翃企業管理合夥企業(有限合夥)) ("**Shanghai Yuhong**"), Shanghai Yuyun Enterprise Management Partnership (Limited Partnership) (上海禹鋆企業管理合夥企業(有限合夥)) ("**Shanghai Yuyun**"), Zhuhai Jinyiming Equity Investment Fund Partnership (Limited Partnership) (珠海金鎰銘股權投資基金合夥企業(有限合夥)) ("**Jinyi Capital**"), Suzhou Xiangzhong Venture Capital Partnership (Limited Partnership) (蘇州祥仲創業投資合夥企業(有限合夥)) ("**Suzhou Xiangzhong**"), Nanjing Xiangzhong Venture Capital Partnership (Limited Partnership) (南京祥仲創業投資合夥企業(有限合夥)) ("**Nanjing Xiangzhong**"), Shanghai Shibei High-tech Venture Capital Partnership (Limited Partnership) (上海市北高新創業投資合夥企業(有限合夥)) ("**Shibei Hi-tech**"), Shanghai Yiyu Investment Consulting Co., Ltd. (上海頤玉投資諮詢有限責任公司) ("**Yiyu Consulting**"), Beijing Desai Innovation Equity Investment Center (Limited Partnership) (北京德賽創新股權投資中心(有限合夥)) ("**Desai Innovation**") and Zhuhai Hengqin Zhiyi Qianrui Investment Partnership (Limited Partnership) (珠海橫琴知壹乾睿投資合夥企業(有限合夥)) ("**InnoVision Capital**"), pursuant to which (i) Jinyi Capital agreed to subscribe for an increased registered capital of RMB168,500 in our Company with a consideration of RMB58,000,000 and agreed to acquire the

registered capital of RMB162,689 in our Company from Shanghai Senrui with a consideration of RMB42,000,000; (ii) Suzhou Xiangzhong agreed to subscribe for an increased registered capital of RMB67,400 in our Company with a consideration of RMB23,200,000 and agreed to acquire the registered capital of RMB65,076 in our Company from Shanghai Senrui with a consideration of RMB16,800,000; (iii) Nanjing Xiangzhong agreed to subscribe for an increased registered capital of RMB16,850 in our Company with a consideration of RMB5,800,000 and agreed to acquire the registered capital of RMB16,269 in our Company from Shanghai Senrui with a consideration of RMB4,200,000; (iv) Shibei Hi-tech agreed to subscribe for an increased registered capital of RMB31,172 in our Company with a consideration of RMB10,730,000 and agreed to acquire the registered capital of RMB30,098 in our Company from Shanghai Senrui with a consideration of RMB7,770,000; (v) Yiyu Consulting agreed to subscribe for an increased registered capital of RMB2,528 in our Company with a consideration of RMB870,000 and agreed to acquire the registered capital of RMB2,440 in our Company from Shanghai Senrui with a consideration of RMB630,000; (vi) Desai Innovation agreed to subscribe for an increased capital of RMB50,550 in our Company with a consideration of RMB17,400,000 and agreed to acquire the registered capital of RMB48,807 in our Company from Shanghai Senrui with a consideration of RMB12,600,000; and (vii) InnoVision Capital agreed to subscribe for an increased capital of RMB50,550 in our Company with a consideration of RMB17,400,000 and agreed to acquire the registered capital of RMB48,807 in our Company from Shanghai Senrui with a consideration of RMB12,600,000.

2. the amended and restated shareholders agreement dated July 25, 2023 entered into among our Company, Mr. Shan, Ms. Zhou, Shanghai Puhai, Shanghai Senrui, Shanghai Yuchao, Shanghai Yuhong, Shanghai Yuyun, Jinyi Capital, Suzhou Yizhong Venture Capital Partnership (Limited Partnership) (蘇州宜仲創業投資合夥企業(有限合夥)) ("**Suzhou Yizhong**"), Suzhou Xiangzhong, Nanjing Xiangzhong, Shibei Hi-tech, Yiyu Consulting, Desai Innovation and InnoVision Capital regarding the shareholders' rights in our Company.

3. the supplemental agreement to the shareholders agreement dated October 10, 2023 entered into among our Company, Mr. Shan, Ms. Zhou, Shanghai Puhai, Shanghai Senrui, Shanghai Yuchao, Shanghai Yuhong, Shanghai Yuyun, Jinyi Capital, Suzhou Yizhong, Suzhou Xiangzhong, Nanjing Xiangzhong, Shibei Hi-tech, Yiyu Consulting, Desai Innovation and InnoVision Capital, pursuant to which the shareholders of the Company agreed to terminate certain special shareholders rights, details of which are included in the section headed "History, Development and Corporate Structure" in this prospectus.

4. the amended and restated shareholders agreement dated November 8, 2023 entered into among our Company, Mr. Shan, Ms. Zhou, Shanghai Puhai, Shanghai Senrui, Shanghai Yuchao, Shanghai Yuhong, Shanghai Yuyun, Jinyi Capital, Suzhou Yizhong, Suzhou Xiangzhong, Nanjing Xiangzhong, Shibei Hi-tech, Yiyu Consulting, Desai Innovation and InnoVision Capital regarding the shareholders' rights in the Company following the conversion into a joint

stock limited company, replacing the amended and restated shareholders agreement dated July 25, 2023.

5. the capital increase agreement dated January 29, 2024 entered into among our Company, Mr. Shan, Ms. Zhou, Shanghai Puhai, Shanghai Senrui, Shanghai Yuchao, Shanghai Yuhong, Shanghai Yuyun, Gongqingcheng Jinxiao Venture Capital Partnership (Limited Partnership) (共青城金鴞創業投資合夥企業(有限合夥)) ("**Jinxiao Investment**"), Xiamen Yinlin Equity Investment Partnership (Limited Partnership) (廈門銀鱗股權投資合夥企業(有限合夥)) ("**Yinlin Investment**"), Guangzhou Hanshuai Venture Capital Partnership (Limited Partnership) (廣州瀚率創業投資合夥企業(有限合夥)) ("**Hanshuai Investment**") and Shanghai Yipu Enterprise Management Co., Ltd. (上海一僕企業管理有限公司) ("**Shanghai Yipu**"), pursuant to which Jinxiao Investment agreed to subscribe for an increased registered capital of RMB770,000 in our Company with a consideration of RMB38,500,000; Yinlin Investment agreed to subscribe for an increased registered capital of RMB160,000 in our Company with a consideration of RMB8,000,000; Hanshuai Investment agreed to subscribe for an increased registered capital of RMB1,000,000 in our Company with a consideration of RMB50,000,000; an Shanghai Yipu agreed to subscribe for an increased registered capital of RMB500,000 in our Company with a consideration of RMB25,000,000.

6. the amended and restated shareholders agreement, dated February 9, 2024, entered into among our Company, Mr. Shan, Ms. Zhou, Shanghai Puhai, Shanghai Senrui, Shanghai Yuchao, Shanghai Yuhong, Shanghai Yuyun, Jinyi Capital, Suzhou Yizhong, Suzhou Xiangzhong, Nanjing Xiangzhong, Shibei Hi-tech, Yiyu Consulting, Desai Innovation, InnoVision Capital, Jinxiao Investment, Yinlin Investment, Hanshuai Investment and Shanghai Yipu regarding the shareholders' rights in our Company.

7. the cornerstone investment agreement dated April 24, 2025 entered into among our Company, Infore Holding (Hong Kong) Limited ("**Infore Holding**"), CITIC Securities (Hong Kong) Limited (中信證券(香港)有限公司), Haitong International Capital Limited (海通國際資本有限公司), Orient Capital (Hong Kong) Limited (東方融資(香港)有限公司), CLSA Limited (中信里昂證券有限公司), Haitong International Securities Company Limited (海通國際證券有限公司) and Orient Securities (Hong Kong) Limited (東方證券(香港)有限公司), pursuant to which Infore Holding agreed to subscribe for such number of H Shares of our Company (rounded down to the nearest whole board lot of 30 H Shares) at the Offer Price in an aggregate amount of HKD50,000,000 (exclusive of brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee in respect of such number of H Shares of our Company).

8. the cornerstone investment agreement dated April 24, 2025 entered into among our Company, Sino Top Trading Limited (華置貿易有限公司) ("**Sino Top**"), CITIC Securities (Hong Kong) Limited, Haitong International Capital Limited, Orient Capital (Hong Kong) Limited, CLSA Limited, Haitong International Securities Company Limited and Orient Securities (Hong Kong) Limited, pursuant to which Sino Top agreed to subscribe for such number of H Shares of our Company (rounded down to the nearest whole board lot of 30 H Shares) at the Offer Price in an aggregate amount of Hong Kong dollar equivalent of RMB20,000,000 (exclusive of brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee in respect of such number of H Shares of our Company).

9. the Hong Kong Underwriting Agreement.

Intellectual Property Rights

Trademarks

As of 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	Class	Registered Number	Expiry Date
1.	沪上阿姨	PRC	29	13543090	January 20, 2035
			32	13543118	January 20, 2035
			35	13543177	February 6, 2035
			43	13543212	February 13, 2035
			30	13576267	February 13, 2035
2.	沪上阿姨	PRC	29	13543073	January 20, 2035
			32	13543135	January 20, 2035
			43	13543226	January 20, 2035
			35	13543162	February 6, 2035
			30	13576223	February 13, 2035
3.	沪姨 HU YI	PRC	43	21483852	November 20, 2027

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
4.	茶瀑布	PRC	33	29126744	December 20, 2028
			32	29134265	December 20, 2028
			30	29134266	December 20, 2028
			43	29126743	December 27, 2028
			35	29141118	December 27, 2028
			29	29143657	December 27, 2028
5.	AUNTEA JENNY	PRC	35	31037326	March 6, 2029
			30	31055568	March 13, 2029
			43	31031454	March 20, 2029
			29	33459531	May 20, 2029
			1	33437183	May 13, 2029
			13	33437217	May 13, 2029
			36	33437279	May 13, 2029
			10	33437719	May 13, 2029
			23	33437754	May 13, 2029
			24	33437756	May 13, 2029
			28	33437768	May 13, 2029
			12	33440464	May 13, 2029
			14	33440473	May 13, 2029
			3	33443257	May 13, 2029
			4	33443259	May 13, 2029
			20	33443303	May 13, 2029
			25	33443626	May 13, 2029
			31	33443643	May 13, 2029
			33	33443649	May 13, 2029
			34	33443652	May 13, 2029
			42	33443674	May 13, 2029
			38	33445708	May 13, 2029
			44	33445726	May 13, 2029
			45	33445729	May 13, 2029
			17	33447237	May 13, 2029
			18	33448725	May 13, 2029

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
			26	33448746	May 13, 2029
			39	33450267	May 13, 2029
			5	33450361	May 13, 2029
			6	33450363	May 13, 2029
			8	33450368	May 13, 2029
			15	33450390	May 13, 2029
			16	33450393	May 13, 2029
			11	33453146	May 13, 2029
			40	33455007	May 13, 2029
			2	33456388	May 13, 2029
			21	33457923	May 13, 2029
			22	33457925	May 13, 2029
			32	33457952	May 13, 2029
			41	33457978	May 13, 2029
			9	33459477	May 13, 2029
			7	33437200	May 13, 2029
			37	33443659	May 20, 2029
			27	33455083	May 20, 2029
			19	33448727	June 6, 2029
			10	58974385	February 20, 2032
			26	58977090	February 20, 2032
			21	58983423	February 20, 2032
			28	58988154	February 20, 2032
			20	58996121	February 20, 2032
			29	58483400	February 27, 2032
			33	58493498	February 27, 2032
			32	58506994	February 27, 2032
			30	58514046	February 27, 2032
			18	58983418	February 27, 2032
			16	58998875	February 27, 2032
			29	69576811	October 6, 2033
			40	74664313	April 20, 2034

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
6.	JennyX coffee	PRC	43	37680890	June 20, 2030
7.		PRC	30	40682241	June 27, 2030
			43	40686662	June 27, 2030
			29	40697532	June 27, 2030
			35	40697536	June 27, 2030
			9	41165805	May 20, 2030
			1	41166178	May 20, 2030
			14	41166182	May 20, 2030
			44	41166193	May 20, 2030
			7	41168845	May 20, 2030
			19	41168850	May 20, 2030
			27	41168853	May 20, 2030
			33	41168854	May 20, 2030
			5	41173624	May 20, 2030
			2	41175213	May 20, 2030
			10	41175215	May 20, 2030
			12	41175216	May 20, 2030
			28	41175222	May 20, 2030
			39	41175229	May 20, 2030
			17	41176821	May 20, 2030
			18	41180243	May 20, 2030
			23	41180245	May 20, 2030
			21	41183904	May 20, 2030
			4	41187499	May 20, 2030
			3	41187580	May 20, 2030
			26	41187588	May 20, 2030
			40	41187596	May 20, 2030
			8	41188976	May 20, 2030
			16	41188979	May 20, 2030
			22	41188981	May 20, 2030

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
			31	41188984	May 20, 2030
			36	41188985	May 20, 2030
			37	41192330	May 20, 2030
			41	41192331	May 20, 2030
			11	41192404	May 20, 2030
			24	41192409	May 20, 2030
			6	41194273	May 20, 2030
			38	41168860	June 6, 2030
			42	41168861	June 6, 2030
			25	41173617	June 6, 2030
			20	41180244	June 6, 2030
			34	41184233	June 6, 2030
			13	41187583	June 6, 2030
			15	41184227	July 6, 2030
			45	41187594	July 6, 2030
			29	69580399	October 6, 2033
			16	69586656	October 6, 2033
			21	69586659	October 6, 2033
			30	69589022	October 6, 2033
			40	74663093	April 6, 2030
8.	沪上阿姨鲜果茶	PRC	35	58898924	February 20, 2032
			43	58906478	February 20, 2032
			30	58886212	July 6, 2032
			29	59168595	July 6, 2032
			43	59195175	March 6, 2032
			30	59190680	July 27, 2032
			41	63918265	October 6, 2032
			39	63925111	October 6, 2032
			36	63926587	October 6, 2032
			42	63930077	October 6, 2032
			45	63933941	October 6, 2032
			37	63933967	October 6, 2032
			44	63924715	November 20, 2032

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
9.	沪咖	PRC	30	60582375	May 13, 2032
			43	60595404	May 13, 2032
10.	沪上阿姨 AUNTEA JENNY 鲜果茶	PRC	43	62985900	August 20, 2032
11.		PRC	43	65464134	December 6, 2032
			35	65471731	December 6, 2032
			29	65487316	December 6, 2032
			32	65479078	December 13, 2032
			30	65474016	December 13, 2032
12.	沪咖	PRC	32	67821970	May 13, 2033
			29	67836170	May 13, 2033
13.	FALLS TEA	PRC	16	26638012	September 20, 2028
			30	26618087	December 6, 2028
			35	26631565	December 6, 2028
			43	26629150	June 6, 2029
14.	FALLS TEA	PRC	16	30145461	February 13, 2029
			31	30151130	February 13, 2029
			43	30155158	July 20, 2029
			35	30140366	September 27, 2029
			30	30140805	September 27, 2029
15.	沪 上 阿 姨	PRC	43	51051511	July 6, 2031
			32	51060618	August 20, 2031
			30	51069671	September 6, 2031
			35	51062191	September 13, 2031
			40	66863683	February 20, 2033
			30	67332160	June 20, 2033

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
			21	69589007	October 6, 2033
			30	69596329	October 6, 2033
			29	69599587	October 6, 2033
			16	72109819	December 13, 2033
			40	74653942	April 13, 2034
			36	76630272	August 13, 2034
			31	76616750	August 20, 2034
16.		PRC	43	57137774	January 13, 2032
			43	57137798	January 13, 2032
17.	沪姨	PRC	32	60336503	April 27, 2032
			43	60337617	April 27, 2032
			30	60343103	April 27, 2032
			29	60347084	April 27, 2032
			9	67324897	March 13, 2033
			41	67340692	April 6, 2033
			38	67343266	April 6, 2033
			42	67344288	April 6, 2033
			45	67349953	April 6, 2033
18.	沪姨	PRC	35	60350941	April 27, 2032
19.		PRC	29	65465744	December 6, 2032
			43	65466605	December 6, 2032
			35	65471393	December 6, 2032
			30	65471406	December 6, 2032
			32	65480577	December 6, 2032
20.		PRC	21	68204678	October 6, 2033
			16	68214824	October 6, 2033
			18	68222808	October 6, 2033
			43	69272513	October 6, 2033
			33	68203554	October 6, 2033

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
21.	沪咖鲜果咖	PRC	43	68875128	October 6, 2033
			35	68878459	October 6, 2033
22.	沪咖·鲜果咖啡	PRC	43	68976059	October 13, 2033
23.	沪上阿姨	PRC	43	70095914	October 27, 2033
24.	沪上阿姨轻享	PRC	43	71241563	October 27, 2033
25.	沪咖	PRC	29	72911223	January 13, 2034
			32	72909268	January 20, 2034
			21	74948371	May 6, 2034
			16	74951446	June 6, 2034
			9	76447962	July 13, 2034
			11	76442749	July 13, 2034
			14	76437536	July 13, 2034
			18	76447933	July 13, 2034
			25	76454000	July 13, 2034
			26	76455108	July 13, 2034
			28	76451086	July 13, 2034
26.	JENNY × COFFEE	PRC	16	70094019	January 13, 2034
27.		PRC	16	72134288	January 20, 2034
28.		PRC	29	73427292	February 6, 2034
			21	73424093	February 6, 2034
			16	73405312	February 6, 2034
			30	73424076	February 6, 2034
			35	73422331	February 6, 2034
			43	73428683	February 13, 2034
			32	73427275	February 13, 2034
			11	76449512	July 13, 2034
			14	76437144	July 13, 2034
			18	76437136	July 13, 2034
			20	76446299	July 13, 2034
			25	76449485	July 13, 2034
			26	76446209	July 13, 2034
			28	76437109	July 13, 2034
			9	76446327	September 13, 2034

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
29.		PRC	35	74539179	March 27, 2034
			31	76619094	July 20, 2034
			36	76616741	July 20, 2034
30.		PRC	30	74524132	April 6, 2030
			43	74533446	April 6, 2030
			29	74526682	April 6, 2030
			32	74530310	April 6, 2030
			11	76909578	July 27, 2034
			18	76904631	July 27, 2034
			16	76904624	July 27, 2034
			21	76918190	July 27, 2034
			26	76904660	July 27, 2034
			9	76915861	July 27, 2034
			25	76904652	July 27, 2034
			20	76914179	July 27, 2034
			28	76907452	August 13, 2034
			14	76912665	August 13, 2034
31.	love and wink	PRC	30	74444313	April 6, 2030
			43	74448561	April 6, 2030
			35	74455964	June 27, 2034
32.	沪咖东方咖	PRC	43	74940091	May 6, 2034
33.	AUNTEA JENNY	PRC	43	75479757	June 6, 2034
34.	沪咖东方拿铁	PRC	43	75623842	June 13, 2034
35.		PRC	29	76781016	July 27, 2034
			30	76779473	July 27, 2034
			32	76774695	July 27, 2034
			43	76784527	July 27, 2034
			35	76774687	July 27, 2034

No.	Trademark	Place of Registration	Class	Registered Number	Expiry Date
36.	元气港湾	PRC	30	53862548	September 13, 2031
			32	53876555	September 27, 2031
			31	53870624	September 27, 2031
37.	茶瀑布	PRC	9	77019267	August 13, 2034
			14	77025554	August 13, 2034
			18	77021613	August 13, 2034
			16	77034258	August 13, 2034
			26	77032965	August 20, 2034
			20	77019849	August 20, 2034
			21	77037022	August 20, 2034
			25	77029387	August 20, 2034
			28	77028473	August 20, 2034
			11	77032173	August 20, 2034
			31	77038524	August 27, 2034
38.	AUNTEA JENNY 沪 上 阿 姨	Hong Kong	43	305101244	October 31, 2029
39.	AUNTEA JENNY沪上阿姨	Hong Kong	43	304589443	July 8, 2028
40.		Hong Kong	43	305101253	October 31, 2029
41.	AUNTEA JENNY 沪 上 阿 姨	Hong Kong	29, 30, 32, 35	305522535	January 31, 2031
42.		Hong Kong	29, 30, 32, 35, 43	306470596	4 February, 2034

Copyrights registered

As at the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Copyright Type	Registered Owner	Registration Number	Registration Date
1.	Auntea Jenny logo (滬上阿姨標識)	Artwork	Our Company	Guozuodengzi (國作登字) - 2019-F-00935053	November 18, 2019
2.	Lemon Mug (檸檬杯)	Artwork	Our Company	Guozuodengzi (國作登字) - 2022-F-10142048	July 15, 2022
3.	Auntea Jenny Brand Identity Version 5.0 Logo Line Drawing (滬上阿姨品牌形象5.0版 LOGO線稿)	Artwork	Our Company	Guozuodengzi (國作登字) - 2022-F-10239901	November 15, 2022
4.	Auntea Jenny Brand Identity Version 5.0 LOGO color block draft (滬上阿姨品牌形象5.0版 LOGO色塊稿)	Artwork	Our Company	Guozuodengzi (國作登字) - 2022-F-10239900	November 15, 2022
5.	FALLS TEA logo (FALLS TEA標識)..........	Artwork	Zhenjing	Guozuodengzi (國作登字) - 2018-F-00598170	August 15, 2018
6.	Jenny x Coffee (滬咖)	Artwork	Zhenjing	Guozuodengzi (國作登字) - 2023-F-00215809	September 28, 2023
7.	Auntea Jenny (滬上阿姨)	Artwork	Our Company	Guozuodengzi (國作登字) - 2023-F-00312931	December 26, 2023
8.	Brand Pattern (品牌紋樣)....	Artwork	Our Company	Guozuodengzi (國作登字) - 2024-F-00026384	January 25, 2024
9.	Loving Blinking Girl (愛心與眨眼女孩)...........	Artwork	Our Company	Guozuodengzi (國作登字) - 2024-F-00026385	January 25, 2024

No.	Copyright	Copyright Type	Registered Owner	Registration Number	Registration Date
10.	Cheetah Lady (獵豹女士)....	Artwork	Our Company	Guozuodengzi (國作登字) - 2024-F-00026386	January 25, 2024
11.	love & wink Earth (love & wink 地球)........	Artwork	Our Company	Guozuodengzi (國作登字) - 2024-F-00026387	January 25, 2024
12.	Wave-riding Girl (乘風破浪女孩)	Artwork	Our Company	Guozuodengzi (國作登字) - 2024-F-00026388	January 25, 2024
13.	Back-looking Leopard (回首的豹子)................	Artwork	Our Company	Guozuodengzi (國作登字) - 2024-F-00054457	February 19, 2024
14.	Cheetah Lady Illustration (獵豹女士插畫)	Artwork	Our Company	Guozuodengzi (國作登字) - 2024-F-00054453	February 19, 2024
15.	New Wave-riding Girl (新乘風破浪女孩)..........	Artwork	Our Company	Guozuodengzi (國作登字) - 2024-F-00106041	April 22, 2024
16.	New Loving Blinking Girl (新愛心與眨眼女孩)	Artwork	Our Company	Guozuodengzi (國作登字) - 2024-F-00106042	April 22, 2024
17.	Western Coffee the Eastern Way A Modern Auntea Culture (《西咖東做，摩登滬上》).................	Artwork	Our Company	Guozuodengzi (國作登字) - 2024-F-00129150	May 15, 2024
18.	Auntea Jenny A Modern Eastern Tea Lifestyle (滬上阿姨東方摩登茶生活) .	Artwork	Our Company	Guozuodengzi (國作登字) - 2024-F-00167099	June 18, 2024
19.	Summer in Firenze (翡冷翠之夏)................	Artwork	Our Company	Guozuodengzi (國作登字) - 2024-F-00262553	September 3, 2024

Software Copyrights registered

As at the Latest Practicable Date, we had registered the following software copyrights which we consider to be or may be material to our business:

No.	Copyright	Registered Owner	Registration Number	Registration Date
1.	Auntea Jenny Supervision Assistant Software V1.0 (滬上阿姨督導助手軟件V1.0) ..	Shanghai Senqian	2025SR0489749	March 20, 2025
2.	Auntea Jenny ordering back-end management software V2.0.3 (滬上阿姨訂貨後台管理軟件V2.0.3)	Shanghai Senqian	2025SR0489746	March 20, 2025
3.	Auntea Jenny Card and Voucher Management Backend Software V1.0 (滬上阿姨卡券管理後台軟件V1.0) ...	Shanghai Senqian	2023SR1595679	December 8, 2023
4.	Auntea Jenny Business Assistant Mini-program Software V1.0 (滬上阿姨商家助手小程序軟件V1.0)...........	Shanghai Senqian	2023SR1590950	December 8, 2023
5.	Auntea Jenny Franchisee Management Platform Software V1.0 (滬上阿姨加盟商管理平台軟件V1.0)...........	Shanghai Senqian	2023SR1594819	December 8, 2023
6.	Auntea Jenny BI Cloud Image Software V1.0 (滬上阿姨BI雲圖軟件V1.0)......................	Shanghai Senqian	2023SR1592188	December 8, 2023

Patents

As of the Latest Practicable Date, we have registered the following patents which we considered to be or may be material to our business:

No.	Patent Name	Patent No.	Application Type	Patent Owner	Place of Registration	Application Date
1.	Suitcase (行李箱)	ZL202230406455.9	Design	Our Company	PRC	June 29, 2022
2.	Packing cups (Xiao Long Bao cups) (包裝杯(小籠包杯))	ZL202230407221.6	Design	Our Company	PRC	June 29, 2022
3.	Cups (Auntea Jenny's Fans Huey Bunny Bucket Cups) (杯子(滬上阿姨迷滬兔大桶杯))	ZL202230787884.5	Design	Our Company	PRC	November 24, 2022
4.	Straws (Auntea Jenny's Fans Huey Bunny Pulled Ear Straws) (吸管(滬上阿姨迷滬兔拉耳吸管))	ZL202230807542.5	Design	Our Company	PRC	December 2, 2022
5.	Cup (Paw-shaped Glass Mug) (杯子(貓爪玻璃杯))	ZL202330647236.4	Design	Our Company	PRC	October 8, 2023
6.	Cup (Bling Meow Meow Cup) (杯子(爆閃喵喵杯))	ZL202330828653.9	Design	Our Company	PRC	December 15, 2023
7.	Cup (Fortune Bucket) (杯子(抱富桶))	ZL202330838109.2	Design	Our Company	PRC	December 20, 2023
8.	Cup (Cat Stack Cup) (杯子(貓貓疊疊杯))	ZL202330845097.6	Design	Our Company	PRC	December 22, 2023
9.	Ladder-layer Switching Boiling Device for Brown Sugar Processing (黑糖加工用階梯分層式切換熬制裝置)	ZL202210372623.6	Invention	Zhejiang Senyi	PRC	April 11, 2022
10.	Beverage Filing Mechanism (飲品灌裝機構)	ZL202320615640.8	Utility model	Zhejiang Senyi	PRC	March 27, 2023
11.	Vibrating Screening Machine (振動篩分機)	ZL202320614954.6	Utility model	Zhejiang Senyi	PRC	March 27, 2023
12.	Tapioca Pearl Forming Machine (粉圓成型機)	ZL202320614784.1	Utility model	Zhejiang Senyi	PRC	March 27, 2023

No.	Patent Name	Patent No.	Application Type	Patent Owner	Place of Registration	Application Date
13.	Raw Material Grinding and Mixing Machine for Tapioca Pearl Processing (一種粉圓加工用原料粉碎混合機)	ZL202323231727.4	Utility model	Zhejiang Senyi	PRC	November 29, 2023
14.	Sorting Machine for the Production and Processing of Beverage Bottles (一種飲料瓶生產加工的分揀機)..........	ZL202323231733.X	Utility model	Zhejiang Senyi	PRC	November 29, 2023
15.	Continuous Powder Coating Device for Tapioca Pearl (連續式粉圓裹粉裝置)	ZL202420226583.9	Utility model	Zhejiang Senyi	PRC	January 30, 2024
16.	Fruit Tea Processing Equipment and Method (一種果茶加工設備及加工方法)	ZL202111266376.3	Invention	Shanghai Pangpu	PRC	October 28, 2021
17.	Lids and Cups (杯蓋及杯子)	ZL202221346865.X	Utility model	Shanghai Pangpu	PRC	May 20, 2022
18.	Bubble Tea Dispensing Bucket with Solenoid Valve (一種磁力出水泡茶桶)....	ZL202322966160.9	Utility model	Shanghai Pangpu	PRC	November 3, 2023
19.	Multifunctional Refrigerator Expansion Structure (一種冰箱多功能拓展結構).....	ZL202420103895.0	Utility model	Shanghai Pangpu	PRC	January 16, 2024

Domain Name

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Owner	Expiry Date
1.	hsayi.com	Our Company	February 17, 2031
2.	hsay.com	Our Company	December 19, 2031
3.	hsay.cn	Our Company	July 22, 2025

No.	Domain Name	Owner	Expiry Date
4.	hukacafe.com	Our Company	December 28, 2025
5.	chafalls.com	Our Company	August 17, 2025
6.	shpr.top	Shanghai Senqian	November 9, 2026

Employee Incentive Schemes

The following is a summary of the principal terms of the employee incentive scheme approved and adopted by the Company on September 30, 2020 (the "**2020 Employee Incentive Scheme**") and employee incentive scheme approved and adopted by the Board on July 20, 2023 (the "**2023 Employee Incentive Scheme**", collectively, the "**Employee Incentive Schemes**"), respectively. The terms of the Employee Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as the Employee Incentive Schemes do not involve the grant of new Shares or options over new Shares of our Company after Listing.

Given the underlying Shares under the Employee Incentive Schemes were either transferred by our Controlling Shareholders to or had already been issued by the Company to the Shanghai Yuchao, Shanghai Yuhong and Shanghai Yuyun (the "**Employee Shareholding Platforms**"), there will be no dilutive effect to the issued Shares upon the vesting of the awards under the Employee Incentive Schemes.

As of the Latest Practicable Date, Shanghai Yuchao, Shanghai Yuhong and Shanghai Yuyun were the Company's Employee Shareholding Platforms holding 17,210,725, 1,449,978 and 1,449,978 underlying Shares of the Company. For details of Shanghai Yuchao, Shanghai Yuhong and Shanghai Yuyun, see "History, Development and Corporate Structure."

(a) Purpose

The purpose of the Employee Incentive Schemes is to recognise the contribution of our employees to the Group and motivate them to further promote the development of our Group.

(b) Eligible participants

Persons eligible to participate in the Employee Incentive Schemes are the management members and key employees of our Group.

(c) Grant of awards

As of the Latest Practicable Date, an aggregate of 3,530,999, 1,449,978 and 1,449,978 underlying Shares held by Shanghai Yuchao, Shanghai Yuhong and Shanghai Yuyun were granted to 33, 45 and 35 selected participants, respectively.

As of the Latest Practicable Date, all the underlying Shares under the Employee Incentive Schemes had been granted to the relevant individuals.

Details of the underlying Shares under the Employee Incentive Schemes granted to the Directors and Supervisors of the Company or our subsidiaries (excluding insignificant subsidiaries), who are connected persons of the Company, as of the Latest Practicable Date are set out below:

Name	Relationship with the Company	Number of underlying Shares granted under the Employee Incentive Schemes	Underlying Shares granted as a percentage of total issued share capital immediately upon the completion of the Global Offering
Mr. Zhou Tianmu	Director	937,546	0.89%
Mr. Wang Jiaxing	Director	180,606	0.17%
Mr. Gu Liang	Supervisor	261,142	0.25%
Ms. Xu Na	Supervisor	48,649	0.05%
Ms. Chen Fangfang	Supervisor	51,188	0.05%
Mr. Yan Yiqing	Former Director designated by Suzhou Yizhong and current head of product brand division of the Company	937,546	0.89%

(d) Vesting of Restricted Shares

The vesting of the underlying Shares granted is conditional upon the expiry of the lock-up period, which is fulfilling at least four years' service period for the Group from the date of signing respective employee incentive agreement by qualified employees.

(e) Realization of economic benefits attached to the underlying Shares

Participants may realize the economic benefits attached to the underlying Shares by (i) applying to the general partner of corresponding Employee Shareholding Platforms, who shall then sell the underlying Shares in the open market and distribute the sale proceeds to the relevant Participants after deducting relevant expenses and taxes; or (ii) as approved by the general partner, transferring the underlying Shares to other parties.

(f) Restrictions on transfer

After the Listing, in addition to the restrictions under the Employee Incentive Schemes, the transfer or sale by selected participants shall be subject to the lock-up requirements under the relevant laws and regulations and the stock exchange rules, or the respective agreements entered into between the Company and the relevant selected participants pursuant to the terms of the Employee Incentive Schemes (if applicable).

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS, MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests of Directors, Supervisors and Chief Executive of the Company

Immediately following the completion of the Global Offering and Conversion of Domestic Unlisted Shares into H Shares, assuming that the Over-allotment Option is not exercised, the interest and short position of each of our Directors, Supervisors and Chief Executive Officer in the Shares, underlying Shares and debentures of the Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed

Issuers to be notified to the Company and the Hong Kong Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors) will be as follows:

Interests in our Company

Shareholder	Position	Nature of Interest	Number and Class of Shares[1]	Approximate Percentage of Shareholding in the Relevant Class of Shares immediately after completion of the Global Offering	Approximate Percentage of Shareholding in the Total Issued Share Capital of our Company immediately after completion of the Global Offering
				(%)	(%)
Mr. Shan[3][4][5][6]	Director	Interest in controlled corporation, interests held jointly with other person and interest of Spouse	39,273,941 Domestic Unlisted Shares	85.80	37.46
			43,321,180 H Shares	73.34	41.32
Ms. Zhou[2][3][4][5][6]	Director	Interest in controlled corporation, interests held jointly with other person and interest of Spouse	39,273,941 Domestic Unlisted Shares	85.80	37.46
			43,321,180 H Shares	73.34	41.32

Notes:

(1) All interests are long positions.

(2) As of the Latest Practicable Date, Ms. Zhou held 80% of the equity interest in Shanghai Puhai. Therefore, Ms. Zhou is deemed to be interested in the Shares held by Shanghai Puhai in the Company under the SFO.

(3) As of the Latest Practicable Date, Mr. Shan was the general partner of Shanghai Senrui. Meanwhile, Mr. Shan and Ms Zhou held approximately 44.67% and 45.49% of the partnership interest in Shanghai Senrui, respectively. Therefore, Mr. Shan and Ms. Zhou are deemed to be interested in the Shares held by Shanghai Senrui in the Company under the SFO.

(4) As of the Latest Practicable Date, Mr. Shan was the general partner of Shanghai Yuchao. Meanwhile, Mr. Shan and Ms Zhou held approximately 38.57% and 41.63% of the partnership interest in Shanghai Yuchao, respectively. Therefore, Mr. Shan and Ms. Zhou are deemed to be interested in the Shares held by Shanghai Yuchao in the Company under the SFO.

(5) On September 25, 2023, Mr. Shan and Ms. Zhou entered into a concert party agreement, pursuant to which Mr. Shan and Ms. Zhou have agreed and confirmed that the Company have been jointly controlled by them since its establishment and they have acted in concert since the establishment of the Company and will continue, and shall procure corporations under their control which directly hold Shares in our Company, to act in concert in respect of the management and operations of our Company. Pursuant to the act in concert arrangements, Mr. Shan and Ms. Zhou have consulted and would consult with each other to reach a unanimous consensus among themselves at the shareholders' meeting of the Company. In the event that they are unable to reach consensus on any matter presented, they have aligned and will continue to align their votes in accordance with Mr. Shan's decisions at the shareholders' meeting of the Company. Therefore, Mr. Shan and Ms. Zhou are deemed to be jointly interested in the Shares held by Shanghai Puhai, Shanghai Senrui and Shanghai Yuchao in the Company under the SFO.

(6) Mr. Shan is the spouse of Ms. Zhou. Therefore, each of Mr. Shan and Ms. Zhou is deemed to be interested in the Shares held by each other under the SFO.

2. Disclosure of Interests of Substantial Shareholders

Interest in the Shares of Our Company

For information on the persons who will, immediately following the completion of the Global Offering and Conversion of Domestic Unlisted Shares into H Shares, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who will directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at shareholders' meeting of the Company, see "Substantial Shareholders."

Interest in the Shares of Other Members of Our Company

As of the Latest Practicable Date, our Directors are not aware of any persons (other than our Directors, Supervisors or chief executive) 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 shareholders' meeting of any other member of our Group.

3. Service Contracts

Each of our Directors has entered into service contracts with our Company. The principal particulars of these service contracts comprise (a) a term of three years which is equivalent to the term of the Board; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders' approval. The service contracts can be renewed pursuant to our Articles of Association and applicable rules.

Each of our Supervisors has entered into a contract with our Company. Each contract contains provisions relating to compliance with relevant laws and regulations, observation of our Articles of Association and resolution of disputes by means of 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 "*Directors, Supervisors and Senior Management*" and "Appendix I — Accountants' Report — II Notes to The Historical Financial Information — Directors', Supervisors' and Chief Executive's Remuneration" for the three financial 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 "*Qualification of Experts*" of this Appendix is:

(i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this prospectus, 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 prospectus 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 "*Qualification of Experts*" of this Appendix:

(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 Hong Kong Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or our subsidiary.

Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and, so far as we are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of our Group.

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. 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. The sponsor fee payable to the Joint Sponsors by our Company is US$1,000,000 in total.

Preliminary Expenses

Our Company did not incur any material preliminary expenses.

Qualification of Experts

The qualifications of the experts who have given opinions or advice in this prospectus are as follows:

Name	Qualification
CITIC Securities (Hong Kong) Limited *(in alphabetical order)*	A licensed corporation under the SFO for type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Haitong International Capital Limited *(in alphabetical order)*	A licensed corporation under the SFO for type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Orient Capital (Hong Kong) Limited *(in alphabetical order)*	A licensed corporation under the SFO for type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Zhong Lun Law Firm	PRC Legal Advisor
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
China Insights Industry Consultancy Limited	Independent industry consultant

Consents of Experts

Each of the experts referred to in "*Qualification of Experts*" in this Appendix has given and has not withdrawn its respective written consents to the issue of this prospectus with the inclusion of certificates, letters, opinions or reports and the references to its names included herein in the form and context in which it is respectively included.

None of the experts named above has any of our shareholding interests in any member of our Group or rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities in any member of our Group.

Compliance Advisor

We have appointed Haitong International Capital Limited as our Compliance Advisor upon the Listing in compliance with Rule 3A.19 of the Hong Kong Listing Rules.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

No Material Adverse Change

Our Directors confirm that, as of the date of this prospectus, there has been no material adverse change in our financial position or prospects since December 31, 2024.

Binding Effect

This prospectus shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

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 are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(g) 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;

(h) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(i) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought;

(j) our Company has no outstanding convertible debt securities or debentures;

(k) our Company is a joint stock limited company and is subject to the PRC Company Law; and

(l) our Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules.

Restrictions on Share Repurchases

For details, see the sections headed "Appendix III — Summary of the Articles of Association" in this prospectus.

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).

Promoters

The promoters of our Company comprised all of the 13 then shareholders of our Company as at November 24, 2023 before our conversion into a joint stock limited liability company:

No.	Name
1.	Shanghai Puhai Enterprise Management Co., Ltd. (上海璞海企業管理有限公司)
2.	Shanghai Senrui Enterprise Management Partnership (Limited Partnership) (上海森芮企業管理合夥企業(有限合夥))
3.	Shanghai Yuchao Enterprise Management Partnership (Limited Partnership) (上海禹超企業管理合夥企業(有限合夥))
4.	Shanghai Yuhong Enterprise Management Partnership (Limited Partnership) (上海禹翃企業管理合夥企業(有限合夥))

No.	Name
5.	Shanghai Yuyun Enterprise Management Partnership (Limited Partnership) (上海禹鋆企業管理合夥企業(有限合夥))
6.	Suzhou Yizhong Venture Capital Partnership (Limited Partnership) (蘇州宜仲創業投資合夥企業(有限合夥))
7.	Zhuhai Jinyiming Equity Investment Fund Partnership (Limited Partnership) 珠海金鎰銘股權投資基金合夥企業(有限合夥))
8.	Suzhou Xiangzhong Venture Capital Partnership (Limited Partnership) (蘇州祥仲創業投資合夥企業(有限合夥))
9.	Zhuhai Hengqin Zhiyi Qianrui Investment Partnership (Limited Partnership) (珠海橫琴知壹乾睿投資合夥企業(有限合夥))
10.	Beijing Desai Innovation Equity Investment Center (Limited Partnership) (北京德賽創新股權投資中心(有限合夥))
11.	Shanghai Shibei High-tech Venture Capital Partnership (Limited Partnership) (上海市北高新創業投資合夥企業(有限合夥))
12.	Nanjing Xiangzhong Venture Capital Partnership (Limited Partnership) (南京祥仲創業投資合夥企業(有限合夥))
13.	Shanghai Yiyu Investment Consulting Co., Ltd. (上海頤玉投資諮詢有限責任公司)

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.

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 IV — Statutory and General Information — Other Information — Consents of Experts"; and

(b) a copy of each of the material contracts referred to in "Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Material Contracts."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.hsay.com** during a period of 14 days from the date of this prospectus:

1. the Articles of Association;

2. the Accountants' Report prepared by Ernst & Young, the text of which is set forth in Appendix I to this prospectus;

3. the audited consolidated financial statements of our Group for the three financial years ended December 31, 2022, 2023 and 2024;

4. the report from Ernst & Young on the unaudited pro forma financial information of our Group, the text of which is set forth in Appendix II to this prospectus;

5. the material contracts in "Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Material Contracts";

6. the written consents referred to in "Appendix IV — Statutory and General Information — Other Information — Consents of Experts";

7. the service contracts referred to in "Appendix IV — Statutory and General Information — Further Information about our Directors, Supervisors, Management and Substantial Shareholders — Service Contracts";

8. the legal opinions issued by Zhong Lun Law Firm, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC law;

9. the industry report issued by China Insights Industry Consultancy Limited, the summary of which is set forth in the section headed "Industry Overview" in this prospectus; and

10. a copy of the PRC Company law, together with unofficial English translations.

In this prospectus, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

"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"	Accounting and Financial Reporting Council (會計及財務匯報局)
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, which shall become effective on the Listing Date, a summary of which is set out in Appendix III to this prospectus
"Associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of our Company
"Board of Supervisors"	the board of supervisors of our Company
"Business day" or "business day"	a day on which banks in Hong Kong are generally open to the public for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAC"	the Cyberspace Administration of China (中國國家互聯網信息辦公室)
"CAGR"	compound annual growth rate
"Capital Market Intermediaries"	the capital market intermediaries as named in "Directors, Supervisors and Parties Involved in the Global Offering"
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this prospectus only, Hong Kong, Macau and Taiwan

"CIC" or "China Insights Consultancy"	China Insights Industry Consultancy Limited, our industry consultant, which is an Independent Third Party
"CIC Report"	an independent market research report commissioned by our Company and prepared by CIC for the purpose of this prospectus
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding up and Miscellaneous Provisions) Ordinance"	the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", or "our Company" or "the Company"	Auntea Jenny (Shanghai) Industrial Co., Ltd. (滬上阿姨(上海)實業股份有限公司), formerly known as Shanghai Zhenjing Industrial Co., Ltd. (上海臻敬實業股份有限公司), a limited liability company established under the laws of the PRC on November 8, 2013
"Company Law" or "PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People's Congress on October 27, 2005 and effective on January 1, 2006, as amended, supplemented or otherwise modified from time to time, which was last revised on October 26, 2018
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected/related franchised stores"	the franchised stores beneficially owned by our former employees or connected persons
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules and, strictly in accordance with such meaning, includes Mr. Shan, Ms. Zhou, Shanghai Puhai, Shanghai Senrui and Shanghai Yuchao; and "Controlling Shareholder" shall mean any one of them

"Conversion of Domestic Unlisted Shares into H Shares"	The conversion of 56,653,706 Domestic Unlisted Shares in aggregate held by 17 existing Shareholders into H Shares upon the completion of Global Offering. Such conversion of Domestic Unlisted Shares into H Shares has been filed with the CSRC on February 20, 2024 and CSRC has issued the filing notice in respect of the Global Offering dated January 10, 2025; and an application for H Shares to be listed on the Hong Kong Stock Exchange has been made to the Listing Committee
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSDC (Hong Kong)"	China Securities Depository and Clearing (Hong Kong) Company Limited
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"CWDF"	the China Women's Development Foundation (中國婦女發展基金會)
"Desai Innovation"	Beijing Desai Innovation Equity Investment Center (Limited Partnership) (北京德賽創新股權投資中心(有限合夥)), a limited partnership incorporated under the laws of the PRC on July 5, 2021 and one of our Pre-IPO Investors
"Director(s)"	director(s) of our Company
"Domestic Unlisted Shares"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are not listed on any stock exchange
"EIT"	enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time

"Employee Incentive Schemes"	the 2020 Employee Incentive Scheme and 2023 Employee Incentive Scheme of the Company, a summary of the principal terms of which is set out in "Statutory and General Information — Employee Incentive Schemes" in Appendix IV to this prospectus
"Exchange Participant(s)"	a person: (a) who, in accordance with the Hong Kong Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
"Extreme Conditions"	any extreme conditions caused by a super typhoon as announced by the government of Hong Kong or any extreme conditions or events, the occurrence of which will cause interruption to the ordinary course of business operations in Hong Kong or that may affect the Listing Date
"FINI"	an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all New Listings
"General Rules of HKSCC"	the General Rules of HKSCC 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", "we" or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)
"H Share(s)"	shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed on the Hong Kong Stock Exchange

"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"Haiyan Facility"	our self-owned production facility in Haiyan, Zhejiang province, PRC
"Hangzhou Auntea Jenny"	Hangzhou Auntea Jenny Industrial Co., Ltd. (杭州滬上阿姨實業有限公司), a limited liability company established under the laws of the PRC on August 28, 2023 and one of our subsidiaries
"Hanshuai Investment"	Guangzhou Hanshuai Venture Capital Partnership (Limited Partnership) (廣州瀚率創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 19, 2023 and one of our Pre-IPO Investors
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC EIPO"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, 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 PRC
"Hong Kong dollars," "HK dollars" or "HK$" and "cents"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the H Shares offered by us for subscription pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on the terms and conditions described in this prospectus
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated April 25, 2025 relating to the Hong Kong Public Offering entered into by our Company, the Controlling Shareholders, the Joint Sponsors, the Overall Coordinators and the Hong Kong Underwriters, as further described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering"
"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and Interpretation issued by the International Accounting Standards Committee
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
"InnoVision Capital"	Zhuhai Hengqin Zhiyi Qianrui Investment Partnership (Limited Partnership) (珠海橫琴知壹乾睿投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on June 21, 2023 and one of our Pre-IPO Investors

"International Offer Shares"	the 2,170,200 H Shares initially offered by our Company pursuant to the International Offering together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the Over-allotment Option (subject to reallocation as described in "Structure of the Global Offering")
"International Offering"	the offer of the International Offer Shares by the International Underwriters at the Offer Price outside the United States and in offshore transactions in accordance with Regulation S under the U.S. Securities Act on and subject to the terms and conditions of the International Underwriting Agreement, as further described in "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering listed in the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or around May 6, 2025 by our Company, the Controlling Shareholders, the Joint Sponsors, the Overall Coordinators and the International Underwriters in respect of the International Offering, as further described in "Underwriting — Underwriting Arrangements and Expenses — International Offering"
"Jinyi Capital"	Zhuhai Jinyiming Equity Investment Fund Partnership (Limited Partnership) (珠海金鎰銘股權投資基金合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on March 5, 2018 and one of our Pre-IPO Investors
"Jinxiao Investment"	Gongqingcheng Jinxiao Venture Capital Partnership (Limited Partnership) (共青城金鴞創業投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on June 7, 2023 and one of our Pre-IPO Investors
"Joint Bookrunners"	the joint bookrunners as named in "Directors, Supervisors and Parties Involved in the Global Offering"

"Joint Global Coordinators"	the joint global coordinators as named in "Directors, Supervisors and Parties Involved in the Global Offering"
"Joint Lead Managers"	the joint lead managers as named in "Directors, Supervisors and Parties Involved in the Global Offering"
"Joint Sponsors"	the joint sponsors as named in "Directors, Supervisors and Parties Involved in the Global Offering"
"Latest Practicable Date"	April 18, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	listing of our H Shares on the Main Board
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date expected to be on or about May 8, 2025, on which dealings in our H Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Lower-tier markets"	Third and lower-tier cities
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部), formerly known as Ministry of Information Industry of the PRC (中華人民共和國信息產業部)
"Ministry of Finance" or "MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)

"Mr. Shan"	Mr. Shan Weijun (單衛鈞先生), the co-founder, chairperson of the Board, executive Director and chief executive officer of our Company, one of our Controlling Shareholders. Mr. Shan is the spouse of Ms. Zhou
"Ms. Zhou"	Ms. Zhou Rongrong (周蓉蓉女士), the co-founder, executive Director and deputy chief executive officer of our Company, one of our Controlling Shareholders. Ms. Zhou is the spouse of Mr. Shan
"Nanjing Xiangzhong"	Nanjing Xiangzhong Venture Capital Partnership (Limited Partnership) (南京祥仲創業投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on November 27, 2020 and one of our Pre-IPO Investors
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國發展和改革委員會)
"Offer Price"	the final offer price per Offer Share in Hong Kong dollars (exclusive of a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, a Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%), at which the Hong Kong Offer Shares are to be subscribed for, to be determined in "Structure of the Global Offering — Pricing and Allocation"
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, the additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option 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 361,680 additional H Shares, representing up to 15% of the Offer Shares initially being offered under the Global Offering, at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, further details of which are described in "Structure of the Global Offering"

"Overall Coordinators"	the overall coordinators as named in "Directors, Supervisors and Parties Involved in the Global Offering"
"Overseas Listing Trial Measures"	The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引)
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC GAAP"	generally accepted accounting principles of PRC
"PRC Government" or "State"	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
"PRC Legal Advisor"	Zhong Lun Law Firm, the legal advisor to our Company as to the laws of the PRC
"Pre-IPO Investments"	the pre-IPO investment(s) in our Group undertaken by the Pre-IPO Investors, details of which are set out in "History, Development and Corporate Structure — Pre-IPO Investments"
"Pre-IPO Investor(s)"	the investor(s) who participated in our Pre-IPO Investments, details of which are set out in the section headed "History, Development and Corporate Structure — Pre- IPO Investments"
"Price Determination Date"	the date, expected to be on or before Tuesday, May 6, 2025, on which the Offer Price will be determined and, in any event, not later than 12:00 noon on Tuesday, May 6, 2025
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"Regulation S"	Regulation S under the U.S. Securities Act

"Revised CAC Measures"	Measures for Cybersecurity Review (《網絡安全審查辦法》)
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAT"	State Administration of Taxation of the PRC (國家稅務總局)
"SCNPC"	the Standing Committee of the National People's Congress (全國人民代表大會常務委員會)
"Series A Financing"	the financing of our Company in November 2020, details of which are set out in the section headed "History, Development and Corporate Structure" in this prospectus
"Series A+ Financing"	the financing of our Company in October 2021, details of which are set out in the section headed "History, Development and Corporate Structure" in this prospectus
"Series B Financing"	the financing of our Company in July 2023, details of which are set out in the section headed "History, Development and Corporate Structure" in this prospectus
"Series C Financing"	the financing of our Company in February 2024, details of which are set out in the section headed "History, Development and Corporate Structure" in this prospectus
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Pangjia"	Shanghai Pangjia Network Technology Co., Ltd. (上海龐嘉網絡科技有限公司), a limited liability company incorporated under the laws of the PRC on 9 April 2021 and one of our major subsidiaries

"Shanghai Pangyi"	Shanghai Pangyi Industrial Co., Ltd. (上海龐逸實業有限公司), a limited liability company established under the laws of the PRC on October 11, 2023 and one of our subsidiaries
"Shanghai Puhai"	Shanghai Puhai Enterprise Management Co., Ltd. (上海璞海企業管理有限公司), a limited liability company established under the laws of the PRC on August 21, 2018 and one of our Controlling Shareholders
"Shanghai Ruizhong"	Shanghai Ruizhong Industrial Co., Ltd. (上海睿眾實業有限公司), a limited liability company incorporated under the laws of the PRC on 29 December 2020 and one of our major subsidiaries
"Shanghai Senqian"	Shanghai Senqian Technology Development Co., Ltd. (上海森乾科技發展有限公司), a limited liability company established under the laws of the PRC on June 29, 2023 and one of our subsidiaries
"Shanghai Senrui"	Shanghai Senrui Enterprise Management Partnership (Limited Partnership) (上海森芮企業管理合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on August 13, 2018 and one of our Controlling Shareholders
"Shanghai Senying"	Shanghai Senying Catering Management Co., Ltd. (上海森鷹餐飲管理有限公司), a limited liability company incorporated under the laws of the PRC on 8 June 2017 and one of our major subsidiaries
"Shanghai Shenpu"	Shanghai Shenpu Supply Chain Management Co., Ltd. (上海神璞供應鏈管理有限公司), a limited liability company established under the laws of the PRC on January 30, 2024 and one of our subsidiaries
"Shanghai Shenyu"	Shanghai Shenyu Investment Management Co., Ltd. (上海神域投資管理有限公司), a limited liability company established under the laws of the PRC on May 5, 2015 and one of our subsidiaries
"Shanghai Yipu"	Shanghai Yipu Enterprise Management Co., Ltd. (上海一僕企業管理有限公司), a limited liability company established under the laws of the PRC on May 14, 2014 and one of our Pre-IPO Investors

"Shanghai Yuchao"	Shanghai Yuchao Enterprise Management Partnership (Limited Partnership) (上海禹超企業管理合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on September 5, 2018 and one of our Controlling Shareholders
"Shanghai Yuhong"	Shanghai Yuhong Enterprise Management Partnership (Limited Partnership) (上海禹翃企業管理合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on July 13, 2023
"Shanghai Yuyun"	Shanghai Yuyun Enterprise Management Partnership (Limited Partnership) (上海禹鋆企業管理合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on July 13, 2023
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of the Share(s)
"Shibei Hi-tech"	Shanghai Shibei High-tech Venture Capital Partnership (Limited Partnership) (上海市北高新創業投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on September 2, 2020 and one of our Pre-IPO Investors
"SOE(s)"	state-owned enterprise(s)
"Sponsor-Overall Coordinators"	the sponsor-overall coordinators as named in "Directors, Supervisors and Parties Involved in the Global Offering"
"Stabilizing Manager"	CLSA Limited
"State Council"	State Council of the People's Republic of China (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"Supervisor(s)"	member(s) of our Board of Supervisors

"Suzhou Yizhong"	Suzhou Yizhong Venture Capital Partnership (Limited Partnership) (蘇州宜仲創業投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on June 1, 2017 and one of our Pre-IPO Investors
"Suzhou Xiangzhong"	Suzhou Xiangzhong Venture Capital Partnership (Limited Partnership) (蘇州祥仲創業投資合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on November 11, 2020 and one of our Pre-IPO Investors
"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 years ended December 31, 2022, 2023 and 2024
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"US" or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated under it
"VAT"	value-added tax
"WABC"	Word of Art Brut Culture
"**White Form eIPO**"	the application process for Hong Kong Offer Shares with applications issued in applicant's own name and submitted online through the designated website of the **White Form eIPO** Service Provider at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited

"Yinlin Investment"	Xiamen Yinlin Equity Investment Partnership (Limited Partnership) (廈門銀麟股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on May 18, 2021 and one of our Pre-IPO Investors
"Yiyu Consulting"	Shanghai Yiyu Investment Consulting Co., Ltd. (上海頤玉投資諮詢有限責任公司), a limited liability company incorporated under the laws of the PRC on July 16, 2013 and one of our Pre-IPO Investors
"Zhejiang Senyi"	Zhejiang Senyi Food Technology Co., Ltd. (浙江森逸食品科技有限公司), a limited liability company incorporated under the laws of the PRC on 23 June 2021 and one of our major subsidiaries
"%"	per cent

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

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

"active member"	members that purchased our products through our Weixin Mini Programs in a given period
"AI"	artificial intelligence
"AIoT"	Artificial Intelligence of Things
"API system"	application programming interface system
"CAGR"	compound annual growth rate
"Douyin"	Douyin (抖音), a leading social media short-form video app in China for creating and sharing short lip-sync, comedy and talent videos
"ERP system"	enterprise resource planning system
"first-tier cities"	for the purpose of this prospectus, Beijing, Shanghai, Guangzhou and Shenzhen, which are determined in accordance with the Ranking of Chinese Cities' Business Attractiveness 2023 (2023城市商業魅力排行榜) published by China's leading media concern YiCai (第一財經), a ranking of China's cities by indexes such as concentration of commercial resources, city as a hub, urban residents' activity, lifestyle diversity and future potential
"FPS"	franchisee procurement system
"GMV"	gross merchandise value, the total sales value of merchandise sold over a given period of time
"ICP filing"	non-commercial Internet-based information service filing
"IPCC"	the Intergovernmental Panel on Climate Change
"key opinion leader" or "KOL"	an influential individual on a social platform that consumers trust with purchasing decisions and popular opinions
"KOL"	key opinion leader

"KPIs"	key performance indicators
"Low-code platform"	A low-code platform provides a development environment used to create application software through a graphical user interface. A low-code platform may produce entirely operational applications or require additional coding for specific situations. Low-code platforms can reduce the amount of traditional time spent, enabling accelerated delivery of business application
"MES"	manufacturing execution system
"MOST"	material overall tracking system, a system that we use to trace the raw materials, production process, transportation and storage condition of the ingredients we procure which includes FPS, WMS, SRM system, OMS, MES and ERP system
"new first-tier cities"	for the purpose of this prospectus, Chengdu, Xi'an, Wuhan, Suzhou, Zhengzhou, Chongqing, Hangzhou, Nanjing, Tianjin, Changsha, Dongguan, Ningbo, Hefei, Kunming and Qingdao, which are determined in accordance with the Ranking of Chinese Cities' Business Attractiveness 2023 (2023城市商業魅力排行榜) published by China's leading media concern YiCai (第一財經), a ranking of China's cities by indexes such as concentration of commercial resources, city as a hub, urban residents' activity, lifestyle diversity and future potential
"NFC juice"	juice not from concentrate, products that are obtained by pressing fruit, separating from pulp and debris to the required level then pasteurizing and packaging into containers
"OEM"	original equipment manufacturing
"OMS"	order management system
"PLA"	plant-based polylactic acid

"repeat purchase rate"	calculated by dividing, among those that had become our registered members on our Weixin Mini Programs before the first day of a given period, (i) the number of our members that placed at least two orders through our Weixin Mini Programs in a given period, by (ii) the number of our active members in the same period
"second-tier cities"	for the purpose of this prospectus, Foshan, Shenyang, Jinan, Wuxi, Xiamen, Fuzhou, Wenzhou, Jinhua, Harbin, Dalian, Guiyang, Nanning, Quanzhou, Shijiazhuang, Changchun, Nanchang, Huizhou, Changzhou, Jiaxing, Xuzhou, Nantong, Taiyuan, Baoding, Zhuhai, Zhongshan, Taizhou, Linyi, Weifang, Shaoxing and Yantai, which are determined in accordance with the Ranking of Chinese Cities' Business Attractiveness 2023 (2023城市商業魅力排行榜) published by China's leading media concern YiCai (第一財經), a ranking of China's cities by indexes such as concentration of commercial resources, city as a hub, urban residents' activity, lifestyle diversity and future potential
"SKU"	stock keeping unit
"same-store GMV growth"	the percentage difference in GMV generated by same stores between a given year and the previous year. Same stores are stores that have been launched prior to the first day of the prior year and have not been permanently closed as of the last day of the given year
"SRM system"	supplier relationship management system
"total stores"	all stores in our network, including self-operated and franchised stores
"sq.m."	square meters

"third-tier cities"	for the purpose of this prospectus, Lanzhou, Haikou, Urumqi, Luoyang, Langfang, Shantou, Huzhou, Xianyang, Yancheng, Jining, Hohhot, Yangzhou, Ganzhou, Fuyang, Tangshan, Zhenjiang, Handan, Yinchuan, Nanyang, Guilin, Taizhou, Zunyi, Jiangmen, Jieyang, Wuhu, Shangqiu, Lianyungang, Xinxiang, Huai'an, Zibo, Mianyang, Heze, Zhangzhou, Zhoukou, Cangzhou, Xinyang, Hengyang, Zhanjiang, Sanya, Shangrao, Xingtai, Putian, Liuzhou, Suqian, Jiujiang, Xiangyang, Zhumadian, Yichang, Yueyang, Zhaoqing, Chuzhou, Weihai, Dezhou, Tai'an, Anyang, Jingzhou, Nanchong, Anqing, Chaozhou, Qingyuan, Huanggang, Suzhou, Zhuzhou, Bengbu, Changde, Ningde, Lu'an, Yichun, Liaocheng and Weinan, which are determined in accordance with the Ranking of Chinese Cities' Business Attractiveness 2023 (2023城市商業魅力排行榜) published by China's leading media concern YiCai (第一財經), a ranking of China's cities by indexes such as concentration of commercial resources, city as a hub, urban residents' activity, lifestyle diversity and future potential
"orders directly placed with us"	including orders placed through our Weixin Mini Programs and over the counter
"Weibo"	Sina Weibo (新浪微博), a Chinese microblogging (Weibo) website and social media platform
"Weixin"	Weixin (微信), a Chinese instant messaging, social media and mobile payment app
"WMS"	warehouse management system

AUNTEA JENNY
沪上阿姨