OVERVIEW

We are an online retailer specializing in quality furniture and home furnishings. We offer consumers an enjoyable lifestyle experience across a broad range of "home and life" scenarios, leveraging robust supply chain management and efficient logistics solutions.

Top 5 Global Furniture and Home Furnishings B2C E-commerce Seller[(1)]	**Top 4** B2C Export E-commerce Logistics Solutions Provider in China[(2)]	**RMB2.8 bn** Revenue[(3)]
No. 1 Furniture and Home Furnishings B2C Overseas E-commerce by China-based Seller[(4)]	**95+%** 24-Hour Inventory Delivery Rate[(5)]	**6.7%** Net Profit Margin[(6)]
No. 1 GMV Ranking on the Amazon U.S. Site In 6 Product Categories[(7)]	**27** Overseas Warehousing Facilities GFA of 5.5 mn sq.ft.[(8)]	**3.5%** Low Product Return Rate[(9)]
Leading Market Position	**Efficient Logistics Solutions**	**Proven Operational Performance**

Notes:

(1) We ranked fifth in the global B2C e-commerce market for furniture and home furnishings in terms of GMV in 2023, according to Frost & Sullivan.

(2) In terms of the revenue generated from B2C export e-commerce logistics solutions adopting the pre-sale stocking model in 2023, Shenzhen Westernpost ranked fourth among all B2C export e-commerce logistics solutions providers in China, with a market share of approximately 1.2%, according to Frost & Sullivan.

(3) We had a revenue of RMB2.8 billion in the four months ended April 30, 2024.

(4) We ranked first in the B2C overseas e-commerce market for furniture and home furnishings by China-based sellers in terms of GMV in 2023, according to Frost & Sullivan. In addition, we recorded a market share of 0.2% in the global furniture and home furnishings B2C e-commerce industry and 0.04% in the global furniture and home furnishings industry in terms of GMV in 2023, according to the same source.

(5) In 2023 and the four months ended April 30, 2024, over 95% of orders placed with Shenzhen Westernpost for medium-to-large goods such as furniture were delivered to last-mile fulfillment service providers within 24 hours after placement of orders.

(6) We had a net profit margin of 6.7% in the four months ended April 30, 2024.

(7) We ranked first in six categories in terms of GMV on the Amazon U.S. site in 2023, including bed frames, food cabinets, vanity tables and vanity benches, bookcases, buffet tables and sideboards as well as refrigerators, according to Frost & Sullivan.

(8) As of April 30, 2024, under Shenzhen Westernpost, we operated 27 overseas warehousing facilities, with an aggregate GFA of over 5.5 million sq.ft.

(9) We had an average return rate below 3.5% across all third-party e-commerce platforms in 2023, ranking among the industry's lowest range, according to Frost & Sullivan.

Brand and Product Portfolio

We specialize in furniture and home furnishing products under popular proprietary brands such as ALLEWIE, IRONCK, LIKIMIO, SHA CERLIN, HOSTACK and FOTOSOK. In 2023, 11 of our brands each had over RMB100 million and we ranked first in six categories in terms of GMV on the Amazon U.S. site, including bed frames, food cabinets, vanity tables and vanity benches, bookcases, buffet tables and sideboards as well as refrigerators, according to Frost & Sullivan. Our product portfolio also includes electric tools, home appliances, consumer electronics and sports and wellness products. We had a market share of over 10% in ten categories, namely bed frames, beds, refrigerators, dressers and chests of drawers, food cabinets, bookcases, vanity tables and vanity benches, buffet tables and sideboards, power screwdrivers and pressure washer hose reels, on the Amazon U.S. site, in terms of GMV in 2023. We primarily provide products to consumers via third-party e-commerce platforms such as Amazon, Walmart and Wayfair in overseas markets, including the U.S. and Europe. These markets are well known for strong consumer purchasing power and high e-commerce penetration. Benefiting from diverse offerings, brand equity and strategic market positioning, we have continuously enhanced our competitiveness.

The following table sets forth a breakdown of our total number of brands under each product category[1] for the years/periods indicated:

	Year ended December 31,			**Four months ended April 30,**	
	2021	**2022**	**2023**	**2023**	**2024**
Furniture and home furnishings	120	139	158	153	114
Electric tools	26	37	29	25	25
Home appliances	31	35	32	32	20
Consumer electronics	21	14	20	14	9
Sport and wellness products	14	14	9	6	7
Other categories[2]	61	48	40	37	36
Total	**273**	**287**	**288**	**267**	**211**

Notes:

(1) Each brand is counted only once under the category where it recorded the highest sales volume for the years/periods indicated.

(2) Other categories primarily include car accessories, photography lighting equipment, outdoor equipment, decorations and musical instruments.

Supply Chain Management and Product Development Capabilities

Our supply chain capabilities help us rapidly develop diversified products while maintaining product quality. As of April 30, 2024, we worked with 575 manufacturing partners. Such collaborations allow us to efficiently respond to evolving market demand and offer diverse products across industries. Our digitalized supply chain management systems facilitate stringent quality control. As a result, we had an average return rate below 3.5% across all third-party e-commerce platforms in 2023, ranking among the industry's lowest range, according to Frost & Sullivan.

We are committed to addressing customer needs with continual product development efforts. As of the Latest Practicable Date, we held 630 patents, 154 patent applications and 172 software copyrights, with 72 international design awards received. Our industrial design innovation lab has been accredited as the National Industrial Design Center by MIIT since 2021 and the Guangdong Provincial Engineering Technology Research Center since 2020 in China.

Robust supply chain management and product development capabilities are integral to our cost management. We are committed to innovation in our product design and development. We explore utilizing novel materials that are compatible with different types of furniture and optimize furniture structure to reduce package volume and weight, thereby reducing our procurement and logistics costs to sustain competitive pricing.

Logistics Solutions Focusing on Medium-to-Large Goods

In addition to providing logistics to our own e-commerce business, through Shenzhen Westernpost, a subsidiary of our Company, we provide efficient logistics solutions globally under the pre-sale stocking model to customers who are primarily e-commerce sellers. Our solutions include domestic consolidation in China, first-mile international freight services, overseas transit, overseas warehousing and order dispatch. During the Track Record Period, we provided logistics solutions to an aggregate of over 700 e-commerce companies, fulfilling over 3.2 million, 4.4 million, 6.1 million, 1.8 million and 2.5 million orders, respectively, in 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024. In terms of the revenue generated from B2C export e-commerce logistics solutions adopting the pre-sale stocking model in 2023, Shenzhen Westernpost ranked fourth among all B2C export e-commerce logistics solutions providers in China, with a market share of approximately 1.2%, and first among all B2C export e-commerce logistics solutions providers in China focusing on medium-to-large goods, according to Frost & Sullivan.

Combining our industry insights and Shenzhen Westernpost's experience in logistics solutions, we have established a global multi-tier warehousing and logistics network and developed proprietary logistics solution management systems. As of April 30, 2024, we operated 27 overseas warehousing facilities, with an aggregate GFA of over 5.5 million sq.ft. in main port cities in the U.S. (including Los Angeles, Houston, New Jersey and Chicago) and Europe (mainly Germany). Our proprietary logistics solution management systems include a smart restock and segregation system, a WMS, a TMS and an OMS, managing and optimizing all key stages of the logistics chain.

Leveraging an integrated supply chain, digitalized management systems and an extensive and sophisticated warehousing network, we have tackled the pain points of high costs and long delivery times associated with logistics solutions for medium-to-large goods. As a result, we are able to provide a cost-effective logistics solutions for medium-to-large goods at a price 30% lower than that of FBA. In 2023, over 95% of orders fulfilled by Shenzhen Westernpost for medium-to-large goods such as furniture were delivered to last-mile fulfillment service providers within 24 hours after placement of orders, representing a high logistics efficiency in the industry, according to Frost & Sullivan.

Proven Operational Capabilities and Strong Resilience

Founded in 2010, we rapidly emerged as a leading market participant in China's B2C overseas e-commerce market with popular brands, according to Frost & Sullivan. We were primarily engaged in sales via third-party e-commerce platforms, including Amazon. In 2021, our business was negatively impacted by Amazon's investigation into the past usage of Unofficially Promoted Ratings or Reviews by certain employees of our Group. As a result, our revenue decreased by 21.7% from RMB9,071.2 million in 2021 to RMB7,100.2 million in 2022. In 2021, we had a net loss of RMB589.9 million. After finding out about some of our employees' involvement in Unofficially Promoted Ratings or Reviews, we promptly demanded the cessation of such practices, conducted inspections of our online stores and implemented enhanced internal control measures. See "— Marketing and Promotion — The Amazon Incident."

To alleviate the impact of the Amazon Incident, we optimized our online store network and refined our brand strategy for better management and resource allocation, enhancing operational efficiency. Specifically, we have focused on furniture and home furnishings and devoted substantial time and resources to cultivating a diverse brand and product portfolio. We have also built our presence on other leading e-commerce platforms such as Walmart and Wayfair. This approach has resulted in a rapid recovery in overall financial performance. Our revenue increased by 22.3% from RMB7,100.2 million in 2022 to RMB8,683.0 million in 2023. Our revenue increased by 16.9% from RMB2,424.5 million in the four months ended April 30, 2023 to RMB2,833.5 million in the four months ended April 30, 2024. We had a net profit of RMB223.2 million in 2022, RMB520.1 million in 2023, RMB96.5 million in the four months ended April 30, 2023 and RMB189.3 million in the four months ended April 30, 2024, signaling a robust rebound from the Amazon Incident.

Leveraging our established strengths in product development, supply chain management, efficient logistics systems and efficient operation, we aim to continuously optimize our brand and product portfolio to respond to consumer demand under refined operation and management and let the world fall in love with our offerings.

OUR STRENGTHS

Top-ranking online retailer specializing in furniture and home furnishings

We are a top-ranking online retailer specializing in quality furniture and home furnishings. Our brands, such as ALLEWIE, IRONCK, LIKIMIO, SHA CERLIN, HOSTACK and FOTOSOK, are globally recognized and have amassed a wide consumer base. In 2023, 11 of our brands each had over RMB100 million in GMV. According to Frost & Sullivan, in 2023, we ranked fifth in the global B2C e-commerce market for furniture and home furnishings in terms of GMV, and first in the B2C overseas e-commerce market for furniture and home furnishings by China-based sellers in terms of GMV.

We have strategically specialized in the furniture and home furnishings market, which is one of the fastest growing B2C e-commerce markets and generally has a lower return rate, according to Frost & Sullivan, allowing us to enjoy advantages in cost control, inventory management and operational efficiency. According to the same source, in terms of GMV, the global B2C e-commerce market size for furniture and home furnishings is expected to increase from USD325.8 billion in 2023 to USD588.5 billion in 2028, with a CAGR of 12.6%, and the GMV of China-based sellers in the B2C overseas e-commerce market for furniture and home furnishings is expected to increase from RMB773.8 billion in 2023 to RMB1,604.8 billion in 2028, with a CAGR of 15.7%. We have established a strong presence in the furniture and home furnishings market. We ranked fifth in the global B2C e-commerce market for furniture and home furnishings and first in the B2C overseas e-commerce market for furniture and home furnishings by China-based sellers in terms of GMV in 2023, according to the same source. Benefiting from continuous innovation, strong supply chain management and efficient logistics solutions, especially those for medium-to-large goods, we believe we are able to keep seizing market potential.

Leveraging our leadership in the furniture and home furnishings market and logistics capabilities for medium-to-large goods, we achieved solid financial performance during the Track Record Period. Our revenue increased by 22.3% from RMB7,100.2 million in 2022 to RMB8,683.0 million in 2023, and increased by 16.9% from RMB2,424.5 million in the four months ended April 30, 2023 to RMB2,833.5 million in the four months ended April 30, 2024.

Market-oriented product development and continuous innovation empowering diverse product offerings

Our product development capabilities, as the cornerstone of our continuous product innovation, are well recognized. As of the Latest Practicable Date, we received 72 prestigious international design awards, including the iF Design Award, the Red Dot Design Award, the Guangdong Provincial Award of Excellence and the Red Star Award. We also operate an industrial design innovation lab, which has been accredited as the National Industrial Design Center since 2021 and the Guangdong Provincial Engineering Technology Research Center since 2020 in China.

We are dedicated to product development and innovative design to optimize consumer experience and enrich our product portfolio to address market demand. For example, we have updated the design of drawers under beds and adopted a type of directional wheel pad to address the common issue of wheel installation, which traditionally necessitates the addition of multiple wooden slats. This design eliminates the need for two slats on the bottom of each drawer, reduces production cost, streamlines production and makes it easier for consumers to assemble the beds. We have also refined our bed design to enhance packaging efficiency and lower logistics costs, allowing for more beds to be accommodated within a single container. As of the Latest Practicable Date, we held 630 patents, 154 patent applications and 172 software copyrights.

We have teams that oversee the operation and execution of their responsible product categories, enabling us to swiftly act in product selection, design and marketing to address ever-evolving market needs as well as leveraging their differentiated expertise and market acumen. We also encourage healthy competition among the teams to foster innovation. We believe such approach enables flexible management control and refined execution. Our sales and marketing team monitors market trends in real time, promptly identifying evolving consumer demands across diverse regions, promoting innovative and differentiated products to consumers and providing insights for product development efforts.

Strong digitalized supply chain management underpinning efficient operation

Our supply chain, including rapid prototyping, close relationship with manufacturing partners and a strategically designed warehousing and logistics network, is key to the success of our business. As a result, we are able to bring new products from the design stage to trial production in fewer than 40 days and have them delivered to end-consumers within fewer than 50 days after trial production, which greatly exceeds the industry norm of over 45 days and 90 days in these processes, respectively, according to Frost & Sullivan.

Collaborations with quality suppliers allow us to respond to evolving market needs and tailor our offerings to consumers across the world. We select suppliers based on a comprehensive assessment of factors, including quality, production or delivery capacity, pricing, location, qualifications, reputation and delivery schedule. Meanwhile, we regularly conduct supplier evaluation, control the cost of raw materials and continuously optimize our supplier portfolio.

We have digitalized supply chain management systems, facilitating quality control, ensuring efficient operations and supporting data-driven decision-making. With real-time data on sales orders, customer feedback and other critical information, we can swiftly coordinate with manufacturing partners and respond to consumer demand. We also share selected data with manufacturing partners to direct their production and quality control.

Benefiting from our supply chain management capabilities, stringent quality control and digital technology, we had an average return rate below 3.5% across all third-party e-commerce platforms in 2023, ranking among the industry's lowest range, according to Frost & Sullivan.

Diverse, quality and competitive product offerings

On the back of our product development and supply chain capabilities, we are continuously enriching and optimizing a diverse brand and product portfolio in the furniture and home furnishings market. Our offering of furniture and home furnishings primarily consists of beds, bookcases, dressers, chests of drawers, vanity tables and vanity benches, food cabinets, sideboards, sofas and outdoor furniture featuring a wide range of styles, including classic, contemporary, industrial and minimalist. Our offerings also include electric tools, home appliances, consumer electronics and sports and wellness products.

We have implemented stringent quality control measures to ensure product quality. We require ISO quality certification of potential suppliers' factories as part of our supplier selection process and implement quality control measures during the entire production process under all product categories. In addition, we uphold a "zero-tolerance" quality control policy. Once a quality issue is identified, we promptly initiate investigation and rectification and suspend the relevant project if necessary. We believe these measures help us consistently deliver quality and trustworthy products and maintain customer satisfaction. In 2023, we had an average return rate below 3.5% across all third-party e-commerce platforms, ranking among the industry's lowest range, according to Frost & Sullivan. To further promote consumer satisfaction and collect market feedback, we set up dedicated teams to provide consumers with timely after-sales services across time zones.

We offer quality products at competitive prices by coordinating product development and supply chain management. We explore utilizing novel raw materials that are compatible with different types of furniture and optimize furniture structure to reduce package volume and weight, thereby reducing the procurement and logistics costs to offer competitive prices.

Our revenue increased by 22.3% from RMB7,100.2 million in 2022 to RMB8,683.0 million in 2023, and increased by 16.9% from RMB2,424.5 million in the four months ended April 30, 2023 to RMB2,833.5 million in the four months ended April 30, 2024. We ranked first in six categories in terms of GMV on the Amazon U.S. site in 2023, including bed frames, food cabinets, vanity tables and vanity benches, bookcases, buffet tables and sideboards as well as refrigerators according to Frost & Sullivan. We had a market share of over 10% in ten categories, namely bed frames, beds, refrigerators, dressers and chests of drawers, food cabinets, bookcases, vanity tables and vanity benches, buffet tables and sideboards, power screwdrivers, as well as pressure washer hose reels, on the Amazon U.S. site, in terms of GMV in 2023, according to the same source.

Global warehousing and logistics capabilities tailored for medium-to-large goods

We have established a global warehousing and logistics network through Shenzhen Westernpost to provide customers with logistics solutions globally under the pre-sale stocking model. As of April 30, 2024, under Shenzhen Westernpost, we operated 27 overseas warehousing facilities, with an aggregate GFA of over 5.5 million sq.ft. In terms of the revenue generated from B2C export e-commerce logistics solutions adopting the pre-sale stocking model in 2023, Shenzhen Westernpost ranked fourth among all B2C export e-commerce logistics solutions providers in China, with a market share of approximately 1.2%, and first among all B2C export e-commerce logistics solutions providers in China focusing on medium-to-large goods, according to Frost & Sullivan.

Our efficient logistics solutions include domestic consolidation in China, first-mile international freight services, overseas transit, overseas warehousing and order dispatch. We have fostered collaborations with renowned third-party logistics solutions providers. For example, we have worked with COSCO Shipping, one of the world's largest shipping companies, to establish warehousing and logistics facilities and provide customers with logistics solutions. We have also formed close collaborations with leading logistics solutions providers, including DHL and GLS, with favorable terms, enabling us to offer logistics solutions, especially those for medium-to-large goods, at competitive prices.

We tackle the pain points of high costs and long delivery times associated with logistics solutions for medium-to-large goods. Leveraging our industry expertise, we have established a global multi-tiered warehousing and logistics network that is tailored to medium-to-large goods. This approach not only helps control the cost of delivery for medium-to-large goods, but also increases logistics efficiency, thereby enhancing consumer experience. We have expanded our fulfillment capabilities to ensure nationwide delivery across the U.S. for areas within a 300-mile radius from the point where the delivery commences. In 2023, over 95% of orders placed with Shenzhen Westernpost for medium-to-large goods such as furniture were delivered to last-mile fulfillment service providers within 24 hours after placement of orders, representing a high logistics efficiency in the industry, according to Frost & Sullivan.

We have developed proprietary logistics solution management systems, including a smart restock and segregation system, a WMS, a TMS and an OMS, to manage and optimize all key stages of the logistics chain. This enables us to offer efficient and reliable logistics solutions. In 2023, our inventory accuracy rate was over 99.9%, representing a high level in the industry, according to Frost & Sullivan.

Our global logistics capabilities, especially those for medium-to-large goods, have contributed to our expansion in the furniture and home furnishings market. We use flexible delivery options to satisfy diverse shipping needs, combining in-house logistics capabilities, third-party logistics solutions and e-commerce platform logistics services. This approach allows us to maintain the scalability of our business while effectively reducing the cost of logistics.

Visionary management team and efficient organizational structure fueling long-term development

Our core management team, which has strong market expertise and in-depth industry insights, is key for us to thrive. Our founders, Mr. Lu and Mr. Ze, both have nearly 20 years of experience in e-commerce. With decades of business acumen, Mr. Lu and Mr. Ze have led us through a number of major strategic business transformations to nimbly adapt to market changes. Other members of our core management team are also experienced in e-commerce, averaging 15 years of industry experience. With the leadership of our founders and the core management team, we have evolved into a top-ranking online retailer specializing in quality furniture and home furnishings.

To facilitate flexible operation, foster employee motivation and increase operational efficiency, we encourage different teams to take initiatives and operate different product categories. We have an efficient organizational structure that effectively facilitates our decision-making by accelerating the information flow between operation teams and our management. This organizational structure allows us to develop business strategies nimbly in response to market fluctuations, empowering our sustainable growth in this fast-evolving industry.

We attach significant importance to corporate governance, constantly optimizing the compliance system to ensure that all our business activities strictly comply with applicable laws and regulations. This provides a robust safeguard for our long-term development.

OUR STRATEGIES

Solidify market leadership and enrich furniture and home furnishings offerings

We plan to solidify our market leadership in the global B2C e-commerce market for furniture and home furnishings. To achieve this end, we expect to continuously optimize our brands and products to offer products under all "home and life" scenarios.

We also intend to research consumer preferences and develop new products, especially medium-to-large and oversized furniture. We believe this strategy helps us keep abreast of local trends and address market demand. We also plan to establish global prototyping centers to allow us to quickly create, verify and refine product concepts.

Promote key brand strategy and expand online and offline sales channels

We aim to promote our key brand strategy and optimize our product portfolio with continuous innovation. By conducting tailored sales and marketing activities suitable for our diversified brands, we strive to enhance our brand recognition and foster consumer loyalty.

In addition to maintaining the distinct competitive edge of our key brands, we will proactively scale up our business across other sales channels to explore additional opportunities in overseas markets. We intend to establish cooperation with more offline sales channels to expand our offline business in developed countries such as Europe and the U.S. by recruiting sales and customer service employees to cover our sales to these channels. We also plan to strengthen our brand recognition and consumer loyalty by placing relevant advertisement and purchasing marketing solutions. Leveraging our consumer base and brand equity, we intend to expand our coverage of offline channels.

Optimize supply chain network and digitalized management to enhance standardized operation

We expect to set up a dedicated team to manage our supply chain more efficiently. By enhancing digitalized management, we aim to establish a more efficient, transparent and flexible supply chain management system to connect with manufacturing partners' production systems, synchronizing information on order forecasting and production. We plan to expand our supply chain network in overseas regions, including Southeast Asia, and enhance collaboration with local suppliers. We believe such measures will help us build a more comprehensive, efficient and resilient supply chain worldwide.

We will continue standardizing our cooperation with manufacturing partners to ensure that our products are of consistent quality. To optimize this process, we intend to further modularize our supply chain composition, capitalize on the respective strengths of suppliers and implement a centralized procurement mechanism to effectively manage procurement expenses. Also, by increasing product development investments in raw materials, we plan to improve the compatibility of materials we use and increase production efficiency.

Upgrade global warehousing and logistics network

We plan to expand our global warehousing network and build more smart warehousing centers to strengthen our warehousing and logistics capabilities, thereby better satisfying the demand for logistics solutions of international customers. We plan to establish five smart warehousing centers in the U.S. and Mexico, and develop automated equipment in these centers to adapt to our rapid growth and evolving business needs. We define smart warehousing centers as automated digital intelligence warehouses, comprising the intelligent system and the automation system. The intelligent system is our proprietary system that enables digital and intelligent efficiency management, batching management and supply chain management without the need for manual input. The automation system makes use of robotic arms, integrated production lines and unmanned forklifts to achieve unmanned warehouse operation. We have fully integrated the intelligent system with all our self-operated warehouses. The automation system, in particular the use of unmanned forklifts, is currently being tested in two warehouses. We plan to fully introduce the automation system to all existing warehouses and the five smart warehousing centers we plan to establish in the future. See "Future Plans and [**REDACTED**]." This expansion will bolster our logistics capabilities for oversized goods, driving business expansion. Specifically, we believe the smart warehousing centers can streamline tasks, optimize storage, reduce reliance on manual labor and improve labor safety, thereby enhancing our operational efficiency and business scalability. According to Frost & Sullivan, with the continuous development of the cross-border e-commerce market, the number of overseas warehouses is rapidly growing. In 2023, the number of overseas warehouses across the globe reached approximately 2,400, and it is expected to reach approximately 3,200 by 2028, with a CAGR of 5.6% from 2023 to 2028. In the future, in order to increase efficiency and improve inventory management, smart warehouses with the intelligent system and the automation system will be the industry trend. In addition, we expect to enhance our WMS to streamline the processes for order receipt, selection, packaging and dispatch. This will significantly reduce human error and increase operational efficiency. We also plan to optimize overseas inventory management through a distribution algorithm engine, lower the proportion of idle inventory and decrease local delivery costs to provide customers with quality logistics solutions, enhancing customer stickiness.

To ensure that consumers receive comprehensive support and assistance, we will also establish a professional team in key markets such as the U.S. to help on-site installation and provide after-sales services. This initiative includes the introduction of on-site installation assistance and after-sales user support, which are our new services to ensure customer satisfaction in using our products.

Explore investment or acquisition opportunities to expand our business

We aim to explore opportunities to invest in or acquire companies that may generate synergies with our existing capacities, such as potential suppliers and international logistics solutions providers. This will enable us to consolidate our existing service capabilities and solidify competitive advantages. We also expect to pursue opportunities to invest in or acquire furniture and home furnishings companies that have strong sales channel presences to further increase our market share and enhance brand equity.

OUR BUSINESS MODEL

We are a top-ranking online retailer specializing in quality furniture and home furnishings. Our diverse product portfolio also includes electric tools, home appliances, consumer electronics and sports and wellness products. We offer an enjoyable lifestyle experience under a broad range of "home and life" scenarios through robust supply chain management and logistics solutions. We have achieved a leading market position through strong brand building, quality product offerings at competitive prices, strong product design and development capabilities, robust supply chain systems and a comprehensive warehousing and logistics chain. According to Frost & Sullivan, in 2023:

- We ranked fifth in the global B2C e-commerce market for furniture and home furnishings in terms of GMV.
- We ranked first in the B2C overseas e-commerce market for furniture and home furnishings by China-based sellers in terms of GMV.
- We ranked first in six categories on the Amazon U.S. site in terms of GMV.

Through Shenzhen Westernpost, we provide efficient logistics solutions globally under the pre-sale stocking model to our customers, primarily sellers on e-commerce platforms. Leveraging our industry expertise, we have formulated a warehousing network with tailored design based on proximity to end-consumers and delivery capabilities, as a strategic move to improve local logistics services to efficiently deliver products at low cost. In terms of the revenue generated from B2C export e-commerce logistics solutions adopting the pre-sale stocking model in 2023, Shenzhen Westernpost ranked fourth among all B2C export e-commerce logistics solutions providers in China, with a market share of approximately 1.2%, and first among all B2C export e-commerce logistics solutions providers in China focusing on medium-to-large goods, according to Frost & Sullivan.

The following table sets forth our revenue by business line for the years/periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	RMB'000	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000*	*% of Revenue*
							(Unaudited)			
Sales of goods	8,581,493	94.6	6,325,558	89.1	7,030,375	81.0	2,074,915	85.6	2,250,524	79.4
Logistics solutions	489,700	5.4	774,672	10.9	1,652,602	19.0	349,577	14.4	582,992	20.6
Total	9,071,193	100.0	7,100,230	100.0	8,682,977	100.0	2,424,492	100.0	2,833,516	100.0

Brands and Products

We specialize in furniture and home furnishing products under popular proprietary brands such as ALLEWIE, IRONCK, LIKIMIO, SHA CERLIN, HOSTACK and FOTOSOK. Our product portfolio also includes electric tools, home appliances, consumer electronics and sports and wellness products. In 2023, 11 of our brands each achieved over RMB100 million in GMV and we ranked first in six categories in terms of GMV on the Amazon U.S. site, including bed frames, food cabinets, vanity tables and vanity benches, bookcases, buffet tables and sideboards as well as refrigerators, according to Frost & Sullivan. We had a market share of over 10% in ten categories, namely bed frames, beds, refrigerators, dressers and chests of drawers, food cabinets, bookcases, vanity tables and vanity benches, buffet tables and sideboards, power screwdrivers and pressure washer hose reels on the Amazon U.S. site, in terms of GMV in 2023, according to the same source. We primarily provide products to consumers via third-party e-commerce platforms such as Amazon, Walmart and Wayfair in overseas markets, including the U.S. and Europe. These markets are well known for strong customer purchasing power and high e-commerce penetration. Our product portfolio also includes electric tools, home appliances, consumer electronics and sports and wellness products. Benefiting from diverse offerings, brand equity and strategic market positioning, we have increased market penetration.

Our brand names are a crucial part of our sales of products and business growth. We maintain a consistent product style across all products under each individual furniture and home furnishing brand. This consistency is pivotal as consumers often purchase multiple items from the same brand to achieve a uniform style in their homes. Consequently, our brand names play an essential role in the sales of our furniture and home furnishings. Our brand names also enhance consumer recognition and trust, which is vital for our sales of products on third-party e-commerce channels where physical inspection of products is not possible. Our brand names, along with our high-quality products, lead to word-of-mouth referrals, facilitating the expansion of our customer base. Going forward, we expect to further cultivate our portfolio of distinctive brand names to differentiate our products from those of competitors, providing a unique selling proposition across various sales channels.

Furniture and Home Furnishings

Furniture and home furnishings have been part of our product portfolio since our establishment and we have actively expanded our offering of furniture and home furnishing since 2018 and strengthened our supply chain capabilities, especially logistics capabilities, since 2019. During the Track Record Period, we strategically focused more on furniture and home furnishings because (i) the gross profit margin for these types of products is generally higher; (ii) the furniture and home furnishings market is one of the fastest growing B2C e-commerce markets and generally has a lower return rate, according to Frost & Sullivan; and (iii) we expect to generate synergy between our offerings of furniture and home furnishings and logistics solutions, especially those for medium-to-large goods. Our offering of furniture and home furnishings primarily consist of beds, bookcases, dressers, chests of drawers, vanity tables and vanity benches, food cabinets, sideboards, sofas and outdoor furniture featuring a wide range of styles, including classic, contemporary, industrial and minimalist. In 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, our revenue generated from sales of furniture and home furnishings amounted to RMB3,516.3 million, RMB4,187.1 million, RMB5,336.6 million, RMB1,613.4 million and RMB1,745.4 million, respectively, accounting for 41.0%, 66.2%, 75.9%, 77.8% and 77.6% of our revenue from sales of goods during the same periods, respectively. The strong growth of our revenue from furniture and home furnishings during the Track Record Period was primarily driven by the following factors:

Strong Capabilities of Brand Operation

We possess robust capabilities in brand operation, allowing us to incubate and manage a diverse array of brands within our furniture and home furnishing product lines. Our major popular brands of furniture and home furnishing products, such as ALLEWIE, IRONCK, LIKIMIO, SHA CERLIN HOSTACK and FOTOSOK, are all designed in-house. Our strategic positioning is designed to capture consumer attention and establish a significant market presence. This involves developing and launching product listings that meet customer demands, utilizing search engine optimization to enhance our brands' visibility and drive traffic, which in turn generates more leads and sales. We have implemented a competitive pricing strategy that ensures that our products are both of high-quality and affordable, while also maintaining strict cost and expense control. We tailor our products to meet the unique needs of customers in different markets, such as those in various countries. Our commitment to customer satisfaction is evident in our responsive customer service and our swift, effective handling of customer reviews and feedback. In terms of marketing and sales optimization, we continuously promote our products and analyze sales data to gauge market acceptance, guiding our innovation, branding and promotional efforts. We also share these insights with our suppliers, enhancing their production efficiency and enabling them to adapt quickly to market trends.

Diverse Quality and Competitive Product Offerings

Our extensive range of products, which include bed frames, beds, dressers, chests of drawers, food cabinets, bookcases, vanity tables, vanity benches, buffet tables, sideboards, and outdoor furniture, caters to a wide array of home and life scenarios. Our offerings span various styles, from classic to contemporary, industrial to minimalist, providing consumers with a wealth of choices and enhancing the equity of our brands within the furniture and home furnishing sector.

Market-Oriented Product Development

Our market-oriented product development approach has earned us numerous accolades and recognitions. Our sales and marketing teams are constantly monitoring market trends, identifying evolving consumer demands, and promoting innovative products. This real-time market surveillance informs our product development, ensuring that our offerings meet consumer needs. We also incorporate consumer feedback throughout the product development life cycle and use this valuable input for ongoing product refinement, ensuring that our offerings align with consumer expectations. Our industrial design innovation lab, being the first among our peers in China's B2C overseas e-commerce market to be accredited as the National Industrial Design Center since 2021 and also awarded the Guangdong Provincial Engineering Technology Research Center since 2020, is at the forefront of this success.

Supply Chain Management Capabilities

Rooted in China's dynamic manufacturing landscape, we have built an extensive network of manufacturing partners. We worked with 575 manufacturing partners in the four months ended April 30, 2024. This network is the foundation of our ability to respond rapidly to market demands and maintain a competitive edge in the B2C export industry. We place a high premium on quality control within our supply chain and have implemented digitalized management systems to enforce rigorous standards. See "— Supply Chain Management." Our adept supply chain management not only facilitates the launch of new products but also aids in cost containment. For example, we use innovative materials and optimize furniture designs to minimize packaging volume and weight, which reduces our procurement and logistics expenses and allows us to maintain competitive pricing. We also share sales data and consumer feedback with our suppliers, enabling them to produce promptly in response to the real market demands.

Global Warehousing and Logistics Capabilities

Our comprehensive logistics solutions encompass domestic consolidation in China, first-mile international freight, overseas transit, overseas warehousing and order dispatch. Supported by a global, multi-tiered warehousing and logistics network, along with proprietary logistics management systems, these solutions are especially well-suited for handling medium-to-large items, such as furniture and home furnishings. These in-house capabilities not only represent a significant revenue stream but also synergistically bolster the growth of our furniture and home furnishing business.

Visionary Management Team and Organizational Structure

Our founders and management team bring a wealth of experience to the e-commerce industry, guiding the company through several strategic business transformations to adeptly adjust to market shifts. For example, leveraging deep industry insights and sharp business acumen, we established our in-house logistics capabilities in 2019 through the strategic acquisition of Shenzhen Westernpost. This move has proven to be a pivotal growth driver and a strong competitive advantage for our furniture and home furnishing business, particularly our logistics capabilities for medium-to-large goods. Furthermore, our efficient organizational structure promotes flexible operations, motivates employees and enhances operational efficiency, allowing various operation teams to take the initiative and manage different product categories effectively.

The following table sets forth certain of our key furniture and home furnishings brands and products:

Product	**Key Brand**	**Picture**	**Price Range**
Bed	LIKIMO		USD200-USD260
	ALLEWIE		USD150-USD350

Product	Key Brand	Picture	Price Range
	SHA CERLIN		USD150-USD350
Bookcase	IRONCK		USD100-USD150
Vanity Table and Vanity Bench	IRONCK		USD180-USD230
Food Cabinet	COZY CASTLE		USD160-USD180
Sideboard	COZY CASTLE		USD190-USD250

Product	Key Brand	Picture	Price Range
Sofa.	COPIAE		USD209-USD269
Outdoor Products . . .	ONBRILL		USD219-USD279
	Vitarpatio		USD239-USD299

Electric Tools

Our offering of electric tools primarily consists of power screwdrivers, air pumps, jump starters and car vacuums, combining high-tech features and practicable designs. In 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, our revenue generated from sales of electric tools amounted to RMB1,462.9 million, RMB628.9 million, RMB347.2 million, RMB95.0 million and RMB138.8 million, respectively, accounting for 17.0%, 9.9%, 4.9%, 4.6% and 6.2% of our revenue from sales of goods during the same years/periods, respectively. The following table sets forth certain of our key electric tool brands and products:

Product	Key Brand	Picture	Price Range
Power Screwdriver. . .	Fanttik		USD50-USD70

Product	Key Brand	Picture	Price Range
Air Pump.	Fanttik		USD50-USD80

Home Appliances

Our offering of home appliances primarily consists of refrigerators and juicers. In 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, our revenue generated from sales of home appliances amounted to RMB886.6 million, RMB480.7 million, RMB436.7 million, RMB109.4 million and RMB152.3 million, respectively, accounting for 10.3%, 7.6%, 6.2%, 5.3% and 6.7% of our revenue from sales of goods during the same years/periods, respectively.

The following table sets forth certain of our key home appliance brands and products:

Product	Key Brand	Picture	Price Range
Refrigerator	upstreman		USD110-USD200
Juicer.	FOHERE		USD40-USD65

Consumer Electronics

Our offering of consumer electronics primarily consists of power banks, chargers and cables. In 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, our revenue generated from sales of consumer electronics amounted to RMB1,067.3 million, RMB356.1 million, RMB292.3 million, RMB109.2 million and RMB63.2 million, respectively, accounting for 12.4%, 5.6%, 4.2%, 5.2% and 2.8% of our revenue from sales of goods during the same years/periods, respectively.

The following table sets forth certain of our key consumer electronic brand and products:

Product	Key Brand	Picture	Price Range
Power Bank	AMEGAT		USD20-USD50
Charger	AMEGAT		USD10-USD60

Sports and Wellness Products

Our offering of sports and wellness products primarily consists of shiatsu neck and back massagers and treadmills. In 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, our revenue generated from sales of sports and wellness products amounted to RMB491.9 million, RMB187.7 million, RMB107.1 million, RMB38.0 million and RMB27.8 million, respectively, accounting for 5.7%, 3.0%, 1.5%, 1.8% and 1.2% of our revenue from sales of goods during the same years/periods, respectively.

The following table sets forth certain of our key sports and wellness brands and products:

Product	Key Brand	Picture	Price Range
Shiatsu Neck and Back Massager	Careboda		USD40-USD70
Treadmill	BODIOO		USD250-USD350

To protect our brand names as well as intellectual property associated with our products and brands, we adopt a series of measures, including (i) application for trademarks for all of our brands; (ii) application for design patents for our products that involve complex design; and (iii) brand registration on third-party e-commerce platforms. Third-party e-commerce platforms, including Amazon, Walmart and Wayfair, require relevant documents, such as trademark certificates, to prove that we are the owner of the brands to be registered. Furthermore, we conduct regular monitoring of competing products. Once we spot suspicious product listings, we timely submit complaints to the e-commerce platforms. As we have registered our brands on the third-party e-commerce platforms, after we successfully substantiate our complaints with proof of infringement, these third-party e-commerce platforms, including Amazon, Walmart and Wayfair typically proceed to remove the listings of the products in question. We also take necessary legal measures against any impersonator and infringing products to protect our brand integrity. As we have registered our brands on the third-party e-commerce platforms, we are entitled to the rights of advertising and promoting the registered brands and the products thereof on the third-party e-commerce platforms, allowing us to increase the brand visibility which makes it easier for us to take actions against impersonator and infringing products. These measures work in tandem to help us increase the sales of and enhance customer loyalty to our brands.

The table below sets forth the operating data for the top 10 brands in terms of GMV in 2021 during the Track Record Period:

	Year ended December 31,																		Four months ended April 30,					
	2021						2022						2023						2024					
	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Number of SKUs	Number of seller stores[1]	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Number of SKUs	Number of seller stores[1]	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Number of SKUs	Number of seller stores[1]	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Number of SKUs	Number of seller stores[1]
	RMB'000			*RMB*			*RMB'000*			*RMB*			*RMB'000*			*RMB*			*RMB'000*			*RMB*		
Tacklife[2][3][4]	809,715	9.4	2,378,208	340.5	3,118	109	128,224	2.0	1,519,744	84.4	2,372	103	37,173	0.5	1,123,790	33.1	1,746	35	1,112	0.0	1,254	886.5	143	9
AUKEY[2][3]	794,581	9.3	4,478,309	177.4	5,604	84	207,858	3.3	5,802,410	35.8	4,687	72	200,127	2.8	4,480,766	44.7	2,827	38	47,391	2.1	636,815	74.4	806	31
Homfa[3]	389,621	4.5	872,789	446.4	3,297	119	277,805	4.4	649,025	428.0	3,300	115	286,041	4.1	363,321	787.3	4,059	96	88,003	3.9	94,107	935.1	1,321	36
MaxKare[2][3]	386,067	4.5	637,946	605.2	1,223	95	120,240	1.9	466,909	257.5	1,775	106	91,093	1.3	249,154	365.6	1,625	43	31,488	1.4	61,928	508.5	511	16
Allewie	345,442	4.0	261,941	1,318.8	532	2	498,454	7.9	356,408	1,398.6	686	2	526,608	7.5	368,255	1,430.0	1,166	2	185,983	8.3	171,327	1,085.5	743	10
SHA CERLIN	315,586	3.7	245,239	1,286.9	453	3	543,813	8.6	395,818	1,373.9	585	2	397,149	5.6	284,533	1,395.8	909	2	103,866	4.6	91,441	1,135.9	663	9
NAIPO[2][3]	260,318	3.0	567,659	458.6	900	64	45,981	0.7	420,833	109.3	910	58	45,609	0.6	174,465	261.4	821	37	23,555	1.0	59,377	396.7	334	10
Amolife	237,972	2.8	177,346	1,341.9	577	16	94,813	1.5	81,689	1,160.7	561	4	86,950	1.2	87,596	992.6	568	3	16,247	0.7	18,360	884.9	248	4
TECCPO[2][3]	219,040	2.6	495,495	442.1	681	50	70,126	1.1	249,948	280.6	649	33	15,489	0.2	78,448	197.4	520	13	1,075	0.0	5,992	179.3	164	6
HOMECHO[3][4]	186,000	2.2	269,791	689.4	853	68	19,877	0.3	54,808	362.7	849	55	6,106	0.1	15,531	393.2	828	39	2,859	0.1	3,459	826.5	283	9

Notes:

(1) Number of seller stores that sell products of the indicated brands.

(2) Tacklife and TECCPO are brands that are focused on electric tools. AUKEY is focused on consumer electronics. Maxkare is focused on other categories. NAIPO is focused on sports and wellness. Other brands are focused on furniture and home furnishings.

(3) The general decrease in revenue and the ASP of Tacklife, AUKEY, MaxKare, Homfa, NAIPO, TECCPO and HOMECHO from 2021 to 2022 and 2023 was because of the Amazon Incident, after which we began the inventory clearance of the impacted inventory of these brands with discounted sales through sales channels other than Amazon. Most of these brands ceased to make large revenue contribution after the Amazon Incident and throughout the Track Record Period as we shifted focus to furniture and home furnishing, except for AUKEY and Homfa. AUKEY, being one of our earliest key brands and sharing the same name as our key subsidiaries, had high brand awareness among consumers and therefore continued to generate relatively large revenue. Homfa, being one of our earliest key brands that focused on furniture and home furnishing, did not have as much fluctuation in its ASP as that of the other affected brands and continued to function as a source of revenue contribution, particularly as we shifted focus to furniture and home furnishing after the Amazon Incident. See "— Marketing and Promotion — The Amazon Incident."

(4) The ASP of Tacklife increased significantly from 2023 to the four months ended April 30, 2024 primarily because (i) the completion of inventory clearance, which involved discounted sales of a substantial quantity of impacted inventory, by the end of 2023 and (ii) the change in product mix under this brand with more higher-priced products. The ASP of HOMECHO increased significantly from 2023 to the four months ended April 30, 2024, primarily because of the completion of inventory clearance, which involved discounted sales of a substantial quantity of impacted inventory, by the end of 2023.

The table below sets forth the operating data for the top 10 brands in terms of GMV in 2022 during the Track Record Period:

	Year ended December 31,																		Four months ended April 30,					
	2021						2022						2023						2024					
	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Number of SKUs	Number of seller stores[1]	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Number of SKUs	Number of seller stores[1]	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Number of SKUs	Number of seller stores[1]	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Number of SKUs	Number of seller stores[1]
	RMB'000			*RMB*			*RMB'000*			*RMB*			*RMB'000*			*RMB*			*RMB'000*			*RMB*		
SHA CERLIN . . .	315,586	3.7	245,239	1,286.9	453	3	543,813	8.6	395,818	1,373.9	585	2	397,149	5.6	284,533	1,395.8	909	2	103,866	4.6	91,441	1,135.9	663	9
Allewie	345,442	4.0	261,941	1,318.8	532	2	498,454	7.9	356,408	1,398.6	686	2	526,608	7.5	368,255	1,430.0	1,166	2	185,983	8.3	171,327	1,085.5	743	10
Homfa	389,621	4.5	872,789	446.4	3,297	119	277,805	4.4	649,025	428.0	3,300	115	286,041	4.1	363,321	787.3	4,059	96	88,003	3.9	94,107	935.1	1,321	36
IRONCK.	103,422	1.2	141,460	731.1	324	6	250,465	4.0	281,468	889.9	450	8	420,524	6.0	419,542	1,002.3	567	10	148,960	6.6	160,658	927.2	381	10
AUKEY[2]	794,581	9.3	4,478,309	177.4	5,604	84	207,858	3.3	5,802,410	35.8	4,687	72	200,127	2.8	4,480,766	44.7	2,827	38	47,391	2.1	636,815	74.4	806	31
LIKIMIO.	60,725	0.7	45,815	1,325.4	69	6	180,115	2.8	135,834	1,326.0	180	5	371,811	5.3	308,116	1,206.7	319	9	142,935	6.4	143,859	993.6	265	10
IMusee[3]	29,389	0.3	29,591	993.2	145	1	168,222	2.7	156,133	1,077.4	292	1	92,837	1.3	89,520	1,037.1	263	1	10,960	0.5	9,538	1,149.1	104	3
Keyluv	10,646	0.1	6,206	1,715.5	76	1	146,565	2.3	90,602	1,617.7	217	1	168,868	2.4	94,831	1,780.7	267	1	41,628	1.8	21,791	1,910.3	195	1
Einfach[3]	101,091	1.2	95,365	1,060.0	377	69	128,526	2.0	116,975	1,098.7	491	64	35,306	0.5	40,417	873.5	487	28	4,733	0.2	10,914	433.7	127	17
Tacklife[2]	809,715	9.4	2,378,208	340.5	3,118	109	128,224	2.0	1,519,744	84.4	2,372	103	37,173	0.5	1,123,790	33.1	1,746	35	1,112	0.0	1,254	886.5	143	9

Notes:

(1) Number of seller stores that sell products of the indicated brands.

(2) AUKEY is a brand that is focused on consumer electronics. Tacklife is focused on electric tools.

(3) The revenue from, and the sales volume of, IMusee and Einfach decreased from 2022 to 2023 as, pursuant to the commercial decisions of the relevant operation teams, we invested fewer financial and operational resources to these brands.

The table below sets forth the operating data for the top 10 brands in terms of GMV in 2023 during the Track Record Period:

	Year ended December 31,																		Four months ended April 30,					
	2021						2022						2023						2024					
	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Number of SKUs	Number of seller stores(1)	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Number of SKUs	Number of seller stores(1)	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Number of SKUs	Number of seller stores(1)	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Number of SKUs	Number of seller stores(1)
	RMB'000			*RMB*			*RMB'000*			*RMB*			*RMB'000*			*RMB*			*RMB'000*			*RMB*		
Allewie	345,442	4.0	261,941	1,318.8	532	2	498,454	7.9	356,408	1,398.6	686	2	526,608	7.5	368,255	1,430.0	1,166	2	185,983	8.3	171,327	1,085.5	743	10
IRONCK	103,422	1.2	141,460	731.1	324	6	250,465	4.0	281,468	889.9	450	8	420,524	6.0	419,542	1,002.3	567	10	148,960	6.6	160,658	927.2	381	10
SHA CERLIN	315,586	3.7	245,239	1,286.9	453	3	543,813	8.6	395,818	1,373.9	585	2	397,149	5.6	284,533	1,395.8	909	2	103,866	4.6	91,441	1,135.9	663	9
LIKIMIO	60,725	0.7	45,815	1,325.4	69	6	180,115	2.8	135,834	1,326.0	180	5	371,811	5.3	308,116	1,206.7	319	9	142,935	6.4	143,859	993.6	265	10
Homfa	389,621	4.5	872,789	446.4	3,297	119	277,805	4.4	649,025	428.0	3,300	115	286,041	4.1	363,321	787.3	4,059	96	88,003	3.9	94,107	935.1	1,321	36
AUKEY(2)	794,581	9.3	4,478,309	177.4	5,604	84	207,858	3.3	5,802,410	35.8	4,687	72	200,127	2.8	4,480,766	44.7	2,827	38	47,391	2.1	60,084	74.4	806	31
HOSTACK	6,304	0.1	4,799	1,313.6	31	1	96,974	1.5	83,915	1,155.6	132	1	199,005	2.8	161,447	1,232.6	310	1	82,227	3.7	636,815	1,368.5	255	2
Keyluv	10,646	0.1	6,206	1,715.5	76	1	146,565	2.3	90,602	1,617.7	217	1	168,868	2.4	94,831	1,780.7	267	1	41,628	1.8	21,791	1,910.3	195	1
FOTOSOK(3)	—	—	—	—	—	—	50,697	0.8	75,808	668.8	93	1	168,184	2.4	188,218	893.6	211	1	73,397	3.3	72,614	1,010.8	201	1
fanttik(2)	11,682	0.1	23,215	503.2	45	7	56,819	0.9	159,473	356.3	62	6	152,909	2.2	418,176	365.7	180	7	103,750	4.6	413,962	250.6	237	5

Notes:

(1) Number of seller stores that sell products of the indicated brands.

(2) AUKEY is a brand that is focuses on consumer electronics. Fanttik is focused on electric tools. Other brands are focused on furniture and home furnishings.

(3) FOTOSOK was established in 2022.

(4) AUKEY, being one of our earliest key brands and sharing the same name as our key subsidiaries, had high brand awareness among consumers and therefore continued to generate relatively large revenue. Homfa, being one of our earliest key brands that focused on furniture and home furnishing, continued to function as a source of revenue contribution, particularly as we shifted focus to furniture and home furnishing after the Amazon Incident. See "— Marketing and Promotion — The Amazon Incident." Although AUKEY and Homfa continued to generate relatively large amount of revenue in 2023 and the four months ended April 30, 2024, unlike other brands such as Allewie, IRONCK and FOTOSOK, which we have been strategically cultivating by allocating marketing and product development resources, we do not plan to allocate more resources to further cultivate these two brands as their revenue had been hampered by the Amazon Incident. Correspondingly, their revenue contribution has decreased over the Track Record Period.

The table below sets forth the operating data for the top 10 brands in terms of GMV in the four months ended April 30, 2024 during the Track Record Period:

	Year ended December 31,											
	2021						2022					
	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Number of SKUs	Number of seller stores[(1)]	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Number of SKUs	Number of seller stores[(1)]
	RMB'000			*RMB*			*RMB'000*			*RMB*		
Allewie	345,442	4.0	261,941	1,318.8	532	2	498,454	7.9	356,408	1,398.6	686	2
IRONCK.	103,422	1.2	141,460	731.1	324	6	250,465	4.0	281,468	889.9	450	8
LIKIMIO.	60,725	0.7	45,815	1,325.4	69	6	180,115	2.8	135,834	1,326.0	180	5
SHA CERLIN	315,586	3.7	245,239	1,286.9	453	3	543,813	8.6	395,818	1,373.9	585	2
fanttik[(2)]	11,682	0.1	23,215	503.2	45	7	56,819	0.9	159,473	356.3	62	6
Homfa	389,621	4.5	872,789	446.4	3,297	119	277,805	4.4	649,025	428.0	3,300	115
HOSTACK	6,304	0.1	4,799	1,313.6	31	1	96,974	1.5	83,915	1,155.6	132	1
FOTOSOK[(3)]	—	0.0	—	—	—	—	50,697	0.8	75,808	668.8	93	1
AUKEY[(2)]	794,581	9.3	4,478,309	177.4	5,604	84	207,858	3.3	5,802,410	35.8	4,687	72
Upstreman[(2)]	6,543	0.1	6,930	944.2	11	1	79,814	1.3	70,251	1,136.1	30	3

	Year ended December 31,						Four months ended April 30,					
	2023						2024					
	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Number of SKUs	Number of seller stores[(1)]	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Number of SKUs	Number of seller stores[(1)]
	RMB'000			*RMB*			*RMB'000*			*RMB*		
Allewie	526,608	7.5	368,255	1,430.0	1,166	2	185,983	8.3	171,327	1,085.5	743	10
IRONCK.	420,524	6.0	419,542	1,002.3	567	10	148,960	6.6	160,658	927.2	381	10
LIKIMIO.	371,811	5.3	308,116	1,206.7	319	9	142,935	6.4	143,859	993.6	265	10
SHA CERLIN	397,149	5.6	284,533	1,395.8	909	2	103,866	4.6	91,441	1,135.9	663	9
fanttik[(2)]	152,909	2.2	418,176	365.7	180	7	103,750	4.6	413,962	250.6	237	5
Homfa	286,041	4.1	363,321	787.3	4,059	96	88,003	3.9	94,107	935.1	1,321	36
HOSTACK	199,005	2.8	161,447	1,232.6	310	1	82,227	3.7	60,084	1,368.5	255	2
FOTOSOK[(3)]	168,184	2.4	188,218	893.6	211	1	73,397	3.3	72,614	1,010.8	201	1
AUKEY[(2)]	200,127	2.8	4,480,766	44.7	2,827	38	47,391	2.1	636,815	74.4	806	31
Upstreman[(2)]	122,153	1.7	117,931	1,035.8	66	4	45,944	2.0	41,476	1,107.7	74	5

Notes:

(1) Number of seller stores that sell products of the indicated brands.

(2) Fanttik is a brand that is focused on electric tools. Upstreman is focused on home appliances. AUKEY is focused on consumer electronics.

(3) FOTOSOK was established in 2022.

The following table sets forth the operating data for our categories of products for the periods indicated:

	Year ended December 31,												Four months ended April 30,							
	2021				2022				2023				2023				2024			
	Revenue	% of Revenue from Sales of goods	Sales volume	ASP	Revenue	% of Revenue from Sales of goods	Sales volume	ASP	Revenue	% of Revenue from Sales of goods	Sales volume	ASP	Revenue	% of Revenue from Sales of goods	Sales volume	ASP	Revenue	% of Revenue from Sales of goods	Sales volume	ASP
	(RMB'000)		*(in thousands)*	*(RMB)*	*(RMB'000)*		*(in thousands)*	*(RMB)*	*(RMB'000)*		*(in thousands)*	*(RMB)*	*(RMB'000)*		*(in thousands)*	*(RMB)*	*(RMB'000)*		*(in thousands)*	*(RMB)*
														(Unaudited)						
Furniture and home furnishings	3,516,335	41.0	6,307	557.6	4,187,110	66.2	6,303	664.3	5,336,581	75.9	7,021	760.1	1,613,424	77.8	2,336	690.7	1,745,371	77.6	2,112	826.4
Electric tools	1,462,895	17.0	4,004	365.3	628,913	9.9	2,957	212.7	347,182	4.9	1,979	175.4	94,995	4.6	965	98.5	138,760	6.2	534	259.6
Home appliances	886,580	10.3	1,988	445.9	480,709	7.6	1,512	317.9	436,748	6.2	1,099	397.3	109,362	5.3	344	318.0	152,253	6.7	370	411.5
Consumer electronics	1,067,281	12.4	5,136	207.8	356,100	5.6	6,254	56.9	292,265	4.2	4,632	63.1	109,210	5.2	2,239	48.8	63,204	2.8	646	97.8
Sports and wellness	491,886	5.7	1,264	389.2	187,712	3.0	1,163	161.4	107,114	1.5	469	228.5	38,006	1.8	203	187.0	27,774	1.2	92	301.5
Other categories(1)	1,156,516	13.5	3,131	369.4	485,015	7.7	2,250	215.5	510,485	7.3	1,537	332.1	109,917	5.3	614	179.1	123,162	5.5	229	538.4
Total	8,581,493	100.0	21,830	393.1	6,325,558	100.0	20,440	309.5	7,030,375	100.0	16,737	420.0	2,074,915	100.0	6,700	309.7	2,250,524	100.0	3,983	565.0

Notes:

(1) Other categories primarily include car accessories, photography lighting equipment, outdoor equipment, decorations and musical instruments.

The sales volume of electric tools, home appliances, consumer electronics, sports and wellness as well as other categories generally decreased from 2021 to 2023 due to the Amazon Incident, after which we downsized the offerings of these categories of products. See "Financial Information — Period-to-Period Comparison of Results of Operations." The sales volume of electric tools, consumer electronics, sports and wellness as well as other categories further decreased from the four months ended April 30, 2023 to the four months ended April 30, 2024, while the ASP increased, primarily due to the completion of inventory clearance, which involved discounted sales of a substantial quantity of impacted inventory, by the end of 2023. Since 2024, as the impact of discounted sales of affected inventory dissipated, prices of these product categories returned to standard levels. Along with our shift of focus towards furniture and home furnishings, the sales volume for these product categories decreased.

The table below sets forth the operating data by geographical market for the periods indicated:

	Year ended December 31,												Four months ended April 30,							
	2021				2022				2023				2023				2024			
	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Revenue	% of Revenue from sales of goods	Sales volume	ASP
	RMB'000		*(in thousands)*	*RMB*	*RMB'000*		*(in thousands)*	*RMB*	*RMB'000*		*(in thousands)*	*RMB*	*RMB'000*		*(in thousands)*	*RMB*	*RMB'000*		*(in thousands)*	*RMB*
														(Unaudited)						
U.S. and other North American countries[(1)]	5,488,927	64.0	11,032	497.5	5,035,254	79.6	11,052	455.6	6,064,034	86.3	9,256	655.1	1,747,898	84.2	3,169	551.6	1,976,334	87.8	2,718	727.1
Europe[(2)]	2,776,424	32.4	9,817	282.8	1,059,927	16.8	4,770	222.2	750,838	10.7	3,440	218.2	248,449	12.0	1,683	147.6	222,416	9.9	618	359.9
PRC	21,556	0.2	46	463.3[(3)]	61,414	0.9	1,311	46.8	37,948	0.5	791	48.0	16,721	0.8	459	36.4	4,277	0.2	66	64.8
Others[(2)]	294,586	3.4	934	315.5[(3)]	168,963	2.7	3,307	51.1	177,555	2.5	3,250	54.6	61,847	3.0	1,389	44.5	47,497	2.1	581	81.8
Total	8,581,493	100.0	21,830	393.1	6,325,558	100.0	20,440	309.5	7,030,375	100.0	16,737	420.0	2,074,915	100.0	6,700.00	309.7	2,250,524	100.0	3,983	565.0

Notes:

(1) The ASP in the U.S. and other North American countries is relatively higher than that in other regions, including Europe, due to a varied product mix. While we generally offer all categories of products to all regions, capitalizing our logistics capabilities for medium-to-large goods and overseas warehouses in the U.S., we offer a higher proportion of medium-to-large goods, which typically have higher ASPs than other products, in the U.S. and other North American countries. Furthermore, the ASP in the U.S. and other North American countries generally increased throughout the Track Record Period in line with the expanded offering of medium-to-large goods in these regions.

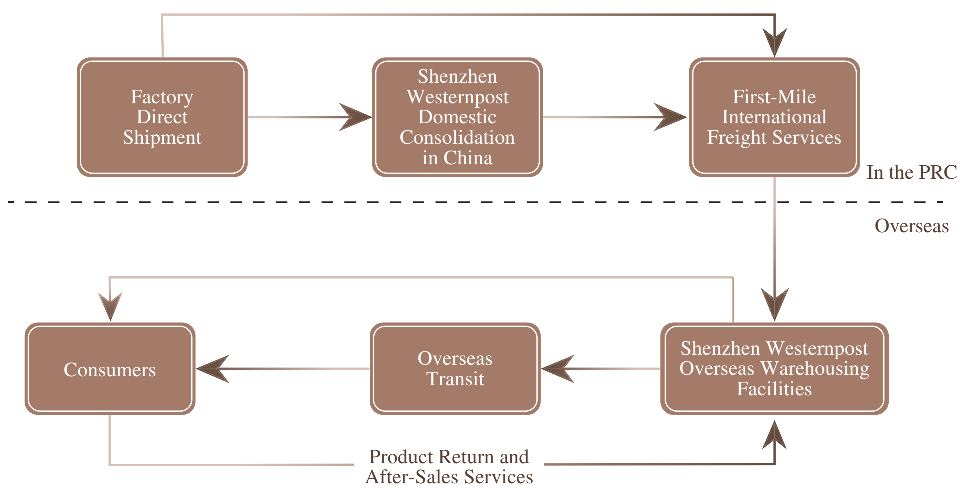
(2) The sales volume in Europe and other regions decreased in the four months ended April 30, 2024 compared to that in the four months ended April 30, 2023, while the ASP increased, primarily because we completed inventory clearance, which involved discounted sales of a substantial quantity of impacted inventory, by the end of 2023. Since 2024, the impact of discounted sales of affected inventory dissipated and prices returned to standard levels.

(3) The ASP in the PRC and other regions was higher in 2021 than that in subsequent years/periods, primarily due to the impact of the Amazon Incident, after which a significant volume of consumer electronics was sold at discounted prices in these regions, which in turn reduced the overall ASP.

Logistics Solutions

We provide efficient logistics solutions globally under the pre-sale stocking model to customers, primarily sellers on e-commerce platforms, mainly through Shenzhen Westernpost. Our solutions include domestic consolidation in China, first-mile international freight services, overseas transit, overseas warehousing and order dispatch. The revenue we generated from logistics solutions amounted to RMB489.7 million, RMB774.7 million, RMB1,652.6 million, RMB349.6 million and RMB583.0 million in 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, respectively, representing 5.4%, 10.9%, 19.0%, 14.4% and 20.6%, respectively, of our total revenue in the same years/periods. The growth of revenue from logistics solutions was in line with our expanded customer base and more orders fulfilled, as we accumulated more experience in efficiently providing logistics solutions to customers, enhanced capabilities in last-mile fulfillment services and increased our warehousing facilities. During the Track Record Period, we provided logistics solutions to an aggregate of over 700 e-commerce companies, fulfilling over 3.2 million, 4.4 million, 6.1 million, 1.8 million and 2.5 million orders, respectively, in 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024. We had a team of 252 employees dedicated to our logistics solutions as of April 30, 2024.

The following flow chart illustrates the details of the main logistics solutions we provide:



Customers can select one or more services from our logistics solutions globally under the pre-sale stocking model based on their actual needs. This flexibility allows for a tailored approach of logistics solutions, ensuring that specific requirements of the customers are efficiently and effectively met. Typically, our customers place orders with us and can either use our logistics solutions throughout the key stages of the logistics chain under the pre-sale stocking model from domestic consolidation in China to last-mile delivery, or use other international freight solutions for transporting their goods to our overseas warehousing facilities for our further handling.

For customers who purchase our logistics solutions throughout the key stages of the logistics chain under the pre-sale stocking model, we provide services covering the collection of goods to the completion of last-mile delivery. We either receive customers' products that they ship or arrange for the collection of their products. We subsequently provide domestic consolidation services by consolidating their goods at our domestic warehouse. We then provide first-mile international freight services by (i) submitting a booking request to third-party logistics service providers which is aligned with a customer's shipping schedule; (ii) subsequently engaging third-party logistics service providers to transport the goods to the port and arrange for container loading; (iii) closely monitoring the real-time location of the shipment while it is at sea using our proprietary logistics solution management systems; (iv) upon the arrival of the goods at the port, handing over the customs clearance documents to third-party logistics service providers, who then manage the clearance process; (v) after customs clearance, instructing the third-party logistics service providers to arrange for trucking and delivery to the customer's intended warehouses, which, in most cases, are the overseas warehouses of Shenzhen Westernpost. We subsequently provide warehousing services at our own warehouses, offering in-warehouse value-added services such as parcel wrapping. Finally, at customers' request, we engage third-party logistics service providers to manage last-mile delivery, ensuring that the goods reach end-consumers, third-party e-commerce platform warehouses or offline retailers under our management.

For customers who procure other first-mile international freight solutions, we provide warehousing services and in-warehouse value-added services upon receiving their goods at our overseas warehouses and manage the last-mile delivery at their request. Customers directly ship their goods to our overseas warehouses for stocking. When consumers place orders, these goods can be delivered directly from the respective overseas warehouses. This pre-sale stocking model helps customers timely fulfill their orders, with reduced risks of fluctuation in cost of delivery, and provides after-sales services such as product returns and exchanges efficiently.

We believe the risk of disintermediation is low. On the one hand, our logistics solutions globally under the pre-sale stocking model allow for a streamlined approach to complex supply chain management. Customers are spared the intricacies of liaising with multiple logistics service providers, navigating varying service standards and disparate communication channels. Our solutions eliminate the ambiguity of accountability, enabling swift resolution of issues and clear identification of responsible entities. Our solutions help simplify cost management by removing the need for separate negotiations for each service component and ensure a seamless flow of information and reduces delays and errors. On the other hand, in the entire logistics flow, we offer value-added services to enhance customer experience and operational efficiency utilizing the advantages of our overseas warehouses. These services include tailored cross-border e-commerce solutions, such as return inspection handling and product repackaging at our overseas warehouses. Additionally, we provide enhanced last-mile delivery utilizing our automated warehousing systems to select the nearest warehouse for dispatch, thereby streamlining logistics costs and enhancing delivery efficiency. Customers may also utilize our data analysis and reporting services, which provide comprehensive data insights to help understand and optimize management of their inventory status, such as warehousing allocation optimization and intelligent replenishment of inventories. During the Track Record Period, the third-party logistics service providers we engage in the logistics solutions business line only provided services that cover parts of the B2C export e-commerce logistics chain and did not provide the integrated solutions which streamline the entire process of B2C export e-commerce logistics or the value-added services to us similar to those we are capable of providing to our customers.

Although, to the best of our knowledge, both some logistics service providers we engage in the sales of goods business line and Shenzhen Westernpost are capable of providing integrated solutions which streamline the entire process of B2C export e-commerce logistics or the value-added services, the logistics services provided by these logistics service providers and Shenzhen Westernpost remained different in terms of the focus of services and target consumers. According to Frost & Sullivan, third-party logistics service providers engaged by us primarily focus on first-mile international freight services, including the ground transportation from the customers' designated warehouses or locations to the ports of origins, cross-border transportation via ocean or air freight, import customs clearance and ground transportation to the customers' designated warehouses or locations. These third-party logistics service providers mostly deliver the goods to customers' designated warehouses or locations.

In contrast, as confirmed by the same source, Shenzhen Westernpost focuses on serving export e-commerce sellers under the pre-sale stocking model and differentiates itself by the last-mile fulfillment services, including warehousing services, operational services and last-mile delivery services. See "Industry Overview — China's B2C Export E-commerce Logistics Solutions Market" for details. Leveraging our proprietary network of overseas warehouses operated primarily for the purposes of serving export e-commerce sellers under the pre-sale stocking model, Shenzhen Westernpost provides value-added services and enhanced last-mile delivery utilizing the automated warehousing systems to select the nearest warehouse among the network of overseas warehouses for dispatch, thereby streamlining logistics costs and enhancing delivery efficiency. In addition, benefiting from the long history of providing logistics solutions and reputation among suppliers, Shenzhen Westernpost maintains close collaboration with local couriers in the U.S. to provide timely and cost-effective last-mile delivery services to customers.

Our logistics solutions remained competitive during the Track Record Period and up to the Latest Practicable Date. Shenzhen Westernpost ranked fourth among all B2C export e-commerce logistics solutions providers in China with a market share of approximately 1.2% and first among all B2C export e-commerce logistics solutions providers in China focusing on medium-to-large goods, according to Frost & Sullivan, in terms of the revenue generated from B2C export e-commerce logistics solutions adopting the pre-sale stocking model in 2023. We operate the logistics solutions business primarily under the brand name Western Post. Established in 2015 to provide logistics solutions to export e-commerce sellers, the brand has built a reputation among customers and suppliers over the years with high-quality customer services and industry-acknowledged overseas warehousing facilities and warehouse operations. Notably, during the Track Record Period, we provided logistics solutions to an aggregate of over 700 e-commerce companies. In 2023, over 95% of orders placed with Shenzhen Westernpost for medium-to-large goods such as furniture were delivered to last-mile fulfillment service providers within 24 hours after placement of orders, representing a leading position in terms of logistics efficiency in the industry, according to Frost & Sullivan. In the same year, our inventory accuracy rate was over 99.9%, representing a leading position in the industry, according to the same source. In June 2024, three of our overseas warehouses were designated by the Department of Commerce of Guangdong Province as public overseas warehouses owned by companies in Guangdong Province. See "Financial Information — Recent Development and No Material Adverse Change." Based on the above, we consider the risk of disintermediation low.

The key terms of cooperation agreements with third-party logistics service providers from which we procure logistics services are outlined as follows:

Duration and renewal term: We typically enter into indefinite-term agreements with third-party logistics service providers and either party may terminate the agreement by providing advance notice within a specified time frame to the other party;

Pricing policy: We furnish third-party logistics service providers with the weight and dimensions of the parcel, based on which they calculate the relevant service costs according to a pre-agreed pricing mechanism;

Warranty: In the event that the merchandise is lost or damaged due to negligence of the third-party logistics service providers, they remain liable to us and shall indemnify us the cost of goods according to a pre-agreed price list;

Credit terms: Third-party logistics service providers generally settle outstanding balances with us every 15 to 30 days.

We have established a global multi-tier warehousing and logistics network and developed proprietary logistics solution management systems. We managed 24, 25, 27 and 27 overseas warehouses, totaling an aggregate GFA of over 2.3 million sq.ft., 3.0 million sq.ft., 5.1 million sq.ft. and 5.5 million sq.ft., respectively, as of December 31, 2021, 2022, 2023 and April 30, 2024. As of April 30, 2024, we operated 27 overseas warehousing facilities, with an aggregate GFA of over 5.5 million sq.ft. in main port cities in the U.S. (including Los Angeles, Houston, New Jersey and Chicago) and Europe (mainly Germany). See "— Supply Chain Management — Warehousing and Logistics — Warehousing."

Our proprietary logistics solution management systems include a smart restock and segregation system, a WMS, a TMS and an OMS, allowing us to trace, monitor and manage our services throughout the life cycle of our logistics solutions. The graphic below illustrates our proprietary logistics solution management systems.

Notes:

(1) The centerpiece of the system is a world map with connected lines that depict the movement of parcels in real time.

(2) The system offers key performance indicators, including "on-route first-mile international-freight orders" and "on-route irregular orders".

(3) The system tracks the status of the orders and conducts analysis and calculation. It presents total order analysis, order trend analysis, shipping punctuality rate, order fulfillment rate, analysis of the change in irregular order volume and the reasons for irregularities.

Through our proprietary logistics solution management systems, we monitor and analyze the real-time movement of parcels shipped using our logistics solutions. The oversight is comprehensive, allowing us to assess the timeliness of shipments, on-time order fulfillment rates and the volume and underlying causes of any irregular orders. Moreover, the systems are user-friendly, empowering us to visualize the quantity and location of orders in transit and identify any issues in real time. By harnessing and centralizing the scattered data points along our comprehensive warehousing and logistics chain into these systems, we perform in-depth analysis of the overall order volume and extract insightful information from the order patterns, such as the month-over-month order volume in each region. This enhances our understanding of the provision of logistics solutions and aids in optimizing our logistics operations.

Our customers of logistics solutions services are predominantly located in the PRC, with the rest located in the U.S. and Germany. Among these customers, over 90% engage in e-commerce businesses primarily selling products of furniture and home furnishings, sports and wellness and home appliances, while the remaining customers consist mainly of industrial and trading enterprises engaged in the production and sale of furniture and tableware. According to Frost & Sullivan, although some of the customers of our logistics solutions business engage in e-commerce businesses, these customers are not direct competitors to our sales of product business as they have different specialization of products, distinct product mix and/or different geographical layout from those we have under the sales of product business. Because of our global multi-tiered warehousing and logistics network that is tailored to medium-to-large goods, the long-standing reputation of the brand name Western Post for providing logistics solutions and our close collaborations with leading local couriers with favorable terms, we have capabilities of controlling the cost of delivery and increasing logistics efficiency, especially for medium-to-large goods. As a result, we are able to offer logistics solutions at competitive prices and of high level of service quality, and, consequently, other e-commerce sellers have the commercial reasons to procure logistics solutions from us. In addition, as our logistics solutions business is independent from the sales of product business, providing logistics solutions to other e-commerce sellers does not create competition with these market players or negatively impact our business in any other aspects.

The key terms of the agreements with the customers of our logistics solutions are outlined as follows:

Duration and renewal term: The duration of an agreement is typically one year. Unless a written notice of termination is provided, the agreement automatically renews for an additional six-month period.

Termination: The agreement may be terminated by the customer with prior written notice to us or upon expiration of the agreement. Additionally, the agreement may be deemed canceled if no storage or other services are rendered under its terms for a specified period.

Service scope: Depending on the customers' needs, our service scope encompasses domestic consolidation, first-mile international freight services, overseas transit, overseas warehousing and order dispatch.

Pricing policy: We provide the details and pricing of each service included in our logistics solutions to the customer via email or other written communication. Once the customer submits an order on our website using their unique customer code, the order is considered effective and both parties are contractually obligated to adhere to the terms of the order according to the written communication.

Warranty: In the event that the customers' merchandise is lost or damaged due to our negligence while in our warehousing facilities or during conveyance by third-party logistics service providers engaged by us, we are liable and shall indemnify the value of the goods or the sum stipulated in the contract with the respective customer. Should the loss or damage be attributable to the fault of the third-party logistics service providers, we reserve the right to seek compensation from said providers;

Payment and credit terms: We typically settle payments with our customers every two weeks based on the orders they have submitted in the past two weeks. We generally grant a credit period to our direct sales customers of no longer than 30 days. Additionally, we may grant a specific credit limit to customers taking into consideration factors such as the history of the business relationship, the historical credibility and the expected scale of shipping orders of the customers.

Duties and tax: Customers shall comply with the customs and tax regulations of the destination country and they are responsible for paying the corresponding duties and tax. In the event that the customers entrust us for the customs clearance procedures, we engage third-party logistics service providers to handle customs clearance who shall be responsible for complying with the customs and tax regulations of the destination country.

The following table sets forth a breakdown of our revenue from our logistics solutions revenue by category for the years/periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(Unaudited)*	*%*	*RMB'000*	*%*
First-mile international freight services	139,027	28.4	167,821	21.7	158,631	9.6	40,707	11.7	54,545	9.4
Warehousing services	44,558	9.1	96,452	12.5	158,728	9.6	44,211	12.6	71,317	12.2
Operational services	44,742	9.1	88,400	11.4	219,231	13.3	37,853	10.8	108,514	18.6
Last-mile delivery services	261,373	53.4	421,999	54.5	1,116,012[(1)]	67.5	226,806	64.9	348,616	59.8
Total revenue of logistics solutions	**489,700**	**100.0**	**774,672**	**100.0**	**1,652,602**	**100.0**	**349,577**	**100.0**	**582,992**	**100.0**

Note:

(1) The revenue from last-mile delivery services significantly increased in 2023, primarily because (i) we have consistently strengthened our collaboration with third-party logistics service providers, resulting in cost advantages which led to increased sales; (ii) we continued to expand the number and GFA of overseas warehouses in 2022 and 2023, leading to a stronger customer preference for using our enhanced last-mile delivery services with more options of dispatching warehouses; and (iii) the number of customers of our logistics solutions increased from 223 in 2022 to 380 in 2023.

We face risks in relation to providing logistics solutions. For example, products in our global logistics network may be delayed, stolen, damaged or lost during storage or delivery for various reasons, and we may be perceived to be or found liable for such incidents. See "Risk Factors — We face risks inherent in the B2C export e-commerce logistics solutions market, including personal injury, goods damage and transportation-related incidents." To mitigate the aforementioned risks, we utilize our proprietary logistics solution management systems to streamline the management of our transportation and delivery services. Customers typically place orders with us through the logistics solution management systems. After selecting their preferred logistics solutions, our logistics solution management systems will automatically generate an information sheet. This document is instrumental for tracking logistics information. Additionally, we mandate that our last-mile third-party logistics service providers receive last-mile delivery instructions from our customers via our logistics solution management systems, facilitating our oversight. Our employees monitor the logistics delivery progress through our website to ensure the quality and adherence to timelines of our transportation and delivery services. Furthermore, we uphold commercial general liability insurance policies to ensure coverage in areas such as third-party liability and loss or damage to our warehouses. Generally, our liability does not extend to damages or losses to products stored and/or transported by us, unless such incidents are attributable to our negligence.

We have continually upgraded our logistics solution management systems, which have allowed us to track and record operating data since 2023. The following table sets forth key operating data that we track and record to evaluate the capabilities of our logistics solutions in relation to our self-operated warehouses in the U.S. for the periods indicated:

	Year ended December 31, 2023		Four months ended April 30, 2024	
	(in thousands)	*% of total orders*	*(in thousands)*	*% of total orders*
Total orders	4,613	100.0	1,381	100.0
Online order information tracking available within 24 hours[(1)]	3,947	91.6	1,318	95.4
Dispatching from warehouses within 24 hours[(2)]	/	/	1,372	99.3
Order delivered within 5 days	4,473	97.0	1,332	96.4

Notes:

(1) Customers can check the initial logistics tracking details on our website within 24 hours from the order pick-up.

(2) We began tracking and recording data on this capability since early 2024. As a result, no data is available for the year ended December 31, 2023.

For our capabilities in warehousing, see "— Supply Chain Management — Warehousing and Logistics — Warehousing."

We primarily promote our logistics solutions business through offline marketing activities such as logistics solution industry events and exhibitions, as well as customer referrals. With efficient logistics solutions globally under the pre-sale stocking model, we help online sellers expand their overseas business and especially address their demand for logistics solutions for medium-to-large goods. By empowering our customers' global expansion, we believe we are able to further enlarge our market presence.

OUR SALES NETWORK

During the Track Record Period, the majority of our revenue was derived from sales of goods through third-party e-commerce platforms. Since inception, we have collaborated with multiple leading e-commerce platforms such as Amazon, Walmart and Wayfair, which are also major e-commerce platforms for furniture and home furnishings. We effectively utilize their respective strengths to broaden our customer reach and seize global market opportunities. We also provide products via other channels, including offline distributors, offline retailers and self-operated websites.

The table below sets out a breakdown of our revenue by sales channel during the Track Record Period:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	RMB'000	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000*	*% of Revenue*
							(Unaudited)			
Sales of goods through third-party e-commerce platforms	**8,233,426**	**90.8**	**5,878,049**	**82.8**	**6,656,918**	**76.7**	**1,933,050**	**79.7**	**2,105,318**	**74.3**
Amazon	7,611,485	83.9	4,526,473	63.8	4,670,579	53.8	1,467,287	60.5	1,506,615	53.2
Walmart	276,409	3.0	676,279	9.5	851,260	9.8	215,765	8.9	280,101	9.9
Wayfair	157,487	1.7	458,538	6.5	871,705	10.0	222,430	9.2	268,729	9.5
Others(1)	188,045	2.2	216,759	3.0	263,374	3.1	27,568	1.1	49,873	1.7
Other channels(2)	**348,067**	**3.8**	**447,509**	**6.3**	**373,457**	**4.3**	**141,865**	**5.9**	**145,206**	**5.1**
Logistics solutions	**489,700**	**5.4**	**774,672**	**10.9**	**1,652,602**	**19.0**	**349,577**	**14.4**	**582,992**	**20.6**
Total	**9,071,193**	**100.0**	**7,100,230**	**100.0**	**8,682,977**	**100.0**	**2,424,492**	**100.0**	**2,833,516**	**100.0**

Notes:

(1) Others include other third-party e-commerce platforms, such as eBay and Amazon Vendor Central. Our revenue from Amazon Vendor Central was nil, nil and RMB200.2 million in 2021, 2022 and 2023, respectively. As we explored this platform under Amazon, we initially categorized the revenue from this sales channel in Others. We have categorized the revenue generated from this platform under Amazon since 2024. See "Business — Our Sales Network — Others."

(2) Other channels primarily consist of offline channels and self-operated websites.

The table below sets forth the operating data by sales channel during the Track Record Period:

	Year ended December 31,												Four months ended April 30,							
	2021				2022				2023				2023				2024			
	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Revenue	% of Revenue from sales of goods	Sales volume	ASP	Revenue	% of Revenue from sales of goods	Sales volume	ASP
	RMB'000		*(in thousands)*	*RMB*	*RMB'000*		*(in thousands)*	*RMB*	*RMB'000*		*(in thousands)*	*RMB*	*RMB'000*		*(in thousands)*	*RMB*	*RMB'000*		*(in thousands)*	*RMB*
Third-party e-commerce platforms	**8,233,426**	**95.9**	**21,152**	**389.3**	**5,878,049**	**92.9**	**10,406**	**564.9**	**6,656,918**	**94.7**	**9,590**	**694.2**	**1,933,050**	**93.2**	**2,852**	**677.8**	**2,105,318**	**93.5**	**2,845**	**740.0**
Amazon	7,611,485	88.7	20,012	380.4	4,526,473	71.6	8,023	564.2	4,670,579	66.4	6,564	711.5	1,467,287	70.7	2,147	683.4	1,506,615	66.9	1,950	772.8
Walmart	276,409	3.2	397	696.2	676,279	10.7	1,012	668.5	851,260	12.1	1,369	621.7	215,765	10.4	296	728.9	280,101	12.4	403	695.0
Wayfair	157,487	1.8	214	734.2	458,538	7.2	700	655.3	871,705	12.4	1,265	689.2	222,430	10.7	325	684.4	268,729	11.9	403	666.8
Other(1)	188,045	2.2	529	355.6	216,759	3.4	672	322.6	263,374	3.8	392	672.2	27,568	1.4	85	324.3	49,873	2.3	89	559.9
Other channels(2)	**348,067**	**4.1**	**678**	**513.4**	**447,509**	**7.1**	**10,034**	**44.6**	**373,457**	**5.3**	**7,148**	**52.2**	**141,865**	**6.8**	**3,848**	**36.9**	**145,206**	**6.5**	**1,139(3)**	**127.5(3)**
Total	**8,581,493**	**100.0**	**21,830**	**393.1**	**6,325,558**	**100.0**	**20,440**	**309.5**	**7,030,375**	**100.0**	**16,737**	**420.0**	**2,074,915**	**100.0**	**6,700**	**309.7**	**2,250,524**	**100.0**	**3,983**	**565.0**

Notes:

(1) Others include other third-party e-commerce platforms, such as eBay and Amazon Vendor Central. Our revenue from Amazon Vendor Central was nil, nil and RMB200.2 million in 2021, 2022 and 2023, respectively. As we explored this platform under Amazon, we initially categorized the revenue from this sales channel in Others. We have categorized the revenue generated from this platform under Amazon since 2024. See "— Our Sales Network — Others."

(2) Other channels primarily consist of offline channels and self-operated websites.

(3) The sales volume of products sold through other channels decreased and the ASP increased in the four months ended April 30, 2024 as compared to the four months ended April 30, 2023, primarily due to a change in the product mix sold through offline channels. We discontinued the sales of some low-value products through offline channels in 2024.

We primarily sell our products via third-party e-commerce platforms, including Amazon, Walmart and Wayfair. It is the industry norm for B2C e-commerce sellers to sell products through these third-party e-commerce platforms, according to Frost & Sullivan. Compared to traditional offline sales channels, the scalability of e-commerce platforms enables us to enter target markets at a relatively low cost, thereby promoting efficient customer acquisition. Furthermore, by leveraging the extensive consumer base and high user traffic on such major third-party e-commerce platforms, we can reach more online consumers, gain more visibility, access premium marketing resources and increase the sales of our products. Our revenue generated from third-party e-commerce platforms amounted to RMB8,233.4 million, RMB5,878.0 million, RMB6,656.9 million, RMB1,933.1 million and RMB2,105.3 million in 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, respectively, accounting for 90.8%, 82.8%, 76.7%, 79.7% and 74.3%, respectively, of our total revenue in the same years. Our revenue generated from Amazon decreased primarily due to (i) the impact of the Amazon Incident from 2021 to 2022. See "— Marketing and Promotion — The Amazon Incident;" and (ii) our efforts to diversify coverage of third-party e-commerce platforms throughout the Track Record Period. Following such efforts, during the same period, our revenue generated from Walmart and Wayfair both increased in absolute amount and as a percentage of our total revenue.

Our key sales activities through third-party e-commerce platforms include:

- ***User traffic analysis:*** We research consumer demand on relevant e-commerce platforms and develop strategies to target consumers.

- ***Contracting:*** We enter into contracts with relevant e-commerce platforms.

- ***Online store set-up:*** We set up online stores with brand and product information.

- ***Product listing:*** We create product listings under suitable categories and sell such products to customers.

- ***Fund flow:*** After consumers place orders on e-commerce platforms, e-commerce platforms collect the total sales proceeds from consumers, deduct any service fees as per our agreements and remit the remaining proceeds to us.

- ***After-sales services:*** We respond promptly to customer inquiries and complaints to maintain a high level of customer satisfaction, and monitor feedback and reviews to identify areas for improvement and use messaging services on relevant platforms to communicate with customers.

Amazon

Amazon is one of the largest e-commerce platforms in terms of revenue of e-commerce globally, according to Frost & Sullivan. In terms of GMV in 2023, Amazon had a 15.1% market share in the global B2C e-commerce market. Amazon's wide geographic coverage and extensive consumer base enable online sellers like us to reach different end-consumers.

We enter into standard agreements with Amazon and directly sell products to consumers on Amazon. We may also utilize Amazon's services such as FBA to handle receipt, storage and processing of products, which includes storage, packaging and shipping. The respective proceeds are first transferred to Amazon, and Amazon disburses the proceeds to us after deducting applicable service fees. Under Amazon's policies, customers are typically allowed to return the purchased products within 30 days of receipt.

During the Track Record Period and up to the Latest Practicable Date, other than the adoption of Unofficially Promoted Ratings or Reviews by certain of our sales and marketing personnel, we had complied with the relevant policies or rules stipulated by Amazon in all material aspects. See "— The Amazon Incident."

The key terms of Amazon's standard agreement and policies are outlined as follows:

- ***Contracting parties:*** Amazon operates through different entities in different jurisdictions. We enter into contracts with different entities of Amazon.com for sales in different jurisdictions;

- ***Termination:*** Amazon may terminate or suspend the agreement or any services (i) for any reason by 30 days' advance notice to us; or (ii) immediately if we materially breach the agreement and fail to cure within seven days. We may terminate or suspend the agreement or any services for any reason at any time by means specified in the agreement, including email and notification through Amazon seller central;

- ***Duration and renewal term:*** The agreement remains valid until it is terminated by either us or Amazon;

- ***Logistics arrangements:*** We may choose to use FBA, third-party logistics services providers or our in-house logistics solutions. We can opt to use FBA, where Amazon ships products from its warehouses to our customers on our behalf. We bear shipping expenses, custom duties, taxes and other charges;

- ***Transfer of risks:*** We retain ownership of the products and generally bear the risk of damage or loss until the products are delivered to the customers except for situations where the products are delivered via FBA, in which case Amazon is liable if our product is lost or damaged due to Amazon's mishandling at its warehousing facilities or in transit for delivery to consumers;

- ***Credit term:*** Amazon generally settles outstanding balances with us every 14 days;

- ***Platform service fees:*** We pay Amazon platform service fees calculated based on a percentage of the total sales amount, mainly for its granting us the right to conduct sales activities on its marketplace;

- ***Return policy:*** Our customers generally have the option to return purchased products in accordance with Amazon's policies. For products shipped by Amazon under the FBA program, returns are generally accepted within a specified time period after receipt of the products. Typically, the return period is 30 days. For returned orders that meet specific requirements, Amazon issues refunds to customers and we reimburse Amazon for the same amount;

- ***Methods for sales to end-consumers:*** We list our products on Amazon and Amazon manages the merchandising of our products. Amazon provides us with the order information for each order placed by end-consumers and we prepare the products to be delivered by us to the end-consumers accordingly.

The following table sets forth the revenue generated from, and key operating data of our seller stores on, Amazon for the years/periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2021	**2022**	**2023**	**2023**	**2024**
Revenue from sales of goods generated on relevant platform *(RMB in thousands)*	7,611,485	4,526,473	4,670,579	1,467,287[2]	1,506,615
Key operating data					
Order volume *(in thousands)*	19,673.1	7,347.7	6,203.0	2,131.0	1,591.6
GMV *(RMB in millions)*	8,793.7	4,911.4	5,105.7	1,536.0	1,574.5
Average price per order *(RMB)*	447.0	668.4	823.1	720.8	989.2
– Furniture and home furnishings	615.0	913.9	1,028.5	915.6	1,000.6
– Technology consumer goods[1]	361.3	462.0	498.8	382.4	966.8
Return rate *(%)*	6.7	4.6	4.0	4.5	4.3

Note:

(1) Includes electric tools, home appliances and consumer electronics.

(2) Unaudited.

Our average price per furniture and home furnishings order on Amazon increased from RMB615.0 in 2021 to RMB913.9 in 2022 and further increased to RMB1,028.5 in 2023, primarily because (i) benefiting from the popularity of this product category, we increased the pricing for certain products; and (ii) we increased the offerings of larger furniture with higher unit prices in our portfolio of furniture and home furnishings. The average price per order on Amazon was higher than that on Walmart and Wayfair, primarily due to the differences in business models that affect the price for our product listings. Compared to Walmart, Amazon charged relatively higher platform service fees, resulting in relatively higher prices for our product listings. See "— Walmart;" Wayfair, on the other hand, directly purchased our products and determined the list prices sold to consumers. As a result, the average price per order reflected the price we settled with Wayfair, which was lower than the price consumers paid for their orders. See "— Wayfair."

Our Directors are of the view, and the Sole Sponsor concurs, that our reliance on Amazon does not have any material and adverse impact on our business operations and financial performance on the basis that (i) as confirmed by Frost & Sullivan, it is in line with industry norm for market participants to generate a majority of revenue from Amazon due to Amazon's leading position in the e-commerce industry worldwide; (ii) we have established an amicable relationship with Amazon for 12 years and have established viable communication channels and a dispute resolution mechanism should future disputes arise; (iii) we have established a risk control department, which directly reports to the Board, responsible for monitoring and ensuring compliance with rules of e-commerce platforms, including Amazon; (iv) our relationship with Amazon is unlikely to materially adversely change or terminate; and (v) we have also established stable relationships with other e-commerce platforms, including Walmart and Wayfair, from which we generated an increasing percentage of revenue during the Track Record Period.

Walmart

As advised by Frost & Sullivan, as one of the largest global retailers, China-based Walmart entered the e-commerce market in 2009 and started to cooperate with online sellers in March 2021, and in terms of GMV in 2023, Walmart had a 2.8% market share in the global B2C e-commerce market.

We enter into standard agreements with Walmart and directly sell products to consumers on Walmart. We may also utilize Walmart's services such as Walmart Fulfillment Services for Walmart to handle orders on our behalf, which include storage, packaging and shipping. The respective proceeds are first transferred to Walmart, and Walmart disburses the proceeds to us after deducting applicable service fees. Under Walmart's policies, customers are typically allowed to return the purchased products within up to 90 days of receipt.

During the Track Record Period and up to the Latest Practicable Date, we had complied with all of the relevant policies and rules stipulated by Walmart in all material aspects.

The key terms of Walmart's standard agreement are outlined as follows:

- ***Contracting parties:*** Walmart operates through different entities in different jurisdictions. We enter into contracts with different entities of Walmart.com for sales in different jurisdictions;

- ***Termination:*** Walmart may terminate or suspend the agreement or any services for any reason at any time in its sole discretion without notice to us. We may terminate or suspend the agreement or any services for any reason at any time by means specified in the agreement;

- ***Logistics arrangements:*** We may choose to use Walmart's services, third-party logistics services providers or our in-house logistics solutions. We can opt to use Walmart's services, where Walmart ships products from its warehouses to our customers on our behalf. We bear shipping expenses, custom duties, taxes and other charges;

- ***Duration and renewal term:*** The agreement remains valid until it is terminated by either us or Walmart;

- ***Transfer of risks:*** In the case of utilizing our in-house logistics solutions, we retain ownership of the products and generally bear the risk of damage or loss until the products are delivered to the customers. In the case of utilizing Walmart's logistics services, Walmart is liable if our product is lost or damaged at Walmart's fault while at its warehousing facilities or while in transit for delivery to consumers;

- ***Credit term:*** Walmart generally settles outstanding balance with us for products shipped in each 14-day period within seven days of the end of such 14-day period;

- ***Platform service fees:*** We pay Walmart platform service fees calculated based on a percentage of the total sales amount, mainly for its granting us the right to conduct sales activities on its marketplace;

- ***Return policy:*** For our products sold on Walmart, we typically offer a return period of 30 days, which begins seven days after the shipment date of the product. Customer returns are directed back to Walmart, where Walmart examines the product condition. If Walmart deems the item sellable, it restocks the product into inventory. If the item is determined unsellable, Walmart determines responsibility for the return (either Walmart or us) and allocates any applicable payments and fees accordingly;

- ***Methods for sales to end-consumers:*** We list our products on Walmart and Walmart manages the merchandising of our products. Walmart provides us with the order information for each order placed by the end-consumers and we prepare the products to be delivered to the end-consumers accordingly.

The following table sets forth the revenue generated from, and key operating data of our seller stores on, Walmart for the years/periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2021	**2022**	**2023**	**2023**	**2024**
Revenue from sales of goods generated on relevant platform *(RMB in thousands)*	276,409	676,279	851,260	215,765[2]	280,101
Key operating data					
Order volume *(in thousands)*	378.0	930.7	1,256.4	275.3	375.7
GMV *(RMB in millions)*	291.2	710.6	890.0	228.5	299.4
Average price per order *(RMB)*	770.4	763.6	708.4	830.1	796.9
– Furniture and home furnishings	870.9	940.0	726.5	833.7	788.4
– Technology consumer goods[1]	581.4	437.3	442.8	815.4	825.1
Return rate *(%)*	4.8	4.8	4.4	5.6	6.4

Note:

(1) Includes electric tools, home appliances and consumer electronics.

(2) Unaudited.

Wayfair

According to Frost & Sullivan, Wayfair is one of the world's largest e-commerce platforms for furniture and home furnishings.

We enter into standard agreements with Wayfair and directly sell products to consumers on Wayfair. Distinct from Amazon and Walmart, where we determine prices for listings, we sell Wayfair our products and propose the suggested prices for listings and Wayfair has the discretion to determine the list prices. To our best knowledge, the list prices are determined by Wayfair's algorithms, which take into account our suggested prices for listings, Wayfair's last-mile delivery expenses and its targeted profit margin. We utilize both manual methods and our proprietary product listing system to monitor and evaluate whether the prices of our products on Wayfair are comparable to those on other platforms selling the same products. See "— Information Technology Systems." We typically sell products to Wayfair when customers place orders on the Wayfair platform and recognize revenue upon the customers' receipt of the products. After receiving payments from customers, Wayfair usually settles the outstanding balance with us within the agreed-upon credit terms. We may also utilize Wayfair services such as CastleGate Fulfillment Services to handle the orders on our behalf, which includes storage, packaging and shipping. Under Wayfair's policies, customers are typically allowed to return the purchased products within up to 30 days of receipt.

During the Track Record Period and up to the Latest Practicable Date, we had fully complied with all of the relevant policies and rules stipulated by Wayfair in all material aspects.

The key terms of Wayfair's standard agreement are outlined as follows:

- ***Contracting parties:*** Wayfair operates through different entities in different jurisdictions. We enter into contracts with different entities of Wayfair LLC for sales in different jurisdictions;

- ***Termination:*** Wayfair may terminate or suspend the agreement or any services for any reason at any time by notice to us. We may terminate or suspend the agreement or any services for any reason at any time by means specified in the agreement;

- ***Logistics arrangements:*** We may choose to use Wayfair's services, third-party logistics services providers or our in-house logistics solutions. We can opt to use Wayfair's services, where Wayfair ships products from its warehouses to our customers on our behalf. We bear shipping expenses, custom duties, taxes and other charges;

- ***Duration and renewal term:*** The agreement remains valid until it is terminated by us or Wayfair;

- ***Transfer of risks:*** We retain ownership of the products and generally bear the risk of damage or loss until the products are delivered to the customers unless the products are delivered via Wayfair's logistics services. In the case of utilizing Wayfair's logistics services, Wayfair is liable if our products are lost or damaged due to Wayfair's mishandling while at its warehousing facilities or while in transit for delivery to consumers;

- ***Credit term:*** Wayfair settles outstanding balances with us (i) within 60 days of the invoicing date or (ii) within 30 days of the invoicing date subject to a 2% "quick payment" fee. According to Frost & Sullivan, the credit term is the same for all online seller stores entering into the same standard contract;

- ***Platform service fees and return allowance:*** Wayfair does not charge platform service fees for conducting sales activities on its marketplace. However, we pay an allowance fee in the amount of 4% of the total sales amount to Wayfair to handle freight-related damage to, one-off manufacturing defects of, or unconditional consumer return/exchange of our products at Wayfair's expense. We are not responsible for any additional losses in relation to such damage, defects or consumer return/exchange and Wayfair will not seek compensation from us, except in cases of mis-shipments, mis-information, recurring product quality issues, missing parts and insufficient packaging at our fault, in which case we bear all losses. We pay such fees regardless of any damage or defects of our products as Wayfair deducts this amount from each payment sent to us;

- ***Return policy:*** Typically, customers who purchase our products on Wayfair have the option to return the goods within 30 days upon receipt of the goods, while returns must be in original and undamaged condition and either in the original packaging or adequately packaged to endure the return transit. We bear the costs associated with the return of products;

- ***Methods for sales to end-consumers:*** Wayfair provides a platform for us to list and merchandise our products and manages promotions in line with the agreement. Wayfair also provides us with order information.

The following table sets forth the revenue generated from, and key operating data of our seller stores on, Wayfair for the years/periods indicated:

	Year ended December 31,			**Four months ended April 30,**	
	2021	**2022**	**2023**	**2023**	**2024**
Revenue from sales of goods *(RMB in thousands)*	157,487	458,538	871,705	222,430[(1)]	268,729
Key operating data					
Order volume *(in thousands)*	239.1	627.2	1,150.9	293.2	364.3
GMV *(RMB in millions)*	158.0	469.8	885.3	225.7	275.2
Average price per order *(RMB)*	660.9	750.1	769.3	769.9	755.4
– Furniture and home furnishings	662.5	752.3	773.0	769.9	755.4
Return rate *(%)*	1.8	2.3	1.5	1.4	2.3

Note:

(1) Unaudited.

Others

In addition to Amazon, Walmart and Wayfair, we also sell our products via other third-party e-commerce platforms such as eBay and Amazon Vendor Central. The revenue we generated from sales on these platforms amounted to RMB188.0 million, RMB216.8 million, RMB263.4 million, RMB27.6 million and RMB49.9 million in 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, respectively, representing 2.2%, 3.0%, 3.1%, 1.1% and 1.7%, respectively, of our total revenue for the same years/periods.

Our revenue from Amazon Vendor Central was nil, nil and RMB200.2 million in 2021, 2022 and 2023, respectively. When selling through Amazon Vendor Central, we sell our products directly to Amazon in large quantities. Access to Amazon Vendor Central is by invitation only. We were invited by Amazon to sell through Amazon Vendor Central in 2023 and our products sold through Amazon Vendor Central are labeled with a statement of "ships from and sold by Amazon" on the product listings. Unlike our Seller Central accounts, where we decide the prices of our products sold to consumers, Amazon has the discretion to determine the list prices of our products sold through Amazon Vendor Central. To our best knowledge, for products sold through Amazon Vendor Central, Amazon determines the list prices with its algorithms, which take into account our suggested prices for listings, the list prices of similar products, the sales volume of the listed products and the conversion rates of consumers purchasing the products to those browsing the product listings. We utilize both manual methods and our proprietary product listing system to monitor and evaluate whether the prices of our products sold through Amazon Vendor Central are comparable to those on other platforms selling the same products. See "— Information Technology Systems." As we explored this new sales model, we initially categorized the revenue from this sales channel in Others. In the four months ended April 30, 2024, the revenue from Amazon Vendor Central was RMB269.2 million, accounting for 12.0% of our total revenue from sales of goods. As we expect to generate an increasing amount of revenue from this platform under Amazon in the years to follow, we have categorized revenue generated from this platform under Amazon since 2024.

After consumers place orders on e-commerce platforms, e-commerce platforms collect the total sales proceeds from customers, deduct any service fees as per our agreements and remit the remaining proceeds to us.

Pricing

We offer customers competitively priced products. The determination of our product prices is guided by a comprehensive evaluation of various factors for each listing:

- ***Cost:*** We establish a price floor for each SKU based on our operational costs;
- ***Sales channel:*** We may sell the same products across different third-party e-commerce platforms and the prices may also differ due to a multitude of factors such as customer base and service fees charged by each third-party e-commerce platform;
- ***Market competition:*** We monitor the pricing position of our competitors to make appropriate price adjustments if necessary;
- ***Promotion activities:*** We conduct promotion activities from time to time to enhance market competitiveness and increase sales volume.

Other Channels

We also sell products through other channels, primarily including offline distributors, offline retailers and self-operated websites. The revenue we generated from other channels amounted to RMB348.1 million, RMB447.5 million, RMB373.5 million, RMB141.9 million and RMB145.2 million in 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, respectively, representing 3.8%, 6.3%, 4.3%, 5.9% and 5.1% of our total revenue for the respective years/periods. The majority of revenue we generated from other channels was from sales to offline distributors.

We enter into transactions with offline distributors as a supplement to our strong online presence, to extend our coverage and flexibly respond to market demand. According to Frost & Sullivan, it is in line with industry norms for market participants in the e-commerce industry to also engage offline distributors. Our offline distributors typically buy products from us and then sell to their customers, including offline stores or local e-commerce platforms in countries and regions such as Southeast Asia. The relationship between us and our offline distributors is that of seller and buyer and the ownership of our products is transferred to them upon purchase. We recognize revenue when distributors accept our products upon delivery.

We generally enter into standard sale and purchase agreements with our offline distributors. The key terms of these standard agreements used during the Track Record Period are outlined as follows:

- ***Duration:*** The duration of the distribution agreements is typically one year;

- ***Designated distribution area:*** The offline distributors can sell, distribute and market our products in the designated sales channels only as provided in the agreements. We reserve the right to amend the designated sales channels list at our discretion;

- ***Minimum purchase requirements:*** We do not set minimum purchase requirements;

- ***Pricing policy:*** We provide the offline distributors with a minimum selling price list based on a variety of factors, such as the cost, market competition and local cultural practices. We also provide them with advice regarding business processes, sales policies, procedures and systems, marketing programs, marketing support and promotions, with which the offline distributors shall comply;

- ***Return arrangements:*** We accept return of broken, defective or wrong products delivered by mistake;

- ***Termination:*** Either party may terminate the agreement with 60 days' written notice. We have the right to terminate the agreements with distributors if their performance is unsatisfactory. As we regard our offline distributors as customers, and ownership of our products is transferred to them upon their purchase, the offline distributors are permitted to sell products previously purchased from us following the termination of the respective distribution agreements.

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

	Year ended December 31,			Four months ended April 30,
	2021	2022	2023	2024
Number of offline distributors at the beginning of the year	325	212	261	220
Number of newly cooperated offline distributors for the year/period	119	149	104	29
Number of offline distributors which we terminated relationships with for the year/period[(1)]	232	100	145	158
Number of offline distributors at the end of the year/period	212	261	220	91

Note:

(1) We consider the business relationship with an offline distributor terminated when (i) such offline distributor does not contribute any revenue each year/period or (ii) the respective distribution agreement was terminated or expired.

In 2021, 2022, 2023 and the four months ended April 30, 2024, we entered into business collaborations with 119, 149, 104 and 29 new offline distributors, respectively, and terminated relationships with 232, 100, 145 and 158 offline distributors, respectively. According to Frost & Sullivan, it is in line with industry norms for e-commerce sellers to also engage offline distributors, and their distributor networks often undergo changes to address the ever-shifting needs of consumers. In addition to routine collaboration with offline distributors, during the Track Record Period, we engaged a number of offline distributors for inventory clearance after the Amazon Incident. In addition to routine cessation of business relationships with offline distributors upon contract expiry, (i) in 2021, we terminated a higher number of offline distributors who had purchased products to meet consumer demand during the COVID-19 pandemic; and (ii) in 2023, we terminated a higher number of offline distributors previously engaged for inventory clearance in connection with the Amazon Incident. After the completion of our inventory clearance in connection with the Amazon Incident, we have continued working with some of the offline distributors previously engaged for inventory clearance to flexibly address the market demand.

During the Track Record Period and up to the Latest Practicable Date, we had no material unresolved disputes or lawsuits with these terminated offline distributors.

We did not rely on any sole distributor or a small number of distributors during the Track Record Period. During the Track Record Period, to the best of our knowledge, all our distributors were independent third parties.

Seller Store Management

We believe a network of seller stores on third-party e-commerce platforms helps us to implement diverse marketing strategies which are tailored to the different product categories, SKUs, geographic coverage and targeted customers of each seller store. We operate multiple seller stores to offer our products. According to Frost & Sullivan, this approach is in line with the industry norms.

The following table sets forth the movement of the number of our seller stores on third-party e-commerce platforms during the Track Record Period:

		Year ended December 31,			Four months ended April 30,
		2021	**2022**	**2023**	**2024**
Amazon	As of the beginning of the year	318	353	303	99
	Newly opened during the year/period	327[3]	34	2	5
	Terminated/restricted operation during the year/period				
	a. Due to business causes	16[1][2]	84[2]	206[2]	6[2]
	b. Restricted Online Stores[6]	276[1]	–	–	–
	As of the end of the year/period[7]	353	303	99	98
Walmart	As of the beginning of the year	2	45	50	33
	Newly opened during the year/period	43[4]	10	2	4
	Terminated operation during the year/period	0	5[2]	19[2]	0
	As of the end of the year/period	45	50	33	37
Wayfair	As of the beginning of the year	5	11	15	13
	Newly opened during the year/period	6[4]	4	1	1
	Terminated operation during the year/period	0	0	3[2]	0
	As of the end of the year/period	11	15	13	14
Other platforms[8]	As of the beginning of the year	68	150	156	52
	Newly opened during the year/period	88[4]	15	31	62
	Terminated operation during the year/period	6[2]	9[2][5]	135[2][5]	1[2]
	As of the end of the year/period	150	156	52	113

Notes:

(1) Restricted Online Stores may involve product listings targeting consumers at different geographic areas and Amazon restricted the operations of these stores by removing the product listings by batch geographically. Not all product listings were affected and removed at the same time, but they were gradually removed by Amazon or by us, and as a result of the relatively lengthy process, the termination of certain Restricted Online Stores took place after 2021. By September 30, 2023, we terminated the sales of all products under the relevant product listings in all Restricted Online Stores to eliminate any further impact from the Amazon Incident.

(2) We terminated a higher amount of online stores in 2023 on respective e-commerce platforms as part of our policy to limit (i) the number of brands each online store can sell and (ii) the number of online stores each brand can be sold at. Such policy can help us to achieve better internal control, operational management and resource allocation for key brands and products.

(3) In 2021, we newly opened 327 new online stores on Amazon, most of which started their operations after the Amazon Incident in an endeavor to alleviate the impact of the Amazon Incident on our sales network (including inventory clearance) which led to the closure of 276 Restricted Online Stores.

(4) In 2021, we had in total 137 newly opened stores on e-commerce platforms other than Amazon (including 43 on Walmart, six on Wayfair and 88 on other platforms) to diversify our sales network and enhance our collaboration with other e-commerce platforms.

(5) In 2022 and 2023, to consolidate efforts to better develop our business with Walmart and Wayfair, we streamlined nine and 135 stores on other e-commerce platforms, respectively.

(6) There was no Restricted Online Store on e-commerce platforms other than Amazon.

(7) Open and not affected by the Amazon Incident.

(8) Not including self-operated websites.

According to the respective platform policy, Amazon, Walmart and Wayfair do not prohibit the online seller from holding multiple seller accounts as long as the online seller has legitimate business reasons. In line with the industry practice, to commence sales activities of seller stores in a shorter time to facilitate the tailored product listings under diverse product categories and conduct tailored sales and marketing efforts, normally we used to register online seller stores under designated subsidiaries registered with the information concerning certain individuals who are our employees, and, in a few cases, their relatives or friends. We first investigate whether such individuals have registered a company or have a seller account on their own, and if no, we obtain their personal information with their authorization, which we use to register designated subsidiaries and then register online seller stores under such subsidiaries.

The following table sets forth the numbers of revenue-generating online seller stores using this approach on third-party e-commerce platforms as of December 31, 2021, 2022 and 2023 and April 30, 2024:

	As of December 31,			As of April 30,
	2021	**2022**	**2023**	**2024**
Amazon	103	129	21	–
Walmart	12	15	2	–
Wayfair	3	5	5	–
Other platforms[1]	19	21	9	–
Total	**137**	**170**	**37**	**–**

Note:

(1) Not including self-operated websites.

Each designated subsidiary involves one employee, and, in a few cases, their relative or friend who authorizes us to obtain their personal information to register a designated subsidiary. One or more seller stores can be registered under the same designated subsidiary. As of December 31, 2021, 2022 and 2023, such revenue-generating seller stores were registered under 115, 142 and 21 designated subsidiaries with information concerning 115, 142 and 21 employees, and, in a few cases, their relatives or friends, respectively. As of March 31, 2024, all of these designated subsidiaries holding our seller stores in operation were registered under our Group.

The following table sets forth our revenue attributable to such online seller stores on third-party e-commerce platforms during the Track Record Period:

	Year ended December 31,			Four months ended April 30,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amazon	887,197	2,767,305	1,861,993	–
Walmart	69,004	269,225	103,624	–
Wayfair	58,956	240,953	400,659	–
Other platforms(1)	16,309	19,831	2,196	–
Total	**1,031,465**	**3,297,314**	**2,368,472**	**–**

Note:

(1) Not including self-operated websites.

As of April 30, 2024, all of these designated subsidiaries holding our seller stores in operation were registered under our Group. We acquired these designated subsidiaries and made all required filings with the SAIC. According to Frost & Sullivan, although an online seller can register seller stores through other approaches, including registering under online sellers' own subsidiaries and registering as individuals, it is a prevalent industry practice for China-based e-commerce sellers to have seller stores registered under designated subsidiaries registered with information concerning individuals such as employees, their relatives or friends because it generally takes shorter time to complete the registration of seller stores under companies registered under individuals' names on third-party e-commerce platforms. Consequently, we chose to register stores under designated subsidiaries to achieve rapid growth. These two methods of store registration differed in terms of the time required, primarily because the internal administrative procedures were typically less complex and it was less time-consuming to set up companies with individual shareholders and subsequently register seller stores on third-party e-commerce platforms under such companies. Specifically, in addition to the documents required for individual shareholders to set up designated subsidiaries, to establish new subsidiaries of our Group, the parent company must provide a digital certificate that is an electronic document issued by an authoritative certification agency to verify the identity of the company. In addition, each of our administrative departments, including the finance department, the tax department and the public affairs department, must issue approval to establish new subsidiaries of our Group. In contrast, for individuals setting up designated subsidiaries, such pre-approval procedures were not required, although the individuals must adhere to the operational procedures stipulated by our account management team once the designated subsidiaries were formed. Taking into consideration the above additional procedures required for setting up new companies of our Group, it typically took five to eight business days to set up new companies under the names of individuals and 10 to 15 business days to set up new subsidiaries of our Group, with at least additional five to seven more business days required for the latter.

Our extensive network of stores on these platforms allows us to satisfy the needs of customers of varying ages and purchasing power, thereby broadening our brand and product exposure, consistently gaining new customers and market share. Each seller store serves its own unique function by operating its given product categories and managing its SKUs. Furthermore, having a diverse array of stores can mitigate the risk of concentration for us. Additionally, operating multiple stores provides us with more refined insights from sales data. By analyzing performance and customer interactions across different stores, we can gain a better understanding of consumer behavior, preferences and trends. On the other hand, the cost of operating multiple seller accounts is manageable and the cost of each additional seller account diminishes as the economies of scale increase, as many of the costs are shared across seller stores, such as trademark related expenses, platform charges and other costs. The costs in setting up and maintaining seller stores on third-party e-commerce platforms, accounting for 0.1%, 0.1%, 0.0% and 0.0% of our total revenue in 2021, 2022, 2023 and the four months ended April 30, 2024, respectively, do not have material impact on our financial condition. The table below sets forth the breakdown of costs in setting up and maintaining seller stores on third-party e-commerce platforms in absolute amount and percentage to total costs in setting up and maintaining seller stores, excluding the platform service fees, which are charged upon sales of products, for the periods indicated:

	Year ended December 31,						Four months ended April 30,	
	2021		2022		2023		2024	
	(RMB'000, %)							
Seller store registration and insurance expenses	4,738	44.3	3,340	35.5	3,672	42.3	598	27.1
Trademark-related expenses(1)	1,892	17.7	2,472	26.3	2,248	25.9	185	8.4
Internet and communication expenses(2)	1,945	18.2	2,462	26.2	1,860	21.4	745	33.8
Company registration expenses(3)	1,709	16.0	964	10.2	792	9.1	313	14.2
Platform charges(4)	168	1.6	18	0.2	43	0.5	225	10.2
Others(5)	232	2.2	150	1.6	61	0.8	139	6.3
Total	10,684	100.0	9,406	100.0	8,676	100.0	2,205	100.0

Notes:

(1) Representing trademark application expenses for brands sold on the seller stores. Upon product listing, third-party e-commerce platforms, including Amazon, Walmart and Wayfair, require brand registration with proof of trademark rights.

(2) Including expenses in relation to international protocol address services, internet services and communication.

(3) Including expenses in relation to company registration and compensation paid to employees, relatives and friends of de minimus nature for their involvement and assistance in provision of relevant information for setting up seller stores.

(4) Including fees incurred from transactions on e-commerce platform, excluding platform service fees.

(5) Primarily including professional fees, such as fees paid to accountants, incurred for setting up and maintaining the seller account.

We task a dedicated team with being in charge of the operation of each seller store. Each operation team is responsible for the product listings and customized marketing endeavors for the store. Each seller store on each third-party e-commerce platform primarily sells different products and operates different brand portfolios. There are rare circumstances where the products of a single brand are sold in two or more seller stores on a third-party e-commerce platform, where those seller stores are under different categories and we maintain the operation of these seller stores separately with different sales and marketing strategies. In addition, no identical products of a single brand (i.e. the same SKU) are sold in two or more seller stores on a third-party e-commerce platform. Where the same brands are offered in two or more seller stores, each seller store sells different products and adopts different sales and marketing strategies with diversified website layout, marketing content and styles of customer interactions. In addition, to achieve better internal control, operational management and resource allocation, we limit (i) the number of brands each online store can sell and (ii) the number of online stores each brand can be sold at.

Upon the completion of the registration of the seller stores, our account management department will assign seller stores to our operating teams to commence operations. We have implemented a series of measures to prevent such individuals from interfering with the operations of the seller stores, including: (i) to the extent practicable, prohibiting the relevant employees from operating the seller stores registered under the names of themselves, their relatives or friends; (ii) using a designated login email and verification mobile number for verification when logging in to the seller store account or amending its relevant information and assigning designated employees to hold such information; (iii) assigning our legal and compliance department to hold the original business licenses of the designated subsidiaries and their company seals; and (iv) designating the heads of our operating teams to communicate with the client manager of third-party e-commerce platforms. To the best of the knowledge of our Directors, none of the relatives and friends of such employees have been involved in the operations of the seller stores registered under their names nor had they been part of the Group's operating teams. During the Track Record Period, we were not aware of any attempt by such individuals to amend the information of the seller stores. Historically, in the event that any such employees ceased to be employed by our Group, the authorization of them or their relatives and friends would not be affected and we continued to use the relevant seller stores pursuant to the authorization agreement, as such authorization has no fixed term, was unilaterally terminated by us or terminated by employees with our consent. If the former employees or their relatives and friends decided not to or ceased to cooperate with our Group, as a transitional arrangement, our Group would arrange to change the registered owners of the relevant seller store accounts to other individuals who are willing to cooperate through entering into new authorizations with such other individuals for the continuity of our Group's management under the same operation mode of authorization arrangement.

Our Group enters into agreements with manufacturing partners and service providers to procure products and arrange logistics for product delivery. The relevant employees and their relatives or friends are not the contractual parties of any such arrangements. All of our seller stores collect payment from third-party e-commerce platforms through virtual payment collection accounts registered on third-party payment platforms, such as Payoneer. Meanwhile, all virtual payment collection accounts of our seller stores, including the seller stores registered under the designated subsidiaries, are connected to bank accounts registered under the subsidiaries of our Group. We maintain sole and full control of such virtual payment collection accounts the same way we maintain control over and prevent such individuals from interfering with the operations of the associated seller stores. According to the rules of the third-party payment platform, the money collected from the third-party e-commerce platforms will be automatically transferred to the virtual payment collection account (except for Amazon, where the payment can be withdrawn to the third-party payment platform manually after 24 hours upon the receipt of the payment from consumers). Personnel of our finance department, according to the instructions of the department head, logs in to the virtual payment collection account and manually transfer the balance of the funds from the virtual payment collection account to our own bank accounts on a daily basis. During the Track Record Period and up to the Latest Practicable Date, there was no fund transfer between our Group and such individuals in relation to our sale on third-party e-commerce platforms.

The salient terms of the agreements with such individuals are outlined as follows:

- ***Store registration***. Such individuals shall provide us with the requisite information for the registration of seller stores and are prohibited from changing account information, modifying or closing the seller stores registered under their names without our prior consent, and they shall not use or authorize a third party to use their information to register other seller stores directly or indirectly.

- ***Principal rights and obligations of parties involved***. We are the actual shareholder of the designated subsidiaries and have full shareholder's rights. We have the full rights to operate the seller stores and generate income from such operation. Such individuals are prohibited from accessing the seller accounts and have no right to interfere with our operations of the subsidiaries and the seller stores.

- ***Authorization fees, costs and expenses***. The authorization of such individuals is free of charge. All costs and expenses arising from or in connection with our operations shall be borne by us.

- ***Termination***. The agreements can be terminated upon mutual agreement of the parties.

During the Track Record Period, there were no disputes in relation to such authorization arrangements between our Group and any of these individuals.

From the legal and operating perspective, after consulting our PRC Legal Advisors, and taking into account that (i) the agreements with such individuals provide terms covering all material aspects in connection with the operation of the seller stores registered under the names of designated subsidiaries, including store registration, store operation and accounts management; (ii) the agreements have no fixed term and can last until being termination with the agreement of both parties; (iii) our PRC Legal Advisors are of the view that the agreements are legally binding and do not violate any mandatory prohibitive provision of the PRC's laws and regulations, we believe that the agreements were sufficient for the purpose of operating the above-mentioned seller stores and for our Company to exercise control over these seller stores. We are not a party to any such authorization arrangement in any jurisdiction other than the PRC.

In addition, after consulting our special U.S. counsel engaged to advise on the matter:

i. we believe there is no basis for Amazon, Walmart and/or Wayfair to deem these account registrations invalid or not in compliance with the agreements with the third-party e-commerce platforms and therefore there are no associated risks, because (i) each seller account is registered by a distinct designated subsidiary and the information of the applicants, i.e. the employees and their relatives or friends under whom the designated subsidiaries were registered, were genuine and not identical; and (ii) there were no terms, conditions or provisions stated in the agreements that prohibit the registration of the new seller accounts and online seller stores from being the personnel of the same entity or a family member of such personnel.

Furthermore, as confirmed by our legal advisors in Germany, Italy, the U.K. and France:

i. we believe there is no basis for Amazon in Germany, Italy, the U.K. and France, the revenue from which constituted the majority of the Group's revenue from online sales channels in Germany, Italy, the U.K. and France during the Track Record Period, to deem these account registrations invalid or not in compliance with the agreements with the third-party e-commerce platforms and therefore the associated risk is remote, for the same reasons set out in (i) and (ii) in the above paragraph.

In addition, from a financial and accounting perspective, the relevant designated subsidiaries and associated individuals have designated their shareholders right to our Group and authorized our Group to use and operate the seller stores held by these designated subsidiaries. Therefore, all the revenue generated through the seller stores held under these designated companies belongs to our Group.

After consulting our legal advisors with regard to all applicable jurisdictions and obtaining confirmations from two major third-party e-commerce platforms, we believe our seller store arrangements are in compliance with all the applicable rules and regulations in the jurisdictions where we operate and the policies of the relevant third-party e-commerce platforms.

As advised by a special U.S. counsel engaged to advise on the matter:

i. our Directors are of the view that the likelihood of Amazon, Walmart and Wayfair challenging our operation of multiple stores is low, on the basis of (i) our understanding from consultation with the special U.S. counsel engaged to advise on the matter that our business rationale constitutes legitimate business reasons and (ii) the confirmation from Amazon and Wayfair, respectively, acknowledging our operation of multiple stores and confirming that they are not aware of any material violation of their respective relevant policies.

As advised by our legal advisor in the U.K.:

i. our Directors are of the view that the likelihood of Amazon challenging our operation of multiple stores is low, on the basis that (i) our business rationale for such arrangements for the operation of our stores constitutes legitimate business reasons and (ii) our seller accounts are in good standing.

After consulting our legal advisor in Germany:

i. the risk that the e-commerce platforms raise claims for breach of their policies is relatively remote because (i) each account company, i.e. the company registered as the seller in each platform agreement, only holds, operates, participates in and has access to one online seller account on each platform and each seller account has been maintaining the independent, separate and unique information as required by each platform, and (ii) our business rationale for such arrangements for the operation of our stores constitutes legitimate business reasons.

After consulting our legal advisor in Italy:

i. even though the risk cannot be excluded that e-commerce platforms might claim that these seller accounts registered by distinct account companies are actually operated and owned by us and that such practice might result in inappropriate use of these seller accounts, the risk that the e-commerce platforms raise claims for breach of their policies, where applicable, is low on the basis that our business rationale for such arrangements for the operation of our stores constitutes legitimate business reasons.

After consulting our legal advisor in France:

i. even if Amazon classifies the seller accounts registered by us as multiple accounts, we still may argue that there is a business justification to hold multiple seller accounts. Indeed, almost every seller account on Amazon holds a different brand portfolio and sells different products of different brands when compared with another seller account. Although there are rare circumstances where the products of a single brand are sold by two or more of our seller accounts on Amazon, according to our legal advisor in France, the risk of breaching Amazon policy related to multiple seller accounts remains very low to the extent that the categories of products sold are quite different.

Our Directors are of the view, and the Sole Sponsor concurs, that the risk of cannibalization among our multiple stores is low on the basis that (i) we do not offer the same products in multiple seller stores on each third-party e-commerce platform and the portfolio of brands and products offered by each store is different to address the needs of different consumers; and (ii) we have different operation teams to operate the seller stores for product listings which implement differentiated sales and marketing strategies targeting different key consumers. In addition, in 2023, we terminated the number of online stores as part of our policy to limit (i) the number of brands each online seller store can sell; and (ii) the number of online stores each brand can be sold at. Such policy helps us to achieve better internal control, operational management and resource allocation for key brands and products, further minimizing the risk of cannibalization.

We have achieved stable growth of business, especially in furniture and home furnishings, compared to the beginning of the Track Record Period, evidenced by (i) our relatively diversified sales network comprising various third-party e-commerce platforms and offline channels; (ii) the revenue growth in 2023 and the four months ended April 30, 2024 during which we had been acquiring designated subsidiaries into our Group and decreasing the number of seller stores; and (iii) the hot-selling brands that we have incubated during the Track Record Period which have already reached over RMB100 million annual GMV by 2023, such as FOHERE, and the hot-selling brands that we have been operating and maintaining during the Track Record Period, which consistently contribute revenue to our existing seller stores after the Track Record Period and up to the Latest Practicable Date. After we acquired all designated subsidiaries under our Group, up to the Latest Practicable Date and going forward, we will further capitalize our expanded sales channels, enriched brand and product portfolio and revenue growth momentum, and continue strengthening our operations and financial performances with our existing seller stores. In the view of the internal control consultant, there was no change in management policies and mode of operation in relation to seller stores before and after the cessation of operating seller stores registered under the names of designated subsidiaries. Based on the above, our Directors do not expect the cessation of operating seller stores registered under the names of designated subsidiaries to have any adverse impact on our operations and financial performances after April 30, 2024, up to the Latest Practicable Date and going forward. To the contrary, as we have achieved stable growth of business, the cessation of operating seller stores registered under the names of designated subsidiaries and our general strategy to terminate a large number of seller stores in 2023 serves our goal to achieve better internal control, operational management and resource allocation for key brands and products, which we believe will ultimately contribute to our sustainable business growth.

Our Sales in the U.S.

During the Track Record Period, and up to the Latest Practicable Date, the U.S. had been our largest market. Our revenue generated from sale of goods to customers in the U.S. accounted for 58.3%, 69.6%, 68.8% and 69.2%, respectively, of our total revenue from sales of goods in 2021, 2022, 2023 and the four months ended April 30, 2024. However, there have been increasing political tensions between the U.S. and China, see "Risk Factors — Risks Relating to Our Business and Industry — Changes in International Trade Policies Between China and the U.S. or Other Countries Our End-Consumers are Located in May Have an Adverse Effect on Our Business."

In August 2017, in response to China's technology transfer, IP, and innovation policies/practices, the USTR made a finding that four Chinese intellectual property rights-related practices are unreasonable (or discriminatory) and burden (or restrict) U.S. commerce. The action taken includes the imposition of additional tariffs, ranging from 7.5% to 25.0%, on approximately USD370 billion worth of U.S. imports from China. These tariffs are applicable to nearly all the goods examined for HTS/tariff review with most goods subject to a 25% additional tariff, with a lesser number facing a 7.5% tariff or no tariff. See "Regulatory Overview — Laws and Regulations Related to Our Business in the U.S. — Import Tariff and and Customs Regulations." As confirmed by our legal advisor as to U.S. laws, our products sold to the U.S. are subject to additional tariffs during the Track Record Period and we are not subject to any other additional tariffs as of the Latest Practicable Date.

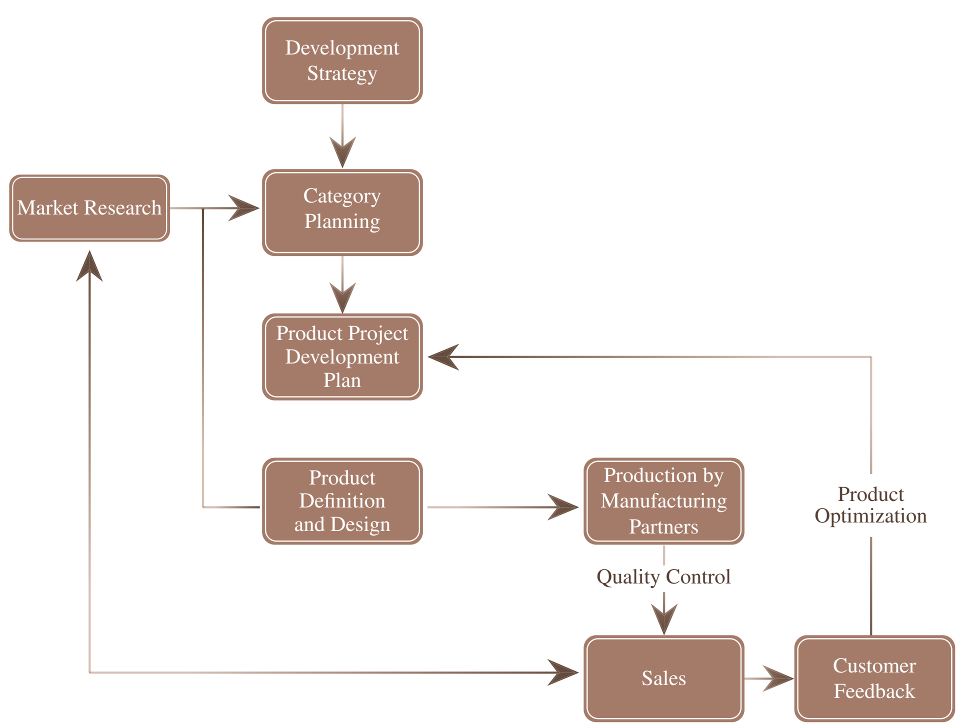
In 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, the revenue contribution for our products subject to the additional tariffs of 25% was RMB1,833.3 million, RMB3,206.2 million, RMB4,413.5 million, RMB1,267.6 million and RMB1,534.6 million, respectively. During the Track Record Period, our business operations and financial condition, particularly our revenue, gross profit margin and net profit margin, was not adversely affected by the additional tariffs imposed, as the additional tariffs imposed had been passed on to our customers through the increase of selling prices of our products without any material adverse impact on our competitiveness as evidenced by our continuous growth. However, any increase in the selling prices of our products reflects a thorough consideration to maintain our competitive pricing, rather than a mere proportional increase in response to the additional tariffs. Any further additional tariffs would be applicable to all similar products exported to the U.S. from China. Consequently, based on our past experience, we will be able to pass on the increased expenses to our customers without weakening our market competitiveness if any such additional tariffs are imposed on our products. In addition, there is sufficient market demand for our future sales in the U.S. market. According to Frost & Sullivan, the U.S. was one of the main regions for the global B2C e-commerce market for furniture and home furnishings, which accounted for 23.0% of the market in 2023; the GMV of the B2C e-commerce market for furniture and home furnishings in the U.S. increased from USD28.0 billion in 2018 to USD74.8 billion in 2023, with a CAGR of 21.7%; in line with the increase of the furniture and home furnishings market by online channels, the GMV of the global B2C e-commerce for furniture and home furnishings market is expected to reach USD588.5 billion in 2028, with a CAGR of 12.6% from 2023 to 2028; the U.S. market has both a growing demand for furniture and home furnishings, which makes the largest contribution to our revenue from sales of goods, and high spending power, even taking into consideration the additional tariffs.

According to Frost & Sullivan, the impact of the additional tariffs on the PRC B2C e-commerce for furniture and home furnishings industry is mainly reflected in the following aspects: (i) rising costs. The tariff increases have raised the costs of sellers, which are likely to be passed on to consumers by higher product prices or, alternatively, affect sellers' profit margins. With the additional tariffs, sellers in the PRC B2C e-commerce for furniture and home furnishings industry would likely pass on the costs of the tariffs to end-consumers. As a result, without the impact of additional tariffs, our peers in other countries and regions with relatively lower sales prices could gain market share and improve their price competitiveness; (ii) development of sales markets in other countries and regions. The sellers in the furniture export industry seek to develop markets in other countries and regions in order to reduce their dependence on the U.S. market; and (iii) supply chain adjustment. Sellers in the furniture export industry adapt to market changes by adjusting their supply chains, which includes seeking new raw materials suppliers or manufacturing locations to reduce costs and risks.

PRODUCT DEVELOPMENT

We implement full-cycle product development management across key stages, including project planning, product creation and order delivery. Our project planning is generally a combination of bottom-up and top-down approaches, based on thorough research and analysis of product and competitive market data and guided by our understanding of market needs.

The following flow chart sets forth the details of our product development process:



Development strategy. We analyze our competitiveness and resources, and determine new product categories.

Market research. We understand market demand and consumers' pain points through market research and industry analysis, and we conduct competitive analysis of our main competitors.

Product definition and design. Based on the results of market research, we determine product designs and product specifications.

Product review. We conduct a comprehensive review of the product, including market review, design aesthetics, technical review and cost-effectiveness review.

We adopt a dynamic and integrated product development approach, encompassing strategic planning, category management, product design, quality control, sales and optimization. This requires our team to engage in extensive research, embrace innovation, precision design, efficient supply chain management and proactive customer communication on a global scale. We believe in the power of collaboration and professionalism across our planning, data analysis, product development, operations, design, structural, graphic and quality control teams to deliver innovative products to address consumer demand.

In the early stages of category planning and product definition, we leverage data analytics to understand target markets, competitive landscapes and product development trends. Our market insight system features an archive of over 4.7 million furniture product SKUs. Our data insight and development teams are constantly monitoring and analyzing emerging technologies, design trends and consumer sentiment to ensure that our products remain sustainably competitive. This phase provides a strong foundation for our product design and development.

Our design process is a combination of market research findings and innovative design concepts, resulting in targeted product differentiation. We incorporate design elements such as local culture that resonate with consumers in target markets and tailor material selection and functional design to local climates, lifestyles and residents' habits. In addition, we closely monitor the development of international trade policies and regulations to ensure the compliance of products that we sell.

Our product development is characterized by rapid prototyping, innovative application of materials and structures and modular design, as well as selection of color, material and finish (the "**CMF**"). We seamlessly integrate all steps in this process to respond swiftly to market feedback. For example, rapid prototyping can swiftly transform CMF designs into prototypes that accurately reflect the intended design, providing the basis for subsequent design adjustment and optimization. The combination of modular design with CMF allows for flexible combinations of different colors, materials and finishes, resulting in a diverse product portfolio. This approach not only simplifies the product development process and optimizes the development cycle, but also enhances product innovation, offering flexibility and customizability to meet the varied needs of different markets and consumers.

Our development team works closely with the supply chain. From the early stages of product development, we ensure that suppliers fully understand and can effectively implement design concepts and implement strict quality control measures. During the design phase, we closely align product design with manufacturing processes and manage supply chains and raw materials to optimize design, cost and quality. After product launch, we share consumer feedback with our supply chain to respond to market changes.

We utilize consumer feedback during the life cycle of our product development, encompassing pre-launch testing and post-launch customer feedback collection. We gather insights and feedback from our consumers for continuous product improvement.

SUPPLY CHAIN MANAGEMENT

We have extensive experience in the management and integration of our supply chain to serve consumers across the world. This allows us to react rapidly and synchronize our products with changing market trends and customer preferences, while maintaining control over our costs by leveraging the synergies among different stages, including manufacturing, by engaging manufacturing partners, design, procurement, logistics and warehousing.

Our Suppliers

We choose our suppliers through a rigorous selection process to guarantee the quality of our products. Our suppliers are required to have all the necessary licenses and permits for their operations. We select suppliers based on factors such as service or product quality, production or delivery capacity, pricing, location, qualifications, reputation and delivery schedule.

The majority of our suppliers include manufacturing partners who primarily provide OEM services based in the PRC and logistics services providers. In 2021, 2022, 2023 and the four months ended April 30, 2024, we collaborated with 1,517, 865, 810 and 575 manufacturing partners, respectively. The decrease in the number of our manufacturing partners during the Track Record Period was primarily because we consolidated our manufacturing partnerships to streamline operations, adopted strategic sourcing by choosing fewer but more reliable and higher-quality manufacturing partners, and achieved supply chain optimization for efficiency. The decrease was also partly due to our strategic shift to furniture and home furnishings and the downsizing of our product offerings of electric tools, home appliances, consumer electronics and sports and wellness after the Amazon Incident. See "— Marketing and Promotion — The Amazon Incident."

Transaction amounts, which represent our purchase amounts from the supplier, from our five largest suppliers in each year/period during the Track Record Period represented 20.7%, 30.9%, 27.7% and 28.1% of our total transaction amounts for the respective years/periods. Transaction amounts from our largest supplier in each year/period during the Track Record Period represented 7.5%, 13.6%, 14.8% and 14.2% of our total transaction amount for the respective years/periods. The following tables set forth the details of our five largest suppliers by transaction amount in each year/period during the Track Record Period:

Year ended December 31, 2021

Supplier	Transaction amounts	% of total transaction amounts	Background	Main products/ services purchased	Credit terms and payment method	Year of commencing business relationship
	(RMB'000)	%				
Supplier A[(1)]	449,273	7.5	Incorporated in the U.S., Supplier A primarily provides express services.	Express services	Wire transfer; within two weeks	2020

Supplier	Transaction amounts	% of total transaction amounts	Background	Main products/ services purchased	Credit terms and payment method	Year of commencing business relationship
	(RMB'000)	%				
Shenzhen Zbao Logistics Technology Co., Ltd. (深圳市眾包物流科技有限公司)[(2)]	349,410	5.9	Incorporated in Mainland China with a registered capital of RMB10,000,000, Shenzhen ZBAO Logistics Technology Co., Ltd. primarily provides freight forwarding and logistics services.	Freight forwarding and logistics services	Wire transfer; within one month	2018
ARM STRONG LOGISTICS	178,626	3.0	Incorporated in the U.S., ARM STRONG LOGISTICS primarily provides logistics and transport services.	Logistics and transport services	Wire transfer; within one month	2020
Shenzhen Huasixu Technology Co., Ltd. (深圳市華思旭科技有限公司)	142,792	2.4	Incorporated in Mainland China with a registered capital of RMB15,293,332, Shenzhen Huasixu Technology Co., Ltd. primarily provides electronic products and lithium battery solutions.	Emergency energy storage products and power supply units	Wire transfer; within 60 days	2017
De Well Holdings Limited (德威控股有限公司)	115,713	1.9	Incorporated in the Cayman Islands, De Well Holdings Limited primarily provides warehousing, logistics and transport services.	Logistics and transport services	Wire transfer; within one month	2019
	1,235,814	**20.7**				

Year ended December 31, 2022

Supplier	Transaction amounts	% of total transaction amounts	Background	Main products/ services purchased	Credit terms and payment method	Year of commencing business relationship
	(RMB'000)	%				
Supplier A[(1)]	580,696	13.6	Incorporated in the U.S., Supplier A primarily provides express services.	Express services	Wire transfer; within two weeks	2020
ARM STRONG LOGISTICS	268,372	6.3	Incorporated in the U.S., ARM STRONG LOGISTICS primarily provides logistics and transport services.	Logistics and transport services	Wire transfer; within one month	2020
De Well Holdings Limited	186,305	4.3	Incorporated in the Cayman Islands, De Well Holdings Limited primarily provides warehousing, logistics and transport services.	Logistics and transport services	Wire transfer; within one month	2019

Supplier	Transaction amounts	% of total transaction amounts	Background	Main products/ services purchased	Credit terms and payment method	Year of commencing business relationship
	(RMB'000)	%				
Shenzhen Zbao Logistics Technology Co., Ltd.(2)	184,069	4.3	Incorporated in Mainland China with a registered capital of RMB10,000,000, Shenzhen ZBAO Logistics Technology Co., Ltd. primarily provides freight forwarding and logistics services.	Freight forwarding and logistics services	Wire transfer; within one month	2018
Supplier B(1)	103,406	2.4	Incorporated in Hong Kong, Supplier B primarily engages in shipping agent and investment holding.	Logistics and transport services	Wire transfer; within one month	2021
	1,322,848	**30.9**				

Year ended December 31, 2023

Supplier	Transaction amounts	% of total transaction amounts	Background	Main products/ services purchased	Credit terms and payment method	Year of commencing business relationship
	(RMB'000)	%				
Supplier A(1)	861,408	14.8	Incorporated in the U.S., Supplier A primarily provides express services.	Express services	Wire transfer; within two weeks	2020
ARM STRONG LOGISTICS	306,696	5.3	Incorporated in the U.S., ARM STRONG LOGISTICS primarily provides logistics and transport services.	Logistics and shipping services	Wire transfer; within one month	2020
De Well Holdings Limited	183,021	3.2	Incorporated in the Cayman Islands, De Well Holdings Limited primarily provides warehousing, logistics and transport services.	Logistics and transport services	Wire transfer; within one month	2019
Xiamen Kangruiqing Furniture Co., Ltd. (廈門康瑞清家具有限公司)	131,700	2.3	Incorporated in Mainland China with a registered capital of RMB1,000,000, Xiamen Kangruiqing Furniture Co., Ltd. primarily provides furniture and home furnishings.	Furniture and home furnishings	Wire transfer; within 30 days	2019
Supplier C(1)	120,432	2.1	Incorporated in Hong Kong, Supplier C primarily provides express services.	Express services	Wire transfer; prepayment	2023
	1,603,257	**27.7**				

Four months ended April 30, 2024

Supplier	Transaction amounts	% of total transaction amounts	Background	Main products/ services purchased	Credit terms and payment method	Year of commencing business relationship
	(RMB'000)	*%*				
Supplier A[(1)]	297,670	14.2	Incorporated in the U.S., Supplier A primarily provides express services.	Express services	Wire transfer; within two weeks	2020
ARM STRONG LOGISTICS	95,014	4.5	Incorporated in the U.S., ARM STRONG LOGISTICS primarily provides logistics and transport services.	Logistics and shipping services	Wire transfer; within one month	2020
Shenzhen Zbao Logistics Technology Co., Ltd.[(2)]	85,288	4.1	Incorporated in Mainland China with a registered capital of RMB10,000,000, Shenzhen ZBAO Logistics Technology Co., Ltd. primarily provides freight forwarding and logistics services.	Freight forwarding and logistics services	Freight forwarding and logistics services	2018
De Well Holdings Limited	65,315	3.1	Incorporated in the Cayman Islands, De Well Holdings Limited primarily provides warehousing, logistics and transport services.	Logistics and transport services	Wire transfer; within one month	2019
Dongguan Chalisi Electrical Technology Co., Ltd.	47,889	2.2	Incorporated in Mainland China with a registered capital of RMB1,000,000, Dongguan Chalisi Electrical Technology Co., Ltd. primarily provides electric tools.	Electric tools	Wire transfer; within 30 days	2020
	591,176	**28.1**				

Notes:

(1) This supplier did not consent to the disclosure of its name in this document.

(2) Shenzhen Zbao Logistics Technology Co., Ltd. is an associate of our Company. See Note 40 of the Accountants' Report in Appendix I to this document.

As of the Latest Practicable Date, except as disclosed above, none of our Directors, their associates or any of our shareholders (who owned or, to the knowledge of our Directors, had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

We regularly evaluate our suppliers' performance to guarantee the consistency and quality of our supplies, and we replace any suppliers who do not meet our standards and requirements. See "— Quality Control."

We have established and maintained long-term and stable relationships with our key manufacturing partners, with the duration of such relationships ranging from two to ten years. The transaction amounts range from approximately RMB50 million to RMB140 million. The principal business of these key manufacturing partners is the production of goods, encompassing a variety of items such as bed frames and other furniture, as well as consumer electronics. Typically, we grant them credit terms of 30 to 60 days. In general, we have annual framework agreements with our suppliers and place orders when necessary as we continually evaluate our inventory level against the expected consumer demand. The key terms of the framework agreements with our manufacturing partners are outlined as follows:

- ***Terms and termination:*** The duration of the agreements is typically one year;

- ***Scope of services:*** We engage manufacturing partners to produce products in accordance with the specifications outlined in our purchase orders;

- ***Product quality:*** Our manufacturing partners guarantee that the products and their raw materials comply with quality standards set by us and the applicable laws and regulations and are certified as qualified. Any delivery costs and compensation to customers arising from quality issues are indemnified by our manufacturing partners;

- ***Warranty period:*** Our manufacturing partners typically guarantee us a warranty period between 12 and 24 months;

- ***Pricing:*** Prices of services are mutually agreed upon, and may only be adjusted with mutual consent;

- ***Delivery:*** Our manufacturing partners shall deliver the products to venues designated by us in strict accordance with the delivery date agreed, otherwise we are entitled to terminate the agreement;

- ***Product return policy:*** When products delivered by manufacturing partners fail to satisfy our standards, we are entitled to refuse acceptance and return the products. Once we choose to return the products, the ownership and risk of the goods are transferred to manufacturing partners from the time of notice of product return;

- ***IP arrangement:*** Generally, our manufacturing partners represent and warrant that the products they provide do not violate any third-party intellectual property rights. Additionally, we maintain the right to demand compensation from our manufacturing partners for any losses we may suffer due to their breach. Our agreements also include confidentiality clauses, prohibiting them from retaining, utilizing or disclosing our designs to third parties. The ownership of IP rights for product designs will be determined based on specific research and development circumstances. However, in most cases, the IP rights are owned by us;

- ***Liability:*** Our manufacturing partners take full responsibility for all product liabilities and claims. We have the right to terminate our agreements with them, receive indemnification and demand compensation for any losses incurred due to product quality defects.

In selecting manufacturing partners, we take into consideration several factors to evaluate their suitability and ensure that they align with our long-term growth objectives, including the compatibility of the manufacturing partners' product categories with our required product types, the overall supply chain for those categories in the industry and the manufacturing partners' business philosophy and ambition for progressive development. Additionally, we evaluate the manufacturing partners' capabilities as well as their compliance with financial and tax regulations. See "— Quality Control." When determining prices and assessing manufacturing costs, we consider various factors, including research and development expenses, molding and tooling fees (relevant for specific products), raw material costs, other costs and expenses in manufacturing relevant products and market acceptance of our products as well as pricing positions of our peers.

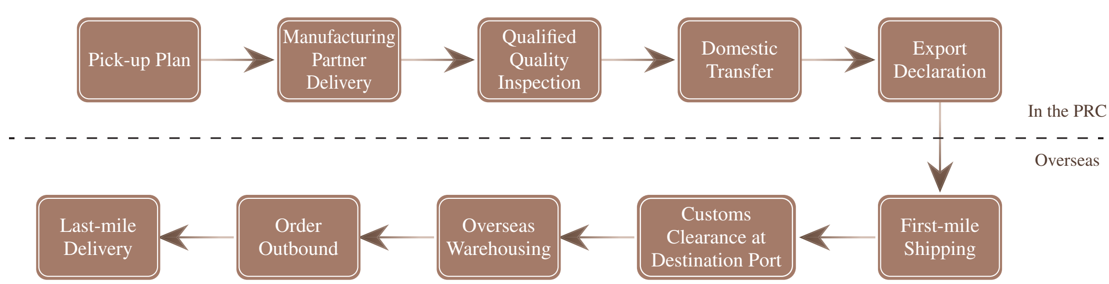
During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material supply shortages or delivery delays, nor did we encounter any material difficulty in obtaining products from our manufacturing partners.

Inventory Management

Our inventory primarily consists of finished products. We determine minimum levels of our inventory according to historical sales, current market demand and future sales forecasts. During the Track Record Period, we did not encounter any material shortage or obsoleteness of inventory.

We utilize a WMS for inventory monitoring and management. This system allows digitalized, real-time and visualized management of various stages of our inventory, including (i) procurement agreements, orders, applications and settlements, (ii) raw materials preparation, transfer of raw materials to production facilities and consumption, (iii) customer orders and the delivery process and (iv) the movement of inventories within our warehouse. This system enables us to track shipment and inventory on a real-time basis and allows prompt follow-ups in the event of any discrepancies, which assists us in maintaining optimal inventory levels and enhancing our working capital efficiency. In addition, we have established stable relationships with third-party logistics solutions providers on favorable terms and pricing, enabling us to manage storage, shipping and customer support flexibly.

Warehousing and Logistics



The process from picking up procured products to the completion of last-mile delivery primarily includes the following steps:

1. Pick-up Plan: we provide a pick-up plan that involves scheduling and coordinating, including the timing and location, to suppliers to ensure timely collection of products.

2. Manufacturing Partner Delivery: our manufacturing partners are responsible for preparing and delivering the goods according to the agreed-upon pick-up plan. They must adhere to the plans and ensure that the products are properly packaged for transit.

3. Qualified Quality Inspection: upon receipt of the products, we oversee the qualified quality inspection, typically within our premises or at a designated inspection facility, to verify that the products meet the required standards and specifications.

4. Domestic Transfer: after passing the quality inspection, products are transported domestically to a port or consolidation center. We engage third-party logistics companies to handle the transportation.

5. Export Declaration: we file export declarations for our products.

6. First-mile Shipping: we engage third-party logistics companies to conduct the first-mile shipping. They are responsible for transporting the products from the PRC to the destination port.

7. Customs Clearance at Destination Port: upon arrival at the destination port, we engage third-party logistics companies to handle the customs clearance process. Their expertise is critical in navigating the legal and regulatory requirements of the destination country to ensure that the products are cleared for entry.

8. Overseas Warehousing: following clearance, the products are transported to overseas warehousing facilities of third-party e-commerce platforms, third-party logistics service providers or Shenzhen Westernpost, depending on a mixture of factors, including the nature of the products, the capacity of warehousing facilities and the sales channels used.

9. Order Outbound: when an order is placed, the products are retrieved from the warehouse and prepared for delivery. We engage third-party logistics companies for this step who ensure that the correct items are picked, packed and labeled for shipment.

10. Last-mile Delivery: we engage third-party logistics companies to conduct last-mile delivery and deliver the products to the end-consumer.

Logistics

We primarily determine our delivery arrangements based on customers' needs, the nature of the products and the sales channels used, taking into consideration factors, such as the total costs, the delivery capacity, the delivery speed and the geographic reach of each category of delivery arrangement. These arrangements can be broadly divided into three categories: (i) fulfillment services provided by third-party e-commerce platforms; (ii) logistics solutions offered by various third-party logistics solutions providers; and (iii) our in-house logistics capabilities primarily through Shenzhen Westernpost. The details of arrangements under each category are set out below:

- ***Third-party logistics solutions providers:*** We engage third-party logistics solutions providers for their expertise in transportation, customs clearance and order fulfillment. Third-party logistics solutions providers handle inventory storage, order processing, customs clearance and shipping. Generally, third-party logistics solutions providers assume responsibility for compensation only when the loss, damage or destruction of products is attributable to their fault;

- ***Fulfillment services provided by third-party e-commerce platforms:*** E-commerce platforms such as Amazon and Walmart offer robust services for managing orders, inventory and order fulfillment. By leveraging these platforms, we can concentrate on operating our online stores, integrating payment gateways and efficiently managing logistics. Generally, third-party e-commerce platforms' logistics services are only liable when the products are lost or damaged due to their fault. See "— Our Sales Network;"

- ***In-house logistics capabilities primarily through Shenzhen Westernpost:*** We offer comprehensive logistics solutions primarily through Shenzhen Westernpost. Our primary use of our in-house logistics solutions is for transporting medium-to-large goods. We are generally not liable for loss or damage to products, except in instances where such loss or damage is caused by us, in which case we will provide compensation.

The key terms of the framework agreements with third-party logistics solutions providers are outlined as follows:

- ***Duration and renewable terms:*** The agreement is generally valid for one year. If there are no objections from either party upon its expiration, it will automatically renew for an additional year;

- ***Termination:*** Both parties have the right to terminate the agreement early. In the event that a party desires to terminate the agreement while it is still in effect, they shall furnish the other party with a written notification between 15 and 30 days beforehand;

- ***Service scope:*** The service scope includes international express transportation, customs clearance, warehousing and delivery in the destination country;

- ***Minimum purchase requirement:*** Typically, there is no minimum purchase requirement. However, some third-party logistics solutions providers may set up a minimum threshold and provide that service fee rates or durations may be adjusted once this minimum is met;

- ***Pricing policy:*** Charges are generally based on the scope of services required, weight and dimensions of the package of products, with the related fee scales being updated periodically on third-party logistics solutions providers' websites or designated channels, shipping and transportation distance and urgency;

- ***Credit term:*** Third-party logistics solutions providers generally settle outstanding balances with us every month;

- ***Warranty:*** Third-party logistics solutions providers owe a duty of care to us. If the goods are lost or damaged because of their fault, they are typically liable for compensating us.

For the key terms associated with the logistics services that the third-party e-commerce platforms offer, see "— Our Sales Network."

The following table sets forth a breakdown of our revenue from sales of goods on third-party e-commerce platforms by the type of logistics solutions utilized for the years/periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	RMB'000	*% of total revenue*	*RMB'000*	*% of total revenue*	*RMB'000*	*% of total revenue*	*RMB'000 (Unaudited)*	*% of total revenue*	*RMB'000*	*% of total revenue*
Third-party logistics solutions	2,797,789	34.0	2,633,505	44.8	2,986,545	44.9	800,384	41.4	1,009,829	48.0
Third-party e-commerce platforms	3,983,019	48.4	1,625,737	27.7	1,725,887	25.9	467,150	24.2	534,707	25.4
Shenzhen Westernpost	1,452,618	17.6	1,618,807	27.5	1,944,486	29.2	665,516	34.4	560,782	26.6
Total	**8,233,426**	**100.0**	**5,878,049**	**100.0**	**6,656,918**	**100.0**	**1,933,050**	**100.0**	**2,105,318**	**100.0**

The following table sets forth a breakdown of our order volume sold on third-party e-commerce platforms by the type of logistics solutions utilized for the years/periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Orders (in thousands)	*%*	*Orders (in thousands)*	*%*	*Orders (in thousands)*	*%*	*Orders (in thousands)*	*%*	*Orders (in thousands)*	*%*
Third-party logistics solutions	3,750	18.1	2,722	28.7	2,720	30.3	752	27.1	949	34.8
Third-party e-commerce platforms	15,394	74.2	5,032	53.1	4,353	48.5	1,420	51.2	1,182	43.4
Shenzhen Westernpost	1,611	7.8	1,730	18.2	1,905	21.2	604	21.7	593	21.8
Total	**20,755**	**100.0**	**9,484**	**100.0**	**8,978**	**100.0**	**2,775**	**100.0**	**2,723**	**100.0**

Warehousing

As of April 30, 2024, we had 27 overseas warehouses in our warehousing network, of which 12 were operated by us and 15 were operated in cooperation with third-party warehouses (the "**cooperating warehouses**"). The operational duration of our self-operated warehouses ranges from two to 10 years, where we lease the warehouses and the accessory offices, pay monthly rent and operate the warehouses. We typically purchase commercial general liability insurance and employer liability insurance for our self-operated warehouses. Additionally, we commenced operation of the cooperating warehouses in 2021 in line with the expansion of our logistics solutions.

The key terms of the cooperation agreements for our cooperating warehouses are outlined as follows:

Duration and renewal term: The duration of an agreement is typically one year. Unless a written notice of termination is provided, the agreement automatically renews for an additional one year;

Pricing and payment: Fees are charged in accordance with a pre-agreed fee scale for each type of services we use, primarily including inbound unloading, storing, outbound loading, printing incurred during the outbound of goods and additional services on ad hoc basis, such as photo-shooting, size measuring and inventory counting that we may require in addition to the standard services provided along with the typical inbound/outbound loading/unloading services. The payments are made on a monthly basis based on the actual monthly usage of each type of services;

Standard of services: The agreements establish the standards for warehouse operations services, including the timeliness of loading and unloading upon inbound and outbound of goods and the accuracy of inventory counts. We reserve the right to withhold payment if third-party warehouses fail to meet these standards until the deficiencies are corrected;

Indemnity: Should any loss or damage to the goods occur due to warehouse operations, the third-party warehouses bear the responsibility to compensate us for any loss according to the declared value of the goods.

The cooperating warehouses are operated by third parties and the staff of these third-party warehouses are responsible for inventory counts, warehouse operations and loading/unloading services. We oversee the procedures preceding the inbound and following the outbound of goods at our cooperating warehouses, ensuring that we receive inventory reports during storage. Specifically, prior to goods receipt, we supply essential information such as product names and quantities to the staff of these cooperating warehouses to facilitate the inbound process. Similarly, we provide delivery details to the staff of the cooperating warehouses before dispatch to coordinate last-mile delivery, while they handle the loading. Throughout the storage period, we get updates on critical data, such as inventory levels, from the staff of the cooperating warehouses. The staff of the cooperating warehouses are responsible for promptly reporting any discrepancies in inventory to us and maintaining accurate records.

Self-operated warehouses afford us enhanced control and the ability to tailor operations. As we manage the entire workflow from receiving goods to dispatching shipments, self-operated warehouses allow for immediate process adjustments. On the other hand, cooperating warehouses handle both storage and loading/unloading services, offering expertise and established processes in relation to day-to-day operations which can enhance operational efficiency.

The following table sets forth a breakdown of our number of overseas warehouses by geographic area as of April 30, 2024:

	Number of warehouses	Number of cities	Approximate GFA
			in thousand sq.ft
Self-operated warehouses	**12**	**12**	**3,518.3**
The U.S.	10	10	3,007.0
West region	5	5	1,427.4
East region	3	3	1,193.0
Central region	1	1	76.6
Southwest region	1	1	310.0
Germany	2	2	511.3
Cooperating Warehouses (all in the U.S.)	**15**	**13**	**2,070.0**
West region	8	6	1,142.0
East region	4	4	698.0
South region	1	1	40.0
Southwest region	2	2	190.0
Total	**27**	**25**	**5,588.3**

The following table sets forth the total number of our domestic and overseas warehouses and their movements for the periods indicated:

	Year ended December 31,						Four months ended April 30,	
	2021		2022		2023		2024	
	Number of warehouses	Utilization Rate (%)	Number of warehouses	Utilization Rate (%)	Number of warehouses	Utilization Rate (%)	Number of warehouses	Utilization Rate (%)
Self-operated warehouses	13	37.8	11	51.1	13	60.1	13	60.3
Domestic	–	–	–	–	1	73.0	1	75.0
Overseas	13	37.8	11	51.1	12	59.1	12	59.1
Cooperating Warehouses	10	–	12	–	15	–	15	–
Domestic	–	–	–	–	–	–	–	–
Overseas	10	–	12	–	15	–	15	–

Note: The utilization rate of our cooperating warehouses is not applicable because there may be other third-party logistic service providers using other area of the cooperating warehouses and we are unable to ascertain the utilization rate of the entire warehouses.

During the Track Record Period, our overseas self-operated warehouses maintained average utilization rates of approximately 34%, 51%, 59% and 53% in 2021, 2022, 2023 and the four months ended April 30, 2024, respectively. The average utilization rate of our overseas self-operated warehouses for each year/period indicated denotes the average of the utilization rate of each overseas self-operated warehouses, representing the used storage space as a percentage of the total available warehousing capacity for the year/period indicated.

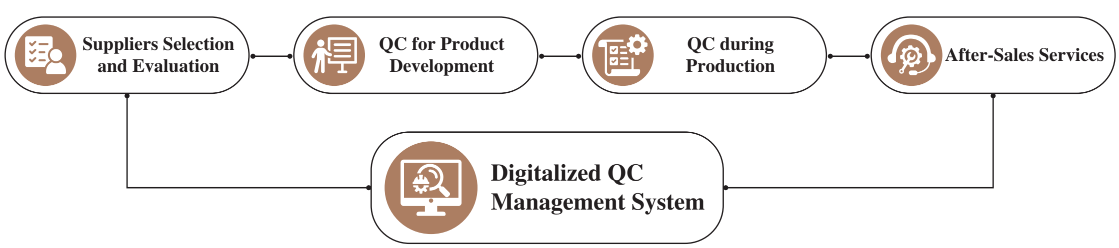
Aside from the aforementioned overseas warehouses, we operated one self-owned warehouse in the PRC for the purposes of domestic consolidation as of April 30, 2024, with a total area of approximately one million sq.ft. As of April 30, 2024, our warehouses, including self-operated and cooperating warehouses, span three countries and regions. During the Track Record Period, our warehouses were used for both storing our products to be sold to consumers and for conducting our logistics solutions business.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption in the delivery of our products or suffer any material loss as a result of any delay in delivery or mishandling of goods. We did not encounter any material shortages or obsolescence of inventory during the Track Record Period and up to the Latest Practicable Date.

QUALITY CONTROL

We consider quality control to be a critical factor in our business development. We have implemented and upheld a rigorous quality control system.

Providing quality products to customers is our primary objective, which serves as the bedrock of our sustainable competitiveness. Our quality control (QC) process is customer-oriented, data-driven and prevention-focused, spanning the entire life cycle of our product development, including supplier selection and evaluation, product development, production and after-sales service.



Supplier selection and evaluation: We have implemented rigorous processes for supplier selection and evaluation, including strict admission criteria. For instance, the registered capital of the supplier must not be less than RMB1.0 million; the supplier should have good credit history and there must be no record of material litigation, any involvement in bribery or fraud cases or other forms of credit risks. During the supplier admission phase, we conduct on-site evaluations of potential suppliers with regard to various aspects, including manufacturing capacity, quality control capabilities, supply chain management abilities and research and development strengths. We provide due diligence reports on potential suppliers for review by the heads of the procurement team and the finance department to determine their eligibility for admission. The due diligence reports are typically obtained in two different ways: (i) the potential suppliers provide us with the due diligence reports together with documents, photos or videos provided for our verification and we cross-check the provided information with online public sources or verify through on-site inspections; or (ii) our employees responsible for procurement, quality control and product development collectively conduct due diligence through desktop research, interviews and on-site inspections and generate the due diligence reports. The due diligence reports typically contain information on the potential suppliers such as their registered capital, number of employees, an approximation of the revenue in the most recent three years, major customers and suppliers, internal policies on product quality as well as tax, customs and other legal compliance status. We also conduct periodic on-site or remote evaluation after engaging them as suppliers. Our procurement framework agreements usually include quality assurance terms, encompassing the product quality specifications, product return policies, warranty period and product liability. See "— Supply Chain Management — Our Suppliers."

Product development: We develop new products in strict adherence to applicable national or regional legal and regulatory standards, such as FCC, CE, EPA and ASTM. To ensure compliance with the relevant quality requirements, we require suppliers to engage independent third-party agencies to conduct product inspection and certification.

Production: Our quality control team is responsible for quality control in production to reduce defect rates. This process includes quality inspection of core components, semi-finished products and finished products. We also inspect and supervise critical production processes and may halt production lines for adjustment to ensure compliance with our quality control standard. The practice aims to reduce the defect rate.

After-sales service: Our quality control team is also responsible for collecting and analyzing customer feedback, inspecting returned products to identify issues and collaborating with product development teams and suppliers to enhance the functionality, structure, packaging and manufacturing methods of our products, thereby improving the product quality.

Our entire quality control process is enhanced by a digitalized quality control system. It helps us standardize and automate the quality control processes at each stage, reducing the interference of human errors and improving efficiency and accuracy in quality control. In addition, the digitalized quality control system helps us collect, store, analyze and display data at each stage of the quality control process, facilitating the timely discovery and problem solving for any detected quality defect. Furthermore, the digitalized quality control helps us accumulate and solidify optimization schemes for different products for our reference and reuse in quality control processes.

MARKETING AND PROMOTION

We use various channels to promote our products, including (i) onsite marketing, which means placing advertisements on third-party e-commerce platforms that we partner with; and (ii) offsite marketing, which means utilizing other offsite online channels such as social media and search engines.

Onsite marketing: third-party e-commerce platforms

We work with multiple e-commerce platforms for onsite marketing, leveraging their extensive user traffic. Our ability to maintain a close and consistent collaboration with these e-commerce platforms enables us to tap into their vast user base. These platforms also direct user traffic to our products via advertisement services. We purchase their services for us to display advertisements for our products and offerings on their websites or apps via images, video or audio. Such services are usually priced under a CPC model, where the fee we pay depends on the times that our advertisements are clicked, or a CPM model, where the fee we pay depends on the total number of views of our advertisements. As a result, we can directly track the effectiveness of our campaigns by monitoring user traffic and potential conversions that result from our sales and marketing activities. We also participate in e-commerce platforms' official review programs, such as Amazon Vine.

In addition, we also provide discounts and promotional offers on our products to stimulate sales and reduce outdated stock, especially during holiday and festival seasons such as Amazon Prime Day, Christmas, New Year and Black Friday. Occasionally, we offer customers discounts on retail prices for surplus inventory.

Offsite marketing: social media, search engines, influencers

Our offsite marketing methods are mainly divided into four categories: social media display, search engine promotion, influencers and other product promotion services.

- *Social media*: Our products are displayed on social media platforms such as Facebook and YouTube in the forms of articles, pictures or videos.

- *Search engines*: Information concerning our products or brands will have priority to be shown on search engines when the end-consumers search for relevant keywords or pictures.

- *Influencers*: We engage influencers on various social media to help promote our products through posting, making videos or other marketing methods.

Social media and search engine marketing are usually priced under a CPC model or a CPM model. Influencer marketing is usually priced based on the number of posts, videos and other content produced.

The Amazon Incident

Historically, certain of our sales and marketing personnel at the operating level within separate business units had invited influencers to review our products or place coupons in product packages as incentives to encourage ratings and reviews (the "**Unofficially Promoted Ratings or Reviews**"), primarily to increase exposure of our newly launched products to assess their market acceptance. As a result, we were subject to the following actions by Amazon from May 2021 to August 2021 as part of Amazon's investigation into the past usage of Unofficially Promoted Ratings or Reviews by certain business units of our Group: (i) deactivation or restriction of the relevant online stores or the associated accounts identified as having engaged in the use of Unofficially Promoted Ratings or Reviews; (ii) freezing of funds in such online accounts; and (iii) removal of product listings from these online stores (the "**Restricted Online Stores**"). Consequently:

i. a number of our online stores were deactivated or restricted from conducting sales activities. Each Restricted Online Store, before its termination or restriction, may involve product listings targeting consumers in more than one geographic area. Specifically, 235 of the Restricted Online stores had product listings targeting consumers in the U.S. and other North American countries; 213 had product listings targeting consumers in Europe; and 62 had product listings targeting consumers in other regions, including Southeast Asia and Japan. As of December 31, 2021, all the Restricted Online Stores have been closed down. As of April 30, 2024, the new stores selling the same brands as the Restricted Online Stores opened after the Amazon Incident were for inventory clearance purposes only and no new stores on Amazon used similar store names as the Restricted Online Stores. Though we have subsequently set up new stores, it usually takes approximately six months for our new brand cultivation from product definition, trademark application, ordering, shipping to overseas to final launch, and an additional six months of promotion are typically required, leading to lowered revenue generated from Amazon in 2022. According to Frost & Sullivan, it is generally time-consuming to attract user traffic for newly opened stores in the global B2C e-commerce market;

ii. a total of RMB235.5 million of funds under the Restricted Online Stores' online accounts had been frozen. As of April 30, 2024, substantially all of the frozen funds were released based on our proactive communication with Amazon, with a remaining RMB2.7 million mainly in relation to the Restricted Online Stores' settlement of fees with Amazon. As of December 31, 2021, 2022 and 2023 and April 30, 2024, the balance of funds frozen as a result of the Amazon Incident was RMB235.5 million, RMB16.9 million, RMB3.0 million and RMB2.7 million, respectively, and was recorded as part of trade receivables from third-parties. See "Financial Information — Consolidated Statements of Financial Position — Current Assets and Liabilities — Trade Receivables" and Notes 26 of the Accountants' Report set out in Appendix I to this document; and

iii. though we had not received official communication from Amazon imposing any restriction over any of our brands, our listings of all products provided by the Restricted Online Stores were removed from Amazon. Because we had focused on product categories such as consumer electronics and sports and wellness products, the relevant product listings being removed were primarily under such categories. Relevant product listings that were previously available in these stores were gradually removed along with the deactivation or restriction of the relevant account of these stores subsequent to the Amazon Incident. The inventory for such product listings therefore needs to be sold through other stores which were not restricted or new stores on Amazon, other online platforms or offline channels. As of December 31, 2023, all inventories under the affected product listings have been sold out.

61 of our brands were affected due to the termination or restriction of Restricted Online Stores or other seller stores after the Amazon Incident that had listings of products under these brands. As of April 30, 2024, we have ceased the operation of the 61 brands on Amazon and still operate these brands on other sales channels. Though our other online stores, product listings and brands on Amazon were not affected, including our popular furniture and home furnishing brands such as ALLEWIE, IRONCK, LIKIMIO and SHA CERLIN and although we have incubated new popular furniture and home furnishing brands such as HOSTACK and FOTOSOK, our GMV from Amazon decreased by 44.1% from RMB8,793.7 million in 2021 to RMB4,911.4 million in 2022. We conducted inventory clearance sales of previously affected products via online and offline channels, primarily including sales through e-commerce platforms other than Amazon and sales to offline distributors, and made provision of RMB984.4 million in 2021. Our revenue decreased by 21.7% from RMB9,071.2 million in 2021 to RMB7,100.2 million in 2022. See "Financial Information — Period-to-Period Comparison of Results of Operations — Year Ended December 31, 2022 Compared with Year Ended December 31, 2021." The following table sets forth (i) the number of brands during the Track Record Period and (ii) the revenue in the years/periods indicated from these brands affected due to the termination or restriction of Restricted Online Stores or other seller stores after the Amazon Incident that had listings of products under these brands by product category. After the Amazon Incident, we had revenue from these brands through sales channels other than Amazon by (i) inventory clearance sales of previously affected products; and (ii) normal sales of products after the completion of inventory clearance.

		Year ended December 31,						Four months ended April 30,			
	During the Track Record Period	2021		2022		2023		2023		2024	
		RMB'000	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000* *(Unaudited)*	*% of Revenue*	*RMB'000*	*% of Revenue*
Furniture and home furnishings	58[1]	1,438,676	16.8	471,062	7.4	460,000	6.5	146,297	7.1	141,192	6.3
Electronic tools	43[1]	1,140,809	13.3	185,002	2.9	30,393	0.4	21,887	1.1	464	0.0
Home appliances	52[1]	695,681	8.1	180,267	2.8	57,209	0.8	19,407	0.9	13,946	0.6
Consumer electronics	41[1]	957,956	11.2	229,378	3.6	192,810	2.7	75,994	3.7	40,647	1.8
Sport and wellness products	27[1]	424,207	4.9	75,308	1.2	29,077	0.4	8,381	0.4	9,600	0.4
Other categories[2]	57[1]	793,467	9.2	161,142	2.5	135,141	1.9	28,873	1.4	44,017	2.0
Total	**61[1]**	**5,450,797**	**63.5**	**1,302,160**	**20.6**	**904,630**	**12.9**	**300,839**	**14.5**	**249,866**	**11.1**

Notes:

(1) For each brand offering products in multiple product categories, it is included in the count for each respective product category. However, in the total count, each brand is counted only once.

(2) Other categories primarily include car accessories, photography lighting equipment, outdoor equipment, decorations and musical instruments.

The following table sets forth the breakdown of balance of write-down of inventories by product category as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Furniture and home furnishings	232,124	64,299	18,384	23,657
Electric tools	230,021	81,875	9,691	9,180
Home appliances	115,135	27,801	3,182	5,513
Consumer electronics	299,767	84,420	4,971	2,383
Sports and wellness	79,326	13,126	615	666
Other categories[1]	113,427	33,262	2,680	3,433
Total	**1,069,800**	**304,783**	**39,523**	**44,832**

Note:

(1) Other categories primarily include car accessories, photography lighting equipment, outdoor equipment, decorations and musical instruments.

During the Track Record Period and especially in 2021 and 2022, our write-down of inventories was relatively large, primarily because (i) we conducted discounted sales of the relevant inventory to ensure working capital sufficiency, which resulted in the decrease of net realizable value of the inventory; and (ii) we scrapped some of the inventories to reduce additional costs, which resulted in the decrease of net realizable value of the inventory. We believe such large-scale write-down of inventories will not incur in the future on the basis that (i) we have enhanced our internal control to ensure compliance with applicable laws, regulations and platform policies after the Amazon Incident; and (ii) we have evaluated and made a provision of inventory impairment based on the recent product selling prices and selling expenses, and net realizable value of the inventory. We also made a post-period review of the provision of inventory impairment, and no impact of large-scale inventory impairment similar to the one as a result of the Amazon Incident has been identified.

After finding out about our employees' involvement in Unofficially Promoted Ratings or Reviews relating to the Amazon Incident, we promptly demanded that all employees cease the practice of Unofficially Promoted Ratings or Reviews in May 2021. As of April 30, 2024, all of the employees involved in the Unofficially Promoted Ratings or Reviews had left our Group. We also commenced an internal review and conducted inspections of our online stores and implemented relevant remedial measures.

As a result of our internal review and inspections of online stores after the Amazon Incident, we identified the following causes of the relevant personnel's use of Unofficially Promoted Ratings or Reviews:

i. we had tasked teams overseeing the operation and management under their respective categories for activities including product selection, pricing and marketing;

ii. the sales and marketing personnel were primarily responsible for conducting sales and marketing activities for the products sold by their respective business units and reported to the manager of their respective business units. The relevant business units involved were primarily responsible for the sales of product categories such as electric tools and consumer electronics, which faced high competition in the industry with the prevalent use of Unofficially Promoted Ratings or Reviews by market participants;

iii. the relevant sales and marketing activities primarily included inviting influencers or engaging intermediaries to invite influencers to review our products. The relevant influencers were given the relevant products at a discount, which was usually up to 100% of the purchase price, or otherwise involved the offering of coupons to the relevant influencers, which were included in the product packaging for the products provided with relevant rewards, for example, product warranty extension for the products provided. For products provided to influencers for trial and review, no revenue was recognized, and relevant costs of the products and expenses in relation to providing such products for trial and review were recorded as selling expenses. In the six months ended June 30, 2021, the amount of selling expenses in relation to relevant Unofficially Promoted Ratings or Reviews activities was less than 1% of the amount of revenue during the same period;

iv. the sales and marketing personnel primarily adopted the relevant Unofficially Promoted Ratings or Reviews for newly launched products to assess market acceptance, similar to our then concurrent promotional activities under the Amazon Vine program, an official program operated by Amazon, where selected customers receive products at no cost for trial and share their ratings and reviews. Nevertheless, as it would take a longer time for products to be selected and reviewed under the Amazon Vine program, the relevant sales and marketing personnel resorted to Unofficial Promoted Ratings or Reviews in order to obtain quicker responses; and

v. the relevant sales and marketing personnel were not cognizant of the potential implications of using Unofficially Promoted Ratings or Reviews because, as confirmed by Frost & Sullivan, such activities were commonly seen in the industry at the time, and no actions had been taken in respect of such Unofficially Promoted Ratings or Reviews in the market by online e-commerce platforms at the time.

Although it is possible to continue selling the affected product listings under the relevant brands in other stores despite their initial removal at the Restricted Online Stores, after considering that (a) the negative publicity of the Amazon Incident might have impacted the reputation of those indirectly affected brands and (b) it might be less efficient for us to restore our previous brand reputation compared to cultivating a new brand matrix, we decided to: (i) stop the promotion of all the indirectly affected brands and gradually clear the inventory of the products under these brands in other online stores or via offline channels; (ii) discontinue sales of products under the affected product listings, taking into account the progress of inventory clearance; and (iii) cultivate new brands after the Amazon Incident. As advised by a special U.S. counsel engaged to advise on the Amazon Incident, the selling of the affected product listings (i) in other online stores which were not then restricted or in new stores or (ii) under new brands is not prevented and is in compliance with relevant laws, the Amazon platform's policies or any other contractual agreement entered between us and Amazon. We have conducted the following measures to cultivate new brands:

i. we have refined our portfolio under previous product categories based on our experience and understanding of market demand and industry trends;

ii. we have improved the design and/or appearance, as well as the function of, certain related products; and

iii. we have started providing the relevant products in new online stores under new brands.

While continuing our approach to designate teams overseeing the operation and management under their respective categories to leverage their differentiated expertise and market acumen, we have systematically established and enhanced relevant internal control mechanisms to prevent similar activities and ensure compliance with relevant platform policies on Amazon and all e-commerce platforms since May 2021. In particular:

i. we have established a risk control department, which directly reports to the Board, responsible for monitoring and ensuring compliance with rules of e-commerce platforms including Amazon. This risk control department has drafted and released relevant account risk management policies, which explicitly prohibit sales and marketing activities in breach of relevant platforms' rules. The risk control department is also designated to implement regular monitoring through periodic randomized audits on selected seller accounts, analysis of key account listings to track fluctuation in discount rates and require relevant personnel to provide explanations for identified anomalies in discount rates;

ii. we have established systematic training programs to ensure compliance with the rules and policies of e-commerce platforms. In addition, we have implemented regular reviews with third-party agencies and counsel;

iii. we have implemented specific accountability mechanisms among employees. If further violation is identified, we have the right to terminate employment contracts with the employees involved and impose disciplinary actions on their direct line managers, including fines and cancelation of remuneration raises or promotion opportunities;

iv. we have established a whistleblowing and rewards system that provides an internal anonymous reporting mechanism. This encourages employees to report any suspicious activity or evidence of Unofficially Promoted Ratings or Reviews;

v. our finance department has enhanced its internal control to detect and prevent irregularities related to activities including Unofficially Promoted Ratings or Reviews via a financial management system with stricter approval procedures over requests for advances, expenses and reimbursements. Before employees commence any sales and marketing activity, they must complete a request form detailing the underlying rationale and ensure compliance with relevant laws, regulations and platform policies; and

vi. we have hired an experienced employee from Amazon to assist in relevant internal control mechanism enhancement.

We have obtained opinions from legal advisors in the U.S., Germany, Italy, the U.K. and France, which are markets we consider material during the Track Record Period, as we have generated revenue larger than 5% of our total revenue from each such market in at least one year during the Track Record Period. As advised by a special U.S. counsel engaged to advise on the Amazon Incident: (i) though Unofficially Promoted Ratings or Reviews could be found to be in contravention of relevant contractual agreements with Amazon, the likelihood of Amazon initiating any legal action against us is exceedingly low; (ii) though the Unofficially Promoted Ratings or Reviews could be found to be in violation of section 5(a) of the FTC Act, (a) the FTC's enforcement measures do not involve criminal proceedings and (b) under current law, civil penalties are not applicable in our case; and (iii) as significant improvements have been made throughout the Group in terms of compliance, the risk associated with future sales on the Amazon platform should be minimal.

According to the opinion from our legal advisor in Germany,

i. although our employees' previous use of Unofficially Promoted Ratings or Reviews could be potentially viewed as a violation of the relevant Amazon agreements, policies and guidelines applicable to our operation on Amazon German site, considering (i) the fact that we have already taken the remediation steps following Amazon's actions in 2021 to fully comply with the relevant rules and policies, (ii) the amicable settlement reached with Amazon and (iii) the time elapsed since the occurrence of the Amazon Incident, it is unlikely that Amazon will pursue further actions against us and our subsidiaries and our Directors as long as we and our subsidiaries continue to comply with the relevant Amazon agreements, policies and guidelines;

ii. although our employees' previous use of Unofficially Promoted Ratings or Reviews could be found in contravention of the applicable German laws and regulations, including, among others, the German Unfair Competition Law and German Consumer Protection Law, implicating potential civil, criminal and administrative liabilities as well as claims from consumer protection associations resulting in a possible confiscation of profits, considering (i) the significant amount of time elapsed since the Amazon Incident, (ii) that we have implemented stringent compliance measures and (iii) the difficulty for competitors, consumers and/or consumer protection associations in proving all relevant legal requirements and/or specifying damages that have been potentially suffered by competitors and/or customers, the risk of us or our subsidiaries being sued or held liable for our employees' use of Unofficially Promoted Ratings or Reviews under applicable laws and regulations of Germany seems rather low. In addition, our current Directors are not likely to be held liable personally; and

iii. furthermore, the above risks for future penalties under the law of Germany while we and our subsidiaries continue selling on the Amazon platform and other sales platforms are minimal as long as the relevant rules and regulations have been followed.

According to the opinion from our legal advisor in Italy:

i. although our employees' previous use of Unofficially Promoted Ratings or Reviews could be found in contravention of the relevant Amazon Services Europe Business Solutions Agreement and other policies applicable to our operation on Amazon's Italian site, considering that Amazon had already taken actions in 2021 and on the basis of the time elapsed and the fact that we have ceased the use of Unofficially Promoted Ratings or Reviews (i) it is unlikely that Amazon will again take action against us and/or the Group by deactivating accounts and blocking funds for the Amazon Incident; (ii) the likelihood of us being requested by Amazon to indemnify Amazon for our employees' previous use of Unofficially Promoted Ratings or Reviews is low/remote; and (iii) no liability should be borne by our Directors and senior management team for the violation of applicable agreements, policies and guidelines of Amazon;

ii. although our employees' previous use of Unofficially Promoted Ratings or Reviews could be found in contravention of the Italian Consumer Code (the Italian Legislative Decree no. 206 of 6 September 2005) and the Italian Legislative Decree 145/2007 governing misleading advertising, considering the time that has elapsed since the Amazon Incident, the burden of proof being on the consumers and the fact that no claim has been brought so far: (i) the likelihood of relevant regulatory authorities initiating any action concerning the Unofficially Promoted Ratings or Reviews against us and/or the Group is low; and (ii) the likelihood of any consumer or third parties successfully bringing any claims against us is remote;

iii. although our employees' previous use of Unofficially Promoted Ratings or Reviews could be found in contravention of Legislative Decree n. 231/2001, implicating administrative liabilities for us and our subsidiaries, the likelihood that the Unofficially Promoted Ratings or Reviews would trigger such administrative liability of us and our subsidiaries is very low due to the time that has elapsed since the Amazon Incident and the difficulty or improbability in bringing a claim against us and our subsidiaries;

iv. a charge of liability pursuant to Italian domestic laws against our Directors is fairly unlikely and it is also unlikely that any Italian authorities could find our Directors and the senior management team liable for the Unofficially Promoted Ratings or Reviews; and

v. as we have ceased the use of Unofficially Promoted Ratings or Reviews and have established comprehensive internal control measures since the Amazon Incident, the risk of the relevant regulatory authorities or consumers/undertakings taking action against us and/or the Group and our Directors under the relevant Italian domestic laws can be excluded. The Group should presently not face any risk of indemnification claims, termination of agreements or delisting or any other actions from Amazon while we continue selling on the Amazon platform and other sales platforms.

According to the opinion from our legal advisor in the U.K.:

i. although our employees' previous use of Unofficially Promoted Ratings or Reviews was in contravention of the Anti-Manipulation Policy for Customer Reviews — Amazon Customer Service and Amazon Business Accounts Terms & Conditions which are applicable to our operation on Amazon's U.K. site, considering we have already fully rectified since Amazon had taken action in 2021 and are now in full compliance with relevant rules and policies and no action has been taken by Amazon since then against us, the risk of us, our subsidiaries and/or our Directors and senior management being sued due to our use of Unofficially Promoted Ratings or Reviews under applicable laws and regulations is very low in the U.K. as long as our and our subsidiaries' activities continuously respect the relevant Policies;

ii. although our employees' previous use of Unofficially Promoted Ratings or Reviews could be found in contravention of the Consumer Protection from Unfair Trading Regulations 2008, implicating potential civil and criminal liabilities, considering the time elapsed since the Amazon Incident and that we have rectified the relevant practices, the likelihood of relevant regulatory authorities initiating any action concerning the Unofficially Promoted Ratings or Reviews against us or our subsidiaries and/or our Directors and senior management is remote; and

iii. furthermore, the above risks for future penalties under the law of the U.K. while selling on the Amazon platform and other sales platforms are minimal as long as the relevant rules and regulations have been followed.

According to the opinion from our legal advisor in France:

i. although our employees' previous use of Unofficially Promoted Ratings or Reviews could be found in contravention of the relevant Amazon agreements, and policies and guidelines in relation to the Amazon Incident applicable to our operation on Amazon French site, considering: (i) Amazon having already taken action against us in 2021; (ii) the practice being common in the industry; (iii) Amazon not having taken any further coercive measures against us; and (iv) we have rectified and ceased the practices of Unofficially Promoted Ratings or Reviews, the risk of Amazon taking further action against us and our subsidiaries is very low; and no liability should be borne by our Directors and senior management team for the violation of Amazon Policies;

ii. although our employees' previous use of Unofficially Promoted Ratings or Reviews could be found in contravention of relevant laws and regulations of France, which may lead to the risk of us and our subsidiaries being sued or the risk of Amazon being condemned and request indemnification from us or our subsidiaries, considering: (i) there being no known former or ongoing investigation against Amazon or us and our subsidiaries related to the use of Unofficially Promoted Ratings or Reviews carried out by us and/or our subsidiaries or court decision identified in which an online platform has been condemned for similar practices; (ii) the time that has elapsed since the Amazon Incident; (iii) the fact that we have ceased using Unofficially Promoted Ratings or Reviews since the Amazon Incident and our remedial measures; and (iv) such practice was common practice in the market before the Amazon Incident, the risk of us, our subsidiaries or our Directors and senior managers being sued or prosecuted or Amazon being condemned and request indemnification from us or our subsidiaries due to our employees' use of Unofficially Promoted Ratings or Reviews under applicable laws and regulations in France is very low; and

iii. we have initiated strong remedial measures; the risk for future penalties for a similar incident under the applicable French domestic laws and the Amazon agreements, policies and guidelines and the abovementioned legal schemes while we continue promoting brands on the Amazon platform can be excluded as long as there is no similar incident in the future.

Our Directors are of the view that our enhanced internal control measures implemented after the Amazon Incident are sufficient and effective to detect and prevent the use of Unofficially Promoted Ratings or Reviews based on the following:

(i) we have conducted corresponding employee training and assessment on the internal control system that prevents the use of Unofficially Promoted Ratings or Reviews;

(ii) we have implemented specific accountability mechanisms among our employees, which also serve as a powerful deterrent. In particular, we will terminate employment contracts with employees who are found to be engaged in Unofficially Promoted Ratings or Reviews;

(iii) our customer service system has set keyword filters to prevent customer service staff from contacting customers privately and asking for positive reviews or adjusted reviews; and

(iv) in the view of the internal control consultant, no internal control deficiency was found based on the work performed in relation to the sufficiency and effectiveness of the enhanced internal control measures implemented after the Amazon Incident to detect and prevent the use of Unofficially Promoted Ratings or Reviews.

The Amazon incident did not involve any intention to defraud nor any action in bad faith of our Directors. Our Directors are of the view, and the Sole Sponsor concurs, that the Amazon Incident does not impugn the integrity and competency of our Directors under Rules 3.08 and 3.09 of the Listing Rules, or the suitability for [**REDACTED**] of our Company under Rule 8.04 of the Listing Rules, for the following reasons:

(a) i) our Directors were not involved in handling or approving the use of nor had they any specific knowledge of the use of Unofficially Promoted Ratings or Reviews prior to the Amazon Incident; ii) neither we nor our Directors had the intention to defraud nor acted in bad faith in respect of using the Unofficially Promoted Ratings or Reviews; iii) under our Amoeba management system, the sale and marketing personnel of the respective business units were responsible for conducting sales and marketing activities; and iv) as the use of Unofficially Promoted Ratings or Reviews was commonly seen in the industry, our employees were not cognizant of the potential implication at the time;

(b) we had promptly ceased the use of Unofficially Promoted Ratings or Reviews since May 2021, reviewed and inspected the operations of our online stores, and enhanced our internal controls to ensure compliance with platform polices and prevent similar event from occurring in the future;

(c) i) the financial impact of the Amazon Incident was fully reflected in the our financial results; ii) we recovered from the adverse impact of the Amazon Incident on our business operations and financial performance; iii) substantially all of the frozen funds have been released and the inventory clearance has been completed; for further details, see "Financial Information — Period-to-Period Comparison of Results of Operations — Year Ended December 31, 2022 Compared with Year Ended December 31, 2021," "Financial Information — Period-to-Period Comparison of Results of Operations — Year Ended December 31, 2023 Compared with Year Ended December 31, 2022" and "Financial Information — Consolidated Statements of Financial Position — Current Assets and Liabilities — Trade receivables," respectively;

(d) we kept constant communications and maintained an amicable relationship with Amazon before and after the Amazon Incident, and additionally expanded our sales network to enhance cooperation with other e-commerce platforms, such as Walmart and Wayfair for diversification;

(e) we, under our code of conduct, have required employees to comply with the rules and policies of relevant e-commerce platforms and local laws and regulations;

(f) upon its review, the internal control consultant found no internal control deficiency based on the work performed in relation to the sufficiency and effectiveness of the enhanced internal control measures implemented after the Amazon Incident to detect and prevent the use of Unofficially Promoted Ratings or Reviews.

We have not identified any incident of the use of Unofficially Promoted Ratings or Reviews on e-commerce platforms where we have operations other than Amazon. Such practice is also regulated by other e-commerce platforms such as Walmart and Wayfair. We have not received any notice, investigation or penalty from other e-commerce platforms or been involved in any litigation or proceeding in relation to the use of Unofficially Promoted Ratings or Reviews. For Walmart, its Seller Code of Conduct provides that conduct such as attempting to influence or inflate customer reviews and ratings of items, or attempting to influence or damage another seller's reviews or ratings, may result in the removal of listings, account suspension or account termination. For Wayfair, suppliers on Wayfair are strictly prohibited from incentivizing, manipulating or influencing customers reviews or ratings, which includes contacting any customers to write, remove, or otherwise modify a product review; or providing any monetary or non-monetary incentive such as a coupon code, discount or gift. Any breach may result in temporary or permanent removal of products of defaulted suppliers. After the Amazon Incident, as part of our enhanced internal control measures, we prohibited the use of Unofficially Promoted Ratings or Reviews and other similar practices on all e-commerce platforms.

Following the Amazon Incident, primarily for the purpose of inventory clearance of the affected products, we opened 129 new online seller stores on e-commerce platforms other than Amazon, and all inventories of the affected products have been sold out by the end of 2023. Subsequently, the operation teams assessed the respective online seller stores they were in charge of and made commercial decisions regarding the plans for each store based on various factors, including the development of the e-commerce platforms, the stores' sales performance and their product listings. As of April 30, 2024, 97 of these new online seller stores have ceased operations, while 32 remained active. Among the 32 active stores, 13 listed products under both the brands affected by the Amazon Incident and other unaffected or new brands as of the same date.

OUR CUSTOMERS

During the Track Record Period, our customers of sales of products primarily consisted of consumers who buy our products through third-party e-commerce platforms, and customers of our logistics solutions primarily consisted of sellers on e-commerce platforms. Revenue from our five largest customers in each year/period during the Track Record Period represented 3.2%, 5.4%, 8.3% and 10.5% of our total revenue for the respective years/periods. Revenue from our largest customer in each year/period during the Track Record Period represented 1.3%, 2.1%, 3.0% and 5.0% of our total revenue for the respective years/periods.

Year ended December 31, 2021

Customer	Revenue	% of total revenue	Principal business & Registered capital	Main Products/ Services sold/ provided	Credit terms	Year of commencing business relationship	Sales channel
	(RMB'000)						
Customer A[1] . .	117,711	1.3	E-commerce, international trade, RMB10,000,000	Transport and warehousing services	At the end of the month of bill issuance	2020	N/A
Customer B[1] . .	67,928	0.7	Wholesale and retail trade, RMB12,500,000	Transport and warehousing services	At the end of the month of bill issuance	2021	N/A
Customer C[1] . .	39,435	0.4	Sales of electronic products, N/A	Digital products	Within 90 days	2019	Offline distribution channel
Customer D[1] . .	36,375	0.4	E-commerce, international trade, N/A	Digital products	Prepayment	2020	Offline distribution channel
Customer E[1] . .	30,222	0.3	E-commerce, N/A	Transport and warehousing services	At the end of the month of bill issuance	2020	N/A
	291,672	3.2					

Year ended December 31, 2022

Customer	Revenue	% of total revenue	Principal business & Registered capital	Main Products/ Services sold/ provided	Credit terms	Year of commencing business relationship	Sales channel
	(RMB'000)						
Customer A[(1)] . .	146,663	2.1	E-commerce, international trade, RMB10,000,000	Transport and warehousing services	At the end of the month of bill issuance	2020	N/A
6Blu Inc.	68,228	1.0	E-commerce, international trade, N/A	Furniture and home furnishings and tools	Within 90 days	2021	Offline distribution channel
MUSTBUY GMBH	56,956	0.8	E-commerce, international trade, N/A	Furniture and home furnishings and tools	Within 90 days	2021	Offline distribution channel
Ride Aventon Inc	54,215	0.8	Sales of electric bicycles, N/A	Transport and warehousing services	At the end of the month of bill issuance	2020	N/A
Customer F[(1)] . .	47,725	0.7	E-commerce, N/A	Transport and warehousing services	At the end of the month of bill issuance	2020	N/A
	373,786	5.4					

Year ended December 31, 2023

Customer	Revenue	% of total revenue	Principal business & Registered capital	Main Products/ Services sold/ provided	Credit terms	Year of commencing business relationship	Sales channel
	(RMB'000)						
Customer A[(1)] . .	263,697	3.0	E-commerce, international trade, RMB10,000,000	Transport and warehousing services	At the end of the month of bill issuance	2020	N/A
Customer G[(1)] . .	247,618	2.9	E-commerce, N/A	Transport and warehousing services	Within 90 days	2023	N/A
Ride Aventon Inc	80,072	0.9	Sales of electric bicycles, N/A	Transport and warehousing services	At the end of the month of bill issuance	2020	N/A
Customer F[(1)] . .	79,680	0.9	E-commerce, N/A	Transport and warehousing services	At the end of the month of bill issuance	2020	N/A
Customer H[(1)] . .	48,606	0.6	Trading, N/A	Transport and warehousing services	At the end of the month of bill issuance	2021	N/A
	719,674	8,3					

Period ended April 30, 2024

Customer	Revenue	% of total revenue	Principal business & Registered capital	Main Products/ Services sold/ provided	Credit terms	Year of commencing business relationship	Sales channel
	(RMB'000)						
Customer A[(1)] . .	141,751	5.0	E-commerce, international trade, RMB10,000,000	Transport and warehousing services	At the end of the month of bill issuance	2020	N/A
Customer G[(1)] . .	54,290	1.9	E-commerce, N/A	Transport and warehousing services	Within 90 days	2023	N/A
Customer I[(1)]. . .	44,641	1.6	Membership warehouses and e-commerce, N/A	Retailer	Within 45 days	2024	Offline distribution channel
Customer J[(1)]. . .	34,367	1.2	Commercial, N/A	Maternal and infant products, power supplies, home appliances and tools	Within 35 days	2019	Offline distribution channel
Customer K[(1)] . .	21,189	0.8	Trading, N/A	Transport and warehousing services	At the end of the month of bill issuance	2021	N/A
	296,238	10.5					

Note:

(1) This customer did not consent to the disclosure of its name in this document.

We are committed to providing satisfactory customer service to increase consumer experience. For consumers who purchase our products on third-party e-commerce platforms, we provide customer services through communication channels provided by the platforms. To ensure timely responses, we maintain a dedicated customer service team in addition to the customer service provided by those platforms. Our team primarily handles customer requests for product exchanges or returns that cannot be fully resolved by the platforms.

We have product exchange and refund policies that are in line with the standard regulations of the third-party e-commerce platforms we collaborate with. During the Track Record Period, we have not experienced material product returns or recalls.

COMPETITION

We primarily compete in the global B2C e-commerce market for furniture and home furnishings for sales of products. According to Frost & Sullivan, the global B2C e-commerce market for furniture and home furnishings has increased rapidly from USD145.6 billion in 2018 to USD325.8 billion in 2023 in terms of GMV, with a CAGR of 17.5%; the global B2C e-commerce market for furniture and home furnishings is highly fragmented and competitive. Market participants compete based on their operational capabilities, supply chain management and product development.

We ranked fifth in the global B2C e-commerce market for furniture and home furnishings in terms of GMV in 2023, according to Frost & Sullivan; we ranked first in the B2C overseas e-commerce market for furniture and home furnishings by China-based sellers in terms of GMV in 2023. Leveraging our established position, we believe we are able to keep seizing the target market potential with strong brand building, quality product offerings at an affordable price, strong product design and development capabilities, robust supply chain systems and a comprehensive warehousing and logistics chain.

We also compete in the B2C export e-commerce logistics solutions market adopting the pre-sale stocking model for provision of logistics solutions. According to Frost & Sullivan, the market is expected to grow rapidly to reach RMB387.0 billion in 2028 in terms of revenue, with a CAGR of 13.7% from 2023 to 2028.

In terms of the revenue generated from B2C export e-commerce logistics solutions adopting the pre-sale stocking model in 2023, Shenzhen Westernpost ranked fourth among all B2C export e-commerce logistics solutions providers in China, with a market share of approximately 1.2%, and first among all B2C export e-commerce logistics solutions providers in China focusing on medium-to-large goods, according to Frost & Sullivan. Leveraging our established position, we believe we are able to keep seizing the market opportunities with continuous innovation, strong supply chain management and efficient logistics solutions, especially those for medium-to-large goods.

INFORMATION TECHNOLOGY SYSTEMS

We have established a robust and secure IT framework that underpins almost all aspects of our operations, such as raw materials, supply chain management, operations, sales monitoring, warehousing, logistics and after-sales services.

The details of our primary IT systems are set out below:

- **ERP system**: We develop and utilize the enterprise resource planning ("**ERP**") system to collect all necessary data for our business. In particular, it is used to manage our incoming and outgoing inventory. Driven by advanced and systematic management principles, the ERP system centralizes both online and offline orders and automatically checks the inventory status as soon as orders are received by the system. This allows us to track our inventory levels in real time, and thereby maintain inventory at the optimal level and enhance our working capital adequacy. With the ERP system, we are able to quickly respond to and synchronize our production with fluctuating market trends and customer demand. Our shipment accuracy is also effectively ensured as the ERP system will conduct a double-check before dispatch.

- **Product listing system**: Our product listing system is designed to seamlessly integrate with major third-party e-commerce platforms such as Amazon and Walmart. This system includes functions such as product information management, operational listing, list prices monitoring and product optimization. We use this system to manage product listings across e-commerce platforms from various countries in a one-stop manner, which reduces the need to log into each platform separately, which significantly enhances our operational efficiency. In addition to ensuring high productivity, this system is equipped with built-in risk control rules. This preview of product information ensures compliance with regulations across different countries and platforms.

- **Hawk-Eye system**: Through the analysis of product rankings and operating metrics publicly available online, the Hawk-Eye system provides us with insight into target products and markets. It also serves to facilitate internal product selection, product optimization and decision-making.

- **WMS**: We use the WMS to collect data concerning orders from multiple sales channels and perform order dispatch, after-sales support and other functions for orders from all over the world based on various channel rules and target markets. Its designed peak daily order processing capacity can exceed 500,000 orders per day. By remotely manage warehousing and logistics operations, including export container planning, warehousing, signing, transfer and inventory, the WMS enables us to manage and monitor operations for self-operated and third-party warehousing.

- **TMS**: Through the integration of respective advantages of traditional air, sea and land transportation, direct mail, overseas warehouse and global consumer market logistics channels, the TMS is able to generate the best logistics strategies for different sales channels and orders. In light of our global terminal logistics delivery capacity, we employ the TMS to make targeted plans for bulk cargo exports, by analyzing sales and supply chain information and monitoring warehouse capacity and international shipping price fluctuations. This enables us to satisfy orders and deliveries while reducing circulation costs. The TMS also carries out compliance management of import and export operations including export declaration, tax refund, import declaration for destination country, commodity inspection, taxation and other stages, ensuring that we meet the compliance requirements of different countries and regions in many aspects such as customs, taxation, intellectual property, inspection and quarantine and safety.

AWARDS AND RECOGNITIONS

We received awards and recognition relating to our products, technology and innovation as of April 30, 2024, significant examples of which are set forth below:

Year	Awards/Recognition	Awarding Authority
2023	China Customs Cross-border E-commerce Statistical Survey Key Sample Enterprise (中國海關跨境電商統計調查重點樣本企業)	General Administration of Customs of the People's Republic of China (中華人民共和國海關總署)
2022	High-Tech Enterprise Certificate (國家高新技術企業證書)	Science and Technology Innovation Committee, Finance Committee and Taxation Bureau (科創委、財政委、稅務局)
2022	The 8th International Trust Brand (第八屆國際信譽品牌)	Shenzhen Famous Brand Evaluation Committee (深圳知名品牌評價委員會)

Year	Awards/Recognition	Awarding Authority
2021	National Centers for Industrial Design (國家級工業設計中心)	Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部)
2021	Guangdong Industrial Design Center (廣東省工業設計中心)	Guangdong Provincial Department of Industry and Information Technology (廣東省工業和信息化廳)
2021	BrandZ™ Top 50 Chinese Overseas Brand (BrandZ™中國出海品牌50強)	WPP, Google
2021	Guangdong-Hong Kong-Macao Greater Bay Area Enterprise Innovation Ranking: Innovation Achievement List, Innovation Outstanding Figures List (粵港澳大灣區企業創新力榜–創新成就榜,創新傑出人物榜)	Shenzhen Federation of Industry (深圳工業總會)
2020	Digital Commerce Demonstration Enterprise (數字商務示範企業)	Ministry of Commerce of the PRC (中華人民共和國商務部)
2018	National E-commerce Demonstration Enterprise (國家級電子商務示範企業)	Ministry of Commerce of the PRC (中華人民共和國商務部)

INTELLECTUAL PROPERTY

Our intellectual property rights are key to our competitiveness, primarily consisting of trademarks, copyrights, patents and the domain names we use. As of the Latest Practicable Date, we had 126 registered trademarks, 202 patents and 172 software copyrights as well as 27 trademarks and 77 patents under application in the PRC. As of the same date, we had 1,453 registered trademarks and 428 patents as well as 113 trademarks and 77 patents under application overseas. As of the same date, we had a total of 368 domain names, including 13 registered in the PRC. See "Appendix V — Statutory and General Information" for more details of our material intellectual property rights.

We undertake a proactive approach to manage our intellectual property portfolio. We designate dedicated personnel to handle intellectual property-related issues, whose daily work includes monitoring the application status of intellectual property rights and performing routine checks on the public trademark registration platform to ensure our trademarks are not infringed by third parties. We have also engaged intellectual property experts and legal consultants to assist our IP rights protection.

We have implemented various measures to detect potential IP infringements such as product counterfeit, including market visits by our sales team and hotlines to collect consumer complaints and reports. After discovering incidents of infringements, we collect supporting information, assess the impact of the infringement and determine the approaches, including, but not limited to, filing industrial and commercial complaints, litigation and reporting to regulatory authorities, based on the circumstances with the support of intellectual property experts or legal consultants.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business. See "Risk Factors — Risks Relating to Our Business and Industry — We may be subject to claims by third parties for intellectual property infringement or other allegations."

EMPLOYEES

As of April 30, 2024, we had a total of 1,541 employees, the majority of whom are based in Shenzhen, China. The following table sets out the number of our employees by function as of April 30, 2024:

Function	Number of Employees	% of Total
Product development, operation, sales and marketing	850	55.2
Procurement and supply chain management	302	19.6
Administrative	280	18.2
Warehousing	109	7.1
Total	1,541	100.0

Our business growth and development hinge on our capacity to attract, retain and motivate competent employees. During the Track Record Period, we recruited our staff through various means such as on-campus recruitment, job fairs, recruitment agencies and both internal and external referrals. We are devoted to offering fair and equal opportunities in all our employment practices and have implemented relevant policies and procedures. As part of our retention strategy, we provide competitive salaries, extensive insurance packages and merit-based incentives typically based on individual and overall business performance.

In terms of training, we conduct orientation programs for new employees to familiarize them with our company culture, business and industry, with the aim of enhancing their understanding of our company and facilitating their work performance. We also regularly offer bespoke in-house training to our existing employees to enhance their technical skills or arrange for them to attend third-party training sessions. Moreover, we offer management skills training to certain employees to assist them in transitioning into managerial roles.

As of April 30, 2024, we had established labor unions in China. We maintain a positive working relationship with our employees, and we have not experienced any material labor disputes or recruitment difficulties during the Track Record Period and up to the Latest Practicable Date.

LICENSES, PERMITS AND CERTIFICATES

We are required to obtain various licenses, permits and certifications for our operations. Our legal department is responsible for monitoring the validity status of our licenses and permits and make timely applications for renewal to relevant government authorities. We have not experienced any material difficulty in obtaining or renewing the required licenses, permits and certificates for our business operations during the Track Record Period and up to the Latest Practicable Date.

As of the Latest Practicable Date, we had obtained the requisite licenses, approvals and permits from relevant authorities that are material to our operations in Mainland China, Hong Kong, the U.S., Germany and other relevant countries or regions, including Italy, the U.K. and France, and such licenses, approvals and permits were valid and remained in effect.

INSURANCE

We maintain limited insurance policies covering risks with respect to our properties and inventories. We currently do not maintain product liability insurance for our products, and we do not carry any business interruption or litigation insurance. We believe such practice is in line with the customary practice of our industry.

PROPERTIES

Our corporate headquarter is located at Shenzhen, China. As of the Latest Practicable Date, we owned three properties in China.

Owned properties

Inconsistent usage of owned properties

As of the Latest Practicable Date, one of our owned properties with a GFA of approximately 26,038 sq.m. and a land occupation area of approximately 2,473.94 sq.m. was mainly used as warehousing facilities and partially used as offices and other supporting facilities to facilitate relevant affairs more efficiently, the usage of which was inconsistent with the permitted usage registered on the real estate ownership certificate for warehousing only. As advised by our PRC Legal Advisor, we may not be able to use such property as offices if the local authorities resume the land use right or require us to restore the land to its original use, and we may be subject to fines from RMB100 to RMB500 per sq.m. in relation to the relevant land occupation area. As the property was mainly used for warehousing and partially used as offices, we believe we would be able to find comparable properties as alternatives at commercially acceptable terms to us. We expect that we will be able to relocate at a cost of RMB1.4 million and the additional rent will be RMB5.3 million per year should we decide to rent additional properties for leasing. Our PRC Legal Advisor has interviewed the competent authority, and received the confirmation that the relevant property could be used as warehousing facilities and partially used as offices and other supporting facilities and will not impose any penalty on us. As advised by our PRC Legal Advisor, the risks of us being fined by the relevant competent authorities or not able to continue the usage of the property is relatively low. Having considered the foregoing, we believe that inconsistent usage described above will not, individually or in the aggregate, materially affect our business and results of operations.

Postpone in construction

As of the Latest Practicable Date, we have not started construction for one of our owned properties with a land area of approximately 6,244 sq.m. in accordance with the relevant land use right grant contract because the property has not yet met the requisite standards to commence construction. As advised by our PRC Legal Advisor, the competent authority may warn or impose fines on us if the commencement of development exceeds the agreed start date but no more than one year, may request us to pay land idle expenses equivalent to 20% of the transfer fee for the land use right if the commencement of development exceeds one year beyond the agreed start date, and may reclaim the land use rights without compensation to us if commencement of development exceeds two years, except where the postpone is caused by force majeure, government actions or government interventions, or where the postpone is caused by preliminary work essential for commencement of construction. We plan to commence development in the second half of 2024, which is within one year beyond the agreed start date. As advised by our PRC Legal Advisor, based on its interview with the competent authority and the fact that we could commence development in the second half of 2024, the risks of us being fined by the competent authority or the competent authority reclaiming the land use rights is low. Having considered the foregoing, we believe that the postpone in construction described above will not, individually or in the aggregate, materially affect our business and results of operations.

As of the Latest Practicable Date, we were leasing nine and 14 material properties in China and overseas with an aggregate GFA of approximately 14,024 sq.m. and 413,155 sq.m., respectively. Our leased properties are primarily used for warehousing and office purposes.

Leased properties

Lack of property ownership certificates or proof of authorizations

As of the Latest Practicable Date, the lessor of one of our leased properties did not provided us with their property ownership certificates or proof of authorizations from the property owner, with an aggregate gross floor area of approximately 7,000 sq.m. We believe that the reasons that the lessors failed to provide us with the relevant property ownership certificates or proof of authorizations are beyond our control. As advised by our PRC Legal Advisor, without valid property ownership certificates or proof of authorizations from the property owners, the relevant lease agreements may be deemed invalid or our use of these leased properties may be affected by third parties' claims or challenges against the lease. In addition, the aforementioned one leased property may be resumed or demolished by the competent authorities, and, as a result, we may be required to vacate the aforesaid leased property and relocate our operation site. We expect that we will be able to relocate at a cost of RMB0.5 million. Our Single Largest Shareholders Group has undertaken to indemnify us for the losses incurred in relation to the lack of property ownership certificates or proof of authorizations. Additionally, it is the lessors' responsibility to obtain the property ownership certificates to enter into the leases, and, as a tenant, we will not be required to obtain the property ownership certificates. Having considered the foregoing, we believe that the lack of property ownership certificates or proof of authorizations described above will not, individually or in the aggregate, materially affect our business and results of operations.

Lease Agreement Registration

Pursuant to the applicable laws and regulations in China, property lease agreements for leased buildings must be registered with the relevant real estate administration bureaus in China. As of the Latest Practicable Date, we had not registered the lease agreements for four of our leased properties with a total GFA of 11,163 sq.m. with the relevant competent authorities in accordance with applicable laws and regulations in China. We had not registered one of these leased properties with a total GFA of 7,000 sq.m., mainly due to the owners' reluctance in registering relevant lease agreements; the other three of the leased properties were recently leased and we were in the process of registering the respective lease agreements as of the Latest Practicable Date. According to our PRC Legal Advisor, if we fail to make corrections within the prescribed time limit after being ordered by the competent authority, we may be subject to fines from RMB1,000 to RMB10,000 for each such lease agreement for failure to register. As advised by our PRC Legal Advisor, the lack of registration does not affect the validity and enforceability of the lease agreements. As of the Latest Practicable Date, we were in the process of registering the lease agreement of such leased property. Having considered the foregoing, we believe that the non-registration of the lease described above will not, individually or in the aggregate, materially affect our business and results of operations.

Inconsistent usage of leased properties

As of the Latest Practicable Date, the actual usage of one leased property with a total GFA of 686 sq.m., which was primarily used as our office to facilitate relevant affairs more efficiently, was inconsistent with the usage purpose of industrial or research and development set out in such title certificate. As advised by our PRC Legal Advisor, we may not be able to lease, occupy and use such leased properties if the local authorities resume or demolish such leased properties, and we may be subject to fines from RMB100 to RMB500 per sq.m. in relation to relevant leased properties. Our Single Largest Shareholders Group has undertaken to indemnify us for the losses incurred in relation to the inconsistent usage. For the aforementioned leased property, as it was mainly used for offices, we would be able to find comparable properties as alternatives at commercially acceptable terms to us. We expect that we will be able to relocate at a cost of RMB0.3 million. Having considered the foregoing, we believe that inconsistent usage described above will not, individually or in the aggregate, materially affect our business and results of operations.

To prevent the recurrence of similar non-compliances, we have established a management system of owned and leased properties, including (i) we need to obtain sufficient certification support in accordance with compliance requirements with laws and regulations regarding owned or leased properties; (ii) we continuously monitor the actual usage of the property to ensure consistency with the usage registered on the real estate certificate; and (iii) the owner of the properties shall comply with the relevant land use right grant contract, ensure timely commencement of work, and manage the project progress and quality well.

See "Risk Factors — Risks Relating to Our Business and Industry — Failure to comply with laws and regulations regarding certain of our owned or leased properties may adversely affect our business, financial condition and results of operations."

As of April 30, 2024, we had no single property with a carrying amount of 15% or more of our total assets, and no single property interest that forms part of our property activities had a carrying amount representing 1% or more of our total assets as of December 31, 2023, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this document any valuation report. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

IMPACT OF THE COVID-19 PANDEMIC

The outbreak of COVID-19, which was first reported in December 2019, quickly developed into a worldwide pandemic that materially and adversely affected the global economy and business environment. In 2020, the outbreak of COVID-19 shifted consumer behaviors and accelerated the development of online shopping, with the GMV of B2C overseas e-commerce for the furniture and home furnishings market generated by China-based sellers increasing by 78.3% from 2019 to 2020, according to Frost & Sullivan. As such, the COVID-19 pandemic outbreak has had a positive impact on the global B2C e-commerce market. According to Frost & Sullivan, during the COVID-19 pandemic, consumers increasingly relied on online shopping, and the market size of the global B2C e-commerce market is expected to grow further after the COVID-19 pandemic. The size of the global B2C e-commerce market increased significantly due to the COVID-19 pandemic, with its GMV increasing from USD2,300.7 billion in 2018 to USD4,821.9 billion in 2023 at a CAGR of 16.0%, where the GMV of the global B2C e-commerce market increased by 47.3% from 2019 to 2021. The size of this market is expected to continue expanding with a GMV reaching USD7,712.5 billion by 2028 at a CAGR of 9.8% from 2023 to 2028, driven by the shift in consumption patterns to online shopping. As a result, the receding of the COVID-19 pandemic is not expected to lead to a contraction of the global B2C e-commerce market. Instead, reliance on online shopping platforms is anticipated to increase, broadening the scope of the digital marketplace. Consequently, more opportunities will emerge for online retailers and B2C export e-commerce logistics solutions providers, leading to the growth of our business in the long run.

During the Track Record Period, we were occasionally exposed to certain international transportation interruptions, global logistics congestion and temporary suspension of port terminals in the PRC due to COVID-19, which prolonged the delivery times of our services. For example, air freight costs to the U.S. and Europe in the second quarter of 2020 increased from approximately RMB30 per kilogram to approximately RMB100 per kilogram. In 2021, the sea freight costs from China to Europe increased from approximately USD10,100 to a maximum of USD16,500 for every 40-foot container. In 2021, the sea freight costs from China to the west coast of the U.S. increased from less than USD5,000 to a maximum of USD18,000 for every 40-foot container. In 2022 and 2023, the shipping time from China to the west coast of the U.S. increased from approximately 15 days to approximately 25 days. Despite the adverse effects of COVID-19 on the global supply chain, our overseas operations, including our warehouse operations, were not materially affected by the COVID-19 pandemic. Specifically, despite the general rise in logistics costs, we entered into agreements with third-party logistics service providers to secure relatively fixed prices, ensuring our logistics costs remained relatively stable despite severe market fluctuations. Despite shipping delays, there were no cases where we failed to deliver products to our overseas customers during COVID-19 pandemic.

Our Directors are of the view that the overall impact of COVID-19 on our business operation and financial performance was immaterial on the basis that (i) our total revenue increased by 22.3% from RMB7,100.2 million in 2022 to RMB8,683.0 million in 2023 and further increased by 16.9% from RMB2,424.5 million in the four months ended April 30, 2023, to RMB2,833.5 million in the four months ended April 30, 2024; and (ii) our business operations fully resumed as restrictive measures were gradually eased from December 2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We have been, and will continue to be, highly committed to sustainable corporate responsibility projects. We place a high value on our social responsibilities and regard environmental, social and governance ("**ESG**") issues as crucial to our continuous development. Our attention is centered on economic responsibility, employee responsibility, environmental responsibility and public responsibility. We intend to establish metrics and targets for these ESG projects and routinely assess our primary ESG performance. Our Directors will actively be involved in formulating our ESG strategies and objectives and will regularly evaluate, determine and manage our ESG-related risks.

ESG Governance

We acknowledge our responsibilities towards environmental protection and social responsibilities, and are aware of the potential impact of climate-related issues on our business. We are dedicated to complying with environmental, social and governance reporting requirements upon [**REDACTED**].

We have formulated a Corporate Environmental, Social and Governance Management System which serves as a comprehensive framework outlining the measures and mechanisms to continuously improve our ESG-related efforts and integrate ESG considerations into our business operations. We have a three-tier ESG governance structure, with the Board of Directors leading ESG decision-making, the Strategy Committee offering guidance and the ESG working group executing initiatives. We clearly defined roles and responsibilities with designated ESG liaisons in relevant departments. In detail, the Board of Directors primarily determines the ESG development direction, strategy and objectives, and approves the ESG management system, ESG reports and significant ESG matters. The Strategy Committee mainly researches, analyses and evaluates ESG-related matters, guiding the daily implementation of ESG activities and the preparation of ESG reports. The ESG working group is the coordination and advancement team for ESG activities. It is responsible for liaising with our ESG management requirements, organizing the collection of information and preparing the ESG reports. Its main responsibilities include (i) drafting our ESG strategy, objectives and medium- to long-term plans; (ii) determining the annual ESG work plans for each department, summarizing the operation of the ESG system and reviewing the completion status of various stage-specific goals; (iii) organizing the identification and assessment of ESG risks and opportunities, and formulating and summarizing response measures; (iv) promoting the implementation of detailed ESG work plans, improving our existing ESG-related management systems and establishing new ESG management measures when necessary; and (v) organizing stakeholder engagement activities.

Our ESG-related risk management practices include the regular identification and assessment of ESG-related risks, such as climate change, labor rights and data security, with emergency response plans in place for significant ESG events. Furthermore, we have set up ESG-related targets, particularly environmental targets, to establish deeper involvement of each department in practicing ESG in its daily work and demonstrate our commitment to ESG. We are also dedicated to preparing and publishing ESG reports as required to disclose our Group's ESG performance and progress, as well as communicating effectively with investors, customers, employees and other stakeholders to collect feedback and continuously improve.

In addition, we have engaged an ESG consultant to provide professional advice for determining, reviewing, and carrying out our ESG policies. We intend to discuss with the ESG consultant from time to time to find out whether all material ESG issues have been identified and reported to the management. After the [**REDACTED**], we will seek more input from stakeholders to standardize our ESG management strategies across the value chain from an innovative and collaborative perspective.

ESG Policies

We have formulated an environmental policy (the "**Environmental Management Policy**") to embed ESG principles across all our operations and drive sustainable development throughout our business processes. We focus on developing ESG policies and implementing specific measures for environmental protection, social responsibility and corporate governance, such as the implementation of the Environmental Management Policy. The purpose of this policy is to (i) ensure that we strictly comply with relevant environmental laws, regulations and industry standards; (ii) establish comprehensive environmental management system and continuously optimizing environmental performance; and (iii) cultivate our employees' environmental awareness, encourage full participation in environmental practices and foster a positive environmental corporate atmosphere.

Commitment to Sustainable Development

Our commitment to environmental, social and governance responsibilities after the [**REDACTED**] is reflected in our comprehensive ESG policies, encapsulated in the Environmental Management Policy. These policies are structured to integrate ESG principles seamlessly into all operational facets, advancing sustainable development across our business processes. Key components include governance on ESG risks, stakeholder engagement, governance structure, strategy development, risk management, key performance indicators ("**KPI**") identification and mitigation measures. Under the Environmental Management Policy, our implementation strategies for sustainable development focus on:

GHG Management:

- Encouraging low-carbon practices such as paperless offices and energy conservation.

- Adapting logistics management to align with national dual carbon goals.

Waste Management:

- Establishing a systematic waste management system.

- Promoting waste sorting and reduction measures.

Energy Management:

- Encouraging energy-efficient practices.

- Implementing energy-saving equipment for improved utilization.

Water Resource Management:

- Rationalizing water resource use and implementing water-saving measures.

Employee Education and Training:

- Enhancing environmental awareness through educational initiatives.

We conduct regular policy reviews to align with environmental regulations and industry best practices in our operational regions, ensuring a commitment to continuous improvement in our environmental management efforts.

Metrics and Targets

We strictly comply with the standards, metrics and targets established by relevant PRC environmental laws and regulations to evaluate and manage the environmental impact of our business activities, such as the use or consumption of potentially hazardous or harmful substances during the sale and delivery of our products.

Greenhouse Gas (GHG) Emissions

We calculate the GHG emissions produced by our Group according to the reporting standards in Appendix 2: Environmental Key Performance Indicators Reporting Guide of the Listing Rules. After the [**REDACTED**], we plan to continuously track the GHG emissions within our Group's scope and gradually begin investigating Scope 3 emissions. The table below sets forth our GHG emissions for the years/period indicated:

		Year ended December 31,			Four months ended April 30,
	Unit	**2021**	**2022**	**2023**	**2024**
GHG Emissions					
Scope 1[(1)]	*Tonnes CO_2 equivalent*	116.3	162.8	201.6	70.2
Scope 1 intensity[(2)]	*Tonnes CO_2 equivalent/ thousand in RMB*	0.0002	0.0002	0.0002	0.00002
Scope 2[(3)]	*Tonnes CO_2 equivalent*	769.0	1,025.1	2,517.2	678.8
Scope 2 intensity	*Tonnes CO_2 equivalent/ thousand in RMB*	0.00008	0.0001	0.0003	0.0002

Notes:

(1) Scope 1 emissions primarily come from the direct energy consumption during operations, such as fuel consumed by company-owned vehicles and forklifts. The calculation methods and emission factors are referenced from the Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Land Transport Enterprises (Trial) and US Environmental Agency Emission Factors for Greenhouse Gas Inventories.

(2) The amount used as the denominator for calculating intensity is our total revenue for the year/period indicated, in thousands of RMB.

(3) Scope 2 emissions primarily come from the electricity consumption of our offices and storage facilities in China, the United States and Germany. The calculation methods and emission factors are referenced from the Notice on Proper Management of Greenhouse Gas Emission Reporting for Power Generation Enterprises in 2023-2025, the average emission factor of the national power grid, the US Environmental Agency Emission Factors for Greenhouse Gas Inventories and the National Emissions Reported to the UNFCCC and to the EU Greenhouse Gas Monitoring Mechanism.

Air Pollutant Emissions

We continuously track data on air pollution caused by our operational activities. This data is collected at the locations where we operate and includes major air pollutants generated by office equipment, storage equipment, vehicles and local industrial and commercial activities. The table below sets forth our air pollutant emissions for the years/period indicated:

		Year ended December 31,			Four months ended April 30,
	Unit	**2021**	**2022**	**2023**	**2024**
Air Pollutant emissions(1)					
NO_X	*Kg*	5.9	6.2	7.5	7.0
SO_X	*Kg*	0.7	0.7	1.6	1.1
CO	*Kg*	79.7	85.0	113.5	100.6
PM 2.5	*Kg*	0.2	0.2	0.4	0.3
PM 10	*kg*	0.2	0.3	0.4	0.3

Note:

(1) The calculation methods and relevant emission factors for emissions generated by vehicle consumption are referenced from the Technical Guidelines for Compiling Air Pollution Emission Inventories for Road Motor Vehicles (Trial).

Hazardous and Non-Hazardous Waste

The non-hazardous waste generated during our operations includes household waste, paper, waste cardboard and waste wood panels. The hazardous waste includes used batteries, fluorescent light tubes and ink cartridges. The table below sets forth our hazardous and non-hazardous wastes for the years/period indicated:

		Year ended December 31,			Four months ended April 30,
	Unit	**2021**	**2022**	**2023**	**2024**
Non-Hazardous Waste	*Tonnes*	50.4	69.4	81.4	30.7
Hazardous Waste	*Tonnes*	0.1	0.2	0.1	0.07

Energy Uses

We continuously track the electricity and fuel consumption of our company-owned vehicles, office locations and storage equipment. The increase in fuel consumption is due to the growth of our business, which has led to an increase in the number of offices and the frequency of vehicle and storage equipment operations. The table below sets forth our energy uses for the years/period indicated:

		Year ended December 31,			Four months ended April 30,
	Unit	**2021**	**2022**	**2023**	**2024**
Electricity	*MWh*	1,935.4	2,757.5	5,415.2	1,127.7
Gasoline	*Litre*	4,860.0	5,184.0	11,074.0	7,959.0
Natural Gas	*Cubic Metre*	88,257.0	126,790.0	147,989.0	43,537.0

Water Consumption

The table below sets forth our water consumption for the years/period indicated:

		Year ended December 31,			Four months ended April 30,
	Unit	**2021**	**2022**	**2023**	**2024**
Water Consumption	*Tonnes*	5,762.0	12,545.0	33,240.5	5,758.5

To fulfill our environmental and social responsibilities, we have set the following environmental goals and indicators as well as action plans to be implemented to achieve the expected results:

Category	Key Performance Goals	Environmental Goals	Indicators	Action Plans
GHG Emissions	Emission Targets	Encourage Green Commuting	Strengthen the management of company-owned vehicles	1. Record fuel consumption of company vehicles and perform regular maintenance 2. Gradually convert company vehicles to lower/zero-emission vehicles
		Green Logistics Operations	Increase the proportion of machinery and vehicles using clean energy (such as electric forklifts and electric vehicles)	1. Regularly monitor and report carbon emissions from logistics and company vehicles 2. Optimize operation routes to reduce unnecessary driving distances

Category	Key Performance Goals	Environmental Goals	Indicators	Action Plans
Waste Generation	Waste Reduction Targets	Increase Waste Recycling Rate	Increase recycling rate of office paper	1. Improve office waste recycling systems 2. Track the amount of office paper recycled
			Recycle office electronic equipment	Develop a recycling plan and regularly check the plan's progress
			Classify waste for recycling	Set up non-renewable and renewable waste recycling bins on the property
Energy Usage	Energy Efficiency Targets	Improve Energy Efficiency	Reduce office energy consumption	Purchase appliances with energy labels
			Conduct energy audits in the office	Collect office energy usage data
Water Resource Usage	Water Efficiency Targets	Improve Water Efficiency	Reduce average water consumption	1. Develop water resource management regulations 2. Increase water-saving devices, including water-saving faucets
All Above Environmental Goal Categories	Emission Targets Waste Reduction Targets Energy Efficiency Targets Water Efficiency Targets	Promote Environmental Awareness	Provide environmental training/publicity to employees	1. Include environmental training in onboarding sessions 2. Develop an environmental training/publicity plan to regularly hold energy-saving themed events

Risk Management and Mitigating Measures

We are in the process of implementing a range of comprehensive and effective strategies to identify, evaluate, manage and mitigate ESG-related risks. For instance, we use an energy management system to monitor energy consumption data and create internal reports; we employ a sewage treatment system to monitor and reduce water pollutant discharge; and we utilize an exhaust gas treatment system to lower air pollutant concentrations. For more information on our risk management policies and procedures, including the processes of identifying and assessing risks, see "— Internal Control and Risk Management." Furthermore, with the target of minimizing the environmental impact of our business operations, we are developing our environmental protection management and control procedures to provide guidance on managing and handling ESG-related issues.

We will also persistently keep track of climate-related matters and developments in government actions to deal with climate change and take necessary steps to minimize their impact on our operations.

Considering the nature of our operations, we believe our activities do not significantly harm the environment. Furthermore, we are not aware of any material environmental liability risk or compliance costs arising during the Track Record Period and up to the Latest Practicable Date.

Physical Risks

In the short term, extreme weather events, such as flooding, icing, rainstorms and snowstorms, may adversely affect our business operations. These weather conditions can impact our employees' commuting and disrupt normal business activities.

Internal control measures to mitigate physical risk

We acknowledge the potential chaos that unexpected system failures due to severe weather could cause. Specifically, unanticipated system failure may result in data loss, which could impact ongoing relationships with our users. We will closely monitor the daily observatory prediction and will notify our employees and other personnel promptly with any related measures in case of extreme weather. We will establish precise protocols for operating during severe weather to maintain business continuity and ensure the safety of our employees.

Transition Risks

Transition risk refers to the medium- and long-term financial risk associated with the shift towards a lower-carbon economy which can be prompted by, for example, changes in climate-related policies and regulations, technological changes, social trends or a change in market sentiment. Our operational costs may rise due to climate-related policy and sustainable practice mandates. For instance, we may need to switch to energy-efficient lighting or increase green spaces of our business premises. Increasing obligations on resource consumption may increase our regulatory compliance costs for more stringent monitoring of resource consumption.

Internal control measures to mitigate transition risks

Although our business activities do not directly produce pollutants affecting the environment, we are committed to implementing a series of measures to uphold our environmental responsibilities. Specifically, we aim to (i) motivate our procurement team to source recyclable office materials, (ii) promote electronic document usage to minimize paper consumption, (iii) instruct employees to switch off lights, electronic devices and air conditioning after meetings and before leaving work, (iv) implement temperature settings for air conditioning, (v) develop internal policies that mandate electricity and paper conservation among our employees, and (vi) selectively engage suppliers who demonstrate a strong commitment to energy conservation and carbon emission reduction.

Our Strategies in Addressing ESG-Related Risks and Opportunities

If the risks and opportunities are considered to be material, we will incorporate them into our strategic and financial planning processes. Our long-term goal is to minimize transition risk through improved energy efficiency, the adoption of a green supply chain, the use of environmentally friendly ingredients and the consumption of renewable energy. We are committed to our emission reduction targets, which not only reduce our exposure to transition risk but also enhance the environmental performance of our products. We conduct an annual review of our progress against our targets on climate-related issues, and we may adjust our ESG strategies accordingly as appropriate.

Environmental Protection

We operate under various PRC environmental laws and regulations, which entail regular inspections by local environmental protection authorities. See "Regulatory Overview." While our operations do not directly involve the production of raw materials that result in significant air emissions, wastewater emissions or waste production, our operations may have some indirect environmental effects such as greenhouse gas emissions produced by our suppliers during product manufacturing, as well as emissions during the delivery of our products by third-party or in-house logistics solutions providers. To minimize the potential environmental impacts associated with our operations in accordance with our ESG targets, we have implemented a range of effective measures on a firm-wide basis. For example, our suppliers are contractually required to meet the environmental requirements or regulations of the designated countries or regions where our products are sold or the relevant third-party e-commerce platforms. To reduce the volume and cost of packaging materials, we encourage structural upgrading and innovation and facilitate waste recycling. We have also established internal policies to raise the awareness of sustainable development among our employees and encouraged them to save energy by reusing paper and conserving water and electricity resources within our offices.

In addition, although our business operation does not involve production as we outsource product production to manufacturing partners and we do not have quantitative information for raw materials, we maintain records of purchasing data, such as transaction amounts and quantities of items purchased. Furthermore, we have specified the ESG requirements in procurement agreements with manufacturing partners. In particular, for raw materials, we require the suppliers to comply with the product quality testing standards and production, hygiene, inspection and quarantine standards stipulated by laws and regulations of the place of origin and place of sale. In addition, we require them to comply with the mandatory requirements and environmental protection requirements of the products, and provide us the relevant product certification documents, including, but not limited to, the product inspection certificate issued by authoritative third parties. Currently, our supplier selection process focuses mainly on quality, as we emphasize the potential risks associated with quality issues. Nevertheless, we acknowledge the pivotal role of environmental stewardship in raising the overall supply chain performance and resilience. We have engaged an ESG consultant to provide professional advice and are planning to set up a robust, sustainability-driven approach to define environmental standards in our supply chain, such as the requirements for the types of raw materials and packaging materials as well as reviewing the existing supply chains to understand the suppliers' environmental practices and the types of raw materials they use.

During the Track Record Period and up to the Latest Practicable Date, our PRC Legal Advisor confirmed that we had not committed any material breaches of environmental laws and regulations applicable to our operations, nor had we suffered any material claims or penalties due to violations of environmental laws and regulations. During the same period, none of our business, strategy or financial performance had been materially adversely affected by any actual or potential impacts of environmental-related risks.

Social Responsibility

We operate under the PRC laws and regulations relating to occupational health and safety. See "Regulatory Overview." We have established safety guidelines that our employees must strictly adhere to, and we provide our production staff with sufficient safety equipment. We routinely assess our office equipment and supplies to ensure their safety for our operations. Additionally, we conduct regular training sessions for employees to enhance their understanding and knowledge of safety procedures and accident prevention. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material accidents resulting in personal injury or property damage, nor did we face any material claims, lawsuits, penalties or disciplinary actions due to any material accidents.

We are dedicated to promoting diversity, equity and inclusivity within our working environment, offering equal opportunities and fair treatment to all our employees. We have a balanced employee composition, and as of April 30, 2024, 54.8% of our total employees were women. We also provide diverse health, promotion, welfare and training policies for our employees, including free EMBA courses and classes. With the establishment of an in-house charity fund, we help employees in need by making monthly deposits to the fund.

Leveraging our resources and expertise, we have been and will continue to be dedicated to sustainable corporate responsibility initiatives. For example, during the COVID-19 pandemic outbreak, we actively donated money, thousands of disposable masks and other anti-epidemic supplies to local and international medical institutions. We also proactively participate in various initiatives of local communities such as talent shows or youth networking activities.

DATA PRIVACY AND PROTECTION

During our daily business operations, we process personal information, including names, postal addresses and phone numbers. We are dedicated to safeguarding personal information and privacy. For example, in offline sales scenarios, we fulfill our obligation to notify personal information processing rules through a personal information processing consent letter in accordance with the law, and process personal information based on the individual's consent.

We gather data both directly and indirectly during our course of operations. Specifically, for sales of goods, we directly collect personal information such as names, email addresses and telephone numbers from our overseas offline distributors and offline retailers. We indirectly collect personal information while selling through third-party e-commerce platforms, including, but not limited to, order numbers, the time when orders were placed, the transaction amounts of the orders, the items ordered and the quantities ordered.

Moreover, we gather customers' personal information to enable product shipment. Specially, we receive personal information shared by third-party e-commerce platforms, which varies according to the logistics and distribution model used by the third-party e-commerce platforms. When we ship orders utilizing the delivery services of the third-party e-commerce platform, we obtain order information, such as order number and the country, region/state/province as well as post code of the consumers. When we ship orders not utilizing the delivery services of third-party e-commerce platform but by engaging third-party logistics solution providers, we receive comprehensive customer personal information from the third-party e-commerce platform.

When we engage third-party logistics solution providers, we provide personal information to such third-party logistics service providers to streamline logistics and distribution processes. This data encompasses customers' names, phone numbers, email addresses and detailed residential addresses. The provision of such information is essential for the effective management of warehousing, transportation and other logistics services.

We store personal information we obtained during our course of operations on a server located in Hong Kong, which is maintained by us. Personal information is stored in Mainland China only under two circumstances: for offline sales, we directly collect and store personal information from distributors and retailers in a server room in Shenzhen, Guangdong Province; for online sales, information indirectly collected is typically stored in Hong Kong but is transmitted to the server room in Shenzhen for business analysis.

In terms of cross-border data transfer, although we can remotely access information stored outside of China and we may transfer the personal information collected and generated outside of Mainland China to Mainland China for business analysis, we do not transfer data collected and generated during operations within Mainland China to outside of China. We also do not allow foreign institutions, organizations or individuals to access, retrieve, download or export data stored within Mainland China. This ensures that our business practices do not involve cross-border data transfer activities outlined in the relevant PRC regulations.

We have developed a series of internal management policies and operating procedures for data protection and personal information protection, and have implemented corresponding technical measures to prevent data security incidents such as data leakage.

- We have developed and enforced strict policies to safeguard our IT systems against cyberattacks during our ordinary online sales activities. We comply with the international information security management system standard (ISO27001) and the national standard (GB/T22080-2016), accordingly deploy firewalls and conduct data access control through security policies. In addition, with database audits, high-strength firewalls and security reinforcement provided by established security vendors, we regularly organize tests and perform security scans on our systems.

- We offer internal training to our sales and operations employees on cybersecurity, aiming to increase their understanding and awareness of cyber threats and relevant countermeasures. Our internal guidelines also require our employees to abide by information security regulations, in order to ensure safety of the relevant information involved in the business operations.

- Additionally, we set up firewalls to prevent unauthorized access to our information systems. Our skilled IT staff routinely back up sales statistics and financial data from our daily operations and carry out regular checks on the availability and security of our data assets.

We have implemented a number of internal policies to manage and safeguard customers' personal information. For example, we have established internal policies to define the distribution of responsibilities for protecting personal information within the company, as well as the basic security requirements for all stages of the personal information processing life cycle. Additionally, we have implemented corresponding technical measures to ensure personal information security, such as encryption. Specifically, we classify data based on its sensitivity and the level of security required. The most sensitive, core-level data is accessible only to highly authorized personnel, requires identity authentication and encrypted transmission, and is securely stored. Important-level data is safeguarded with encryption, regular backups and scheduled destruction to prevent unauthorized access or misuse. Access to internal-level data is restricted to our employees and is subject to strict controls. Across all categories of data, we employ a range of technological measures, including encryption and access control, to maintain the confidentiality, integrity and reliability of the data. During the Track Record Period and up to the Latest Practicable Date, we have complied with applicable data security and personal information protection laws and regulations in the jurisdictions where we operate in all material aspects. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to regulatory investigations, administrative penalties or public notifications related to data security and personal information protection, and we have not experienced any significant data security incidents related to theft, leakage, damage or loss of data or personal information. As such, our Directors and PRC Legal Advisor are of the view that, during the Track Record Period and up to the Latest Practicable Date, we have adhered to all material aspects of the currently effective and applicable PRC laws and regulations concerning privacy and personal data protection. Additionally, the internal control consultant has reviewed the internal policies and procedures related to data privacy protection, particularly the safeguarding of personal information collected and/or processed by us. Based on the review and the test in relation to the policy and procedure of IT general control, such as network security management, anti-virus management as well as account and password management, our internal control consultant has concluded that no significant internal control deficiency was found.

INTRA-GROUP TRANSACTIONS

The Organization for Economic Cooperation and Development (the "**OECD**"), an international organization of international cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administrations (the "**OECD Transfer Pricing Guidelines**"). According to the OECD Transfer Pricing Guidelines, our intra-Group transactions should be on an arm's-length basis.

During the Track Record Period, we carried out our operations mainly in Mainland China, Hong Kong, Singapore, the U.S. and Germany. We have engaged a tax service firm (the "**transfer pricing advisor**") to conduct benchmarking studies on the intra-Group transactions during the Track Record Period in accordance with the OECD Transfer Pricing Guidelines and applicable rules and laws on transfer pricing and provide annual transfer pricing review on cross border intra-Group transactions during the Track Record Period from the perspectives of Mainland China, Hong Kong, Singapore, the U.S. and Germany.

After assessing transfer pricing arrangements during the Track Record Period in compliance with the applicable transfer pricing regulations in Mainland China, Hong Kong, Singapore, the U.S. and Germany in all material respects, we are of the view that there was no need for any material transfer pricing adjustment within our Group. The transfer pricing advisor is of the view that our Group was in compliance with the OECD Transfer Pricing Guidelines and the applicable rules and regulations of transfer pricing arrangements in Mainland China, Hong Kong, Singapore, the U.S. and Germany during the Track Record Period and up to the Latest Practicable Date, and that based on the confirmation of our Directors, the tax authorities in each relevant jurisdiction did not challenge the transfer pricing practices of the Group's related party transactions nor initiate any transfer pricing audit during the Track Record Period and up to the Latest Practicable Date. Based on the foregoing, our Directors are of the view that our transfer pricing arrangements are in line with the OECD Transfer Pricing Guidelines and the applicable rules and regulations of transfer pricing arrangements in the relevant jurisdictions. An analysis of the intra-Group transactions during the Track Record Period is set out below:

Based on the requirements prescribed by the transfer pricing regulations of Mainland China, Hong Kong, Singapore, the U.S. and Germany, we adopted the CUP method to analyze the intra-Group transactions involving our logistics solutions and the TNM method to analyze other intra-Group transactions of covered entities. See "Regulatory Overview — Laws on Transfer Pricing." When analyzing the product purchase and sales intra-Group transactions, we used the earnings before interest and taxes operating margin as the appropriate profit level indicator to determine the arm's-length range of profit returns. When analyzing the connected labor service transactions, we used net cost plus margin as the appropriate profit level indicator to determine the arm's-length range of profit returns.

Specifically, in the principal intra-Group transaction arrangements for sale of goods, our Company and other principal entities assume functions including product development, procurement, quality control, inventory management, logistics, marketing, sales, after-sales service, software system development and maintenance, payment requests and collection as well as general administrative management. Accordingly, our Company and other principal entities bear market risks, development risks, inventory risks, exchange rate risks and some product liability risks, taking on a relatively complex and comprehensive functional role within the Group. Our other sales companies carry out purchasing, sales, collection of payments, warehousing and logistics, and assist with after-sales services, assuming a role similar to that of a general distributor.

In the principal intra-Group transaction arrangements for logistics solutions business, Shenzhen Westernpost undertakes service provision, marketing and sales, inventory management and transportation arrangements, after-sales services, payment requests and collection, general administrative management and some research and development functions. Accordingly, Shenzhen Westernpost bears market risks, service quality risks, credit risks and exchange rate risks, taking on a relatively complex and comprehensive functional role in logistics solutions business. Western Post (HK) receives orders and subcontracts them, assuming a role similar to that of a general logistics service subcontractor. Western Post (US) and Flatiron, a subsidiary our Group acquired during the four months ended April 30, 2024, undertake service provision, inventory management and transportation arrangements, assuming a role similar to that of a general logistics service provider. Auklogis Gmbh is relatively independent, responsible for sales, order acceptance and collection.

Roles such as sales, logistics service subcontractors and logistics service providers bear limited functional risks, and, therefore, they are attributed limited profit that matches their roles.

We performed a comparability benchmark analysis within the same industry based on the results of the functional risk analysis when applying the TNM method. The main overseas companies' corresponding reasonable profit margin indicators for comparable distributors, logistics service subcontractors and logistics service providers, and the profit margins of the tested companies are as follows:

The table below sets forth the comparison of profit margins of our major overseas sales subsidiaries with comparable companies:

Company Type	Company Name	Tested Entity 2021-April 30, 2024 Weighted Average Earnings Before Interest and Taxes	Industry Comparable Companies 2020-2022 Weighted Average Profit Margin Quartile Range		
			Lower Quartile	Median	Upper Quartile
Asia-Pacific Sales Companies	Aukey International	1.18%	0.38%	1.40%	5.17%
	HK Fanttik	0.45%			
	Auwin International	1.97%			
North American Sales Companies	Wowme LLC	5.79%	1.48%	2.27%	6.06%

The table below sets forth the comparison of profit margins of major warehousing and logistics service subcontractors/logistics service providers with comparable companies:

Company Type	Company Name	Tested Entity 2021-April 30, 2024 Weighted Average Full Cost Mark Up Rate	Industry Comparable Companies 2020-2022 Weighted Average Profit Margin Quartile Range		
Logistics Service Subcontractors	WESTERN POST (HK)	1.62%	1.38%	2.71%	6.14%
Logistics Service Providers.	WESTERN POST (US)	3.70%			

For the transactions involving Auklogis Gmbh, the CUP method was used and a sampling was conducted in the logistics delivery business, using the non-related prices of GLS logistics company's European delivery quotes as comparable prices.

The table below sets forth the comparison of Auklogis Gmbh logistics delivery connected transaction quotes with non-connected transaction quote samples:

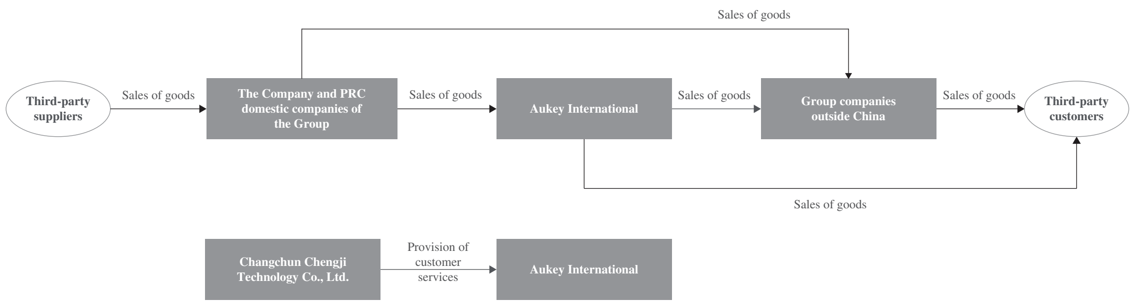
Year	Sampled GLS European Delivery Quotes	
	Connected Transaction Average Quote	Non-Connected Transaction Quote Range
	(EUR)	*(EUR)*
2021	21.33	12.13~28.06
2022	28.18	15.24~58.55
2023	28.26	12.45~33.59
As of April 30, 2024	33.47	15.56~43.04

In summary, for the aforementioned significant intra-Group transactions of our overseas entities, we are of the view that our profit margins fall within the quartile range of the profit margin indicators of comparable companies and that our intra-Group transactions comply with the OECD's arm's-length principle.

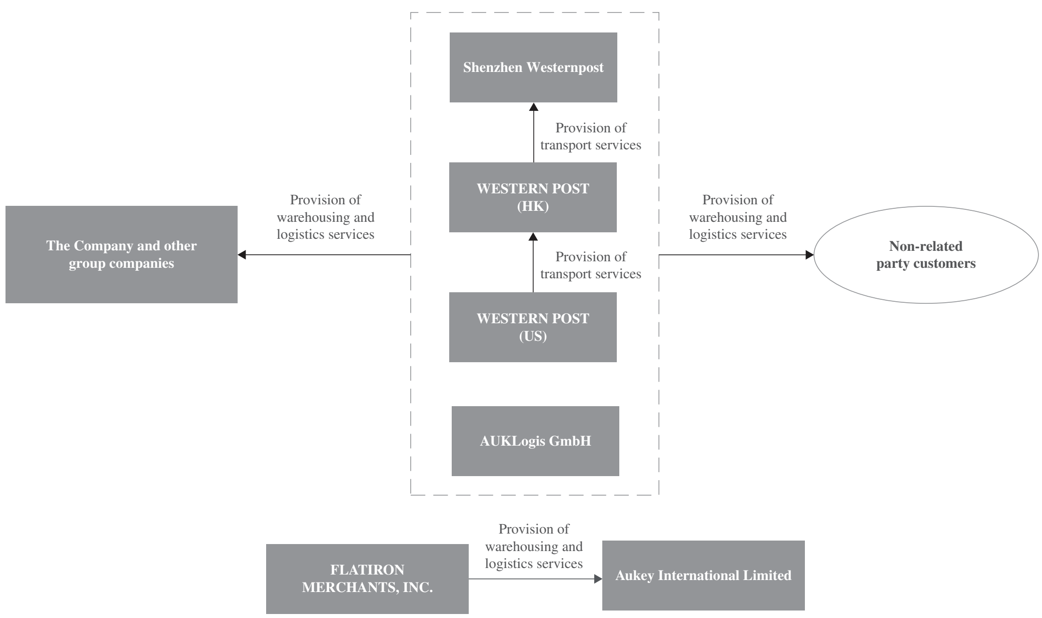
For other entities with comparatively modest business operations, the revenue of an individual entity does not surpass 1% of our consolidated income for each year/period in the Track Record Period, and the income tax implications of such an entity's transfer pricing adjustment, as well as the aggregate impact of transfer pricing adjustments on corporate income tax, are not substantial. We believe that the risk associated with our transfer pricing adjustments is minimal.

The diagrams below set forth the business and logistics flow of the buy-sell arrangements within our Group during the Track Record Period:

Sales of goods



Logistics solutions



Our Company and our subsidiaries in China mainly undertake functions such as procurement and customer services, while the products are mainly sold through overseas subsidiaries. During the Track Record Period, the intra-group transactions of the Group's sales of goods business line primarily involved product purchase and sales transactions, customer service transactions and provision of logistics services; the intra-group transactions of the logistics solutions business line were primarily warehousing and logistics solutions. The table below sets forth our amount of the intragroup transactions during the Track Record Period:

Type of transaction	Year ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2023	The four months ended April 30, 2024
		(RMB'000)		
Product purchase and sales transactions	4,038,549	1,816,986	2,721,165	964,927
Connected labor service transactions[(1)]	1,260,568	1,660,704	2,477,076	704,221
Other connected transactions[(2)]	–	556	3,344	998

Note:

(1) Connected labor service transactions primarily include transactions of customer service, logistics solutions and technology service.

(2) Other connected transactions primarily consist of rent and utility fee transactions.

We have taken the following preventative measures to ensure ongoing compliance with the transfer pricing regulations under the relevant jurisdictions:

- established an internal review procedure for transfer pricing to ensure that all internal transactions follow the principle of independent trading and each application of any adjustment to intra-Group transactions must be approved by department leader and chief financial officer;

- our finance department regularly monitors the profit margin to ensure that the profit margins remain in a controllable range, and periodically compares our profit margins with those of the comparable companies;

- we periodically consult with tax advisors to address compliance issues related to significant transfer pricing transactions. The tax advisors are also responsible for conducting analysis on our transfer pricing transactions periodically;

- we continuously monitor changes in relevant tax laws, regularly train financial and tax personnel on transfer pricing regulations and enhance their compliance awareness.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any inquiry, audit, investigation or challenge by any relevant tax authorities in Mainland China, Hong Kong, Singapore, the U.S. and Germany in relation to our intra-Group transactions.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become a party to various litigation, arbitration or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, there were no unresolved litigation, arbitration or administrative proceedings pending or threatened against us or any of our Directors which could have a material and adverse effect on our business, financial condition or results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance. Our Directors are of the view that we had complied, in all material respects, with all relevant laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date.

Our products have achieved a range of certifications and registrations in all applicable jurisdictions, including the U.S., Germany, Italy, the U.K. and France, reflecting our adherence to local standards and regulations. Based on the representations made by us, our legal advisors as to all applicable jurisdictions, including the U.S., Germany, Italy, the U.K. and France, have not identified any material non-compliance during the Track Record Period and up to the Latest Practicable Date in relation to relevant product compliance requirements in the respective jurisdictions.

Social Insurance and Housing Provident Funds

During the Track Record Period, we had not made social insurance and housing provident fund contributions for some of our employees in full in accordance with the relevant PRC laws and regulations. See "Risk Factors — We may be subject to additional contributions of social insurance premium and housing provident funds, and late payments and fines imposed by relevant governmental authorities." We were unable to make full social insurance and housing provident fund contributions for the relevant employees primarily because certain employees were unwilling to pay the social insurance and housing provident fund contributions in full as it requires additional contributions from the employees. Despite the unwillingness of our employees, with an effort to make contributions to the social insurance and housing provident fund while preventing key and valuable employees from leaving our Company due to the related costs they have to bear, we communicated with these employees. In particular, we managed to persuade these employees to accept social insurance and housing provident fund contributions being made based on their seniority and rank level. This may not in all circumstances correspond to the actual salary they received, which, according to our PRC Legal Advisor, should serve as the foundation for these social insurance and housing provident fund payments. Additionally, we increased the payment bases of the social insurance and housing provident fund contributions in 2024.

We have been actively encouraging our employees to fully participate in social insurance and housing provident fund contributions, as mandated by PRC law and regulations, during annual performance review for existing employees and during the recruitment process and onboarding training sessions for new joiners to introduce the benefits of participating the social insurance and housing provident fund contributions in full. According to the Social Insurance Law of the PRC and the Regulation on the Administration of Housing Provident Fund, contributions are divided between the employer and the employee. Full payment reduces employees' disposable income. Therefore, while we will continue to advocate for full compliance, we may require additional time to achieve complete employee cooperation.

As of 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. Moreover, as of 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.

As advised by our PRC Legal Advisor, pursuant to relevant PRC laws and regulations, we may be subject to the regulatory requirement to make up the under-contribution of social insurance within a prescribed period and a daily overdue charge of 0.05% of the delayed payment amount, accruing from the date when the social insurance contributions were due. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times the overdue amount. Our Directors confirm that if the relevant authorities order us to fully contribute the outstanding amount of the social insurance and/or housing provident funds, we would make full contributions as soon as possible within the specified period, which would lead to no late payments or fines. In 2021, 2022, 2023 and the four months ended April 30, 2024, the outstanding amount of our social insurance contribution was RMB33.6 million, RMB28.1 million, RMB24.7 million and RMB8.7 million, respectively. Pursuant to relevant PRC laws and regulations, if there is a failure to pay the full amount of housing provident fund as required, the housing provident fund management center may require payment of the outstanding amount within a prescribed period, where failure to do so at the expiration of the time limit shall result in an enforcement by the court. In 2021, 2022, 2023 and the four months ended April 30, 2024, the outstanding amount of our housing provident fund contribution was RMB8.5 million, RMB6.2 million, RMB5.0 million and RMB1.9 million, respectively.

We have consulted with and obtained confirmations from the competent local governmental authorities covering substantially all of our employees that: (i) no administrative penalties had been imposed on us for the shortfall during the Track Record Period and up to the date of the consultation, and (ii) without any material employees' complaints, they would not initiate any regulatory action to compel us to make supplementary contributions or impose any penalty on us. In addition, we were neither aware of any material employee complaints filed against us nor involved in any material labor disputes with our employees with respect to social insurance and housing provident funds during the Track Record Period and up to the Latest Practicable Date.

We have taken the following internal control rectification measures and plans to rectify prevent future occurrences of such non-compliance:

- We increased the payment bases for our social insurance and housing provident fund contribution in 2024 and plan to further increase the payment bases for our social insurance and housing provident fund contribution.

- We are in the process of communicating with our employees with a view to seeking their understanding and cooperation in complying with the applicable payment base, which also requires additional contributions from our employees. We undertake to fully comply with the relevant laws and regulations as soon as practicable, subject to the administrative windows open for our applications for the adjustment of the contribution base and the cooperation of each of our employees to make full contributions to social insurance and housing provident funds going forward;

- We have enhanced our human resources policies, which explicitly require social insurance and housing provident fund contributions to be made in full in accordance with applicable local requirements;

- We have designated our human resources department to review and monitor the reporting and contributions to social insurance and housing provident funds on a monthly basis;

- We will keep abreast of latest developments in PRC laws and regulations in relation to social insurance and housing provident funds; and

- We will consult our PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments, and will provide relevant employees with legal compliance training relating to the same.

As advised by our PRC Legal Advisor, considering relevant regulatory policies and the facts and the confirmations made by the relevant competent local governmental authorities stated above, in the absence of material employees' complaints, the likelihood that we are subject to collection of historical arrears or penalties due to our failure to provide full social insurance and housing provident fund contributions for our employees is remote. As a result, 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.

INTERNAL CONTROL AND RISK MANAGEMENT

We are exposed to various risks during our operations. We have established risk management systems with relevant policies and procedures that we believe are appropriate for our business operations. Our policies and procedures relate to managing our procurement and production as well as monitoring our sales performance and product quality.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [**REDACTED**], we have adopted or will continue to adopt, among other things, the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control systems. For the qualifications and experience of the committee members, see "Directors, Supervisors and Senior Management;"

- adopt various policies to ensure compliance with the Listing Rules, including, but not limited to, aspects related to risk management, connected transactions and information disclosure;

- provide anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge of and compliance with applicable laws and regulations, and include relevant policies against non-compliance in employee handbooks;

- organize training sessions for our Directors, supervisors and senior management in respect of the relevant requirements of the Listing Rules;

- establish a set of emergency procedures in the event of major quality-related issues; and

- provide enhanced training programs on quality assurance and product safety procedures.