You should read the following discussion and analysis in conjunction with our audited consolidated financial information as of and for the years/periods ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, including the notes thereto, included in the Accountants' Report in Appendix I to this document. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors" and "Business."

For the purposes of this section, unless the context otherwise requires, references to 2021, 2022 and 2023 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a top-ranking 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.

In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, our revenue was RMB9,071.2 million, RMB7,100.2 million, RMB8,683.0 million, RMB2,424.5 million and RMB2,833.5 million, respectively. Our (loss)/profit for the year was a loss of RMB589.9 million in 2021, and improved to a profit of RMB223.2 million in 2022 and further significantly increased to RMB520.1 million in 2023. Our profit for the four months ended April 30, 2023 and 2024 was RMB96.5 million and RMB189.3 million, respectively.

BASIS OF PREPARATION

Our Company was incorporated in the PRC as a company with limited liabilities.

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, we have consistently adopted the accounting policies which conform with International Accounting Standards ("IASs"), IFRSs, amendments to IFRSs and the related interpretations issued by the IASB which are effective for the accounting period beginning on January 1, 2024 throughout the Track Record Period.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

General Factors

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are outside of our control, including the following:

- overall economic conditions and consumption levels in the overseas markets where we sell our products;
- growth and competition environment of the global B2C e-commerce market, particularly that for furniture and home furnishings, as well as the B2C export e-commerce logistics solutions market;
- developments in Internet, information technology, e-commerce and logistics solutions; and
- laws and regulations, as well as governmental policies and initiatives on export e-commerce and logistics solutions, international relations and geopolitical conditions and relevant e-commerce platform policies.

Company-specific Factors

Ability to Offer Competitive and Diverse Brand and Product Portfolio

Our ability to offer a competitive and diverse brand and product portfolio is crucial for our business performance. Our brand and product portfolio focuses on a wide range of quality furniture and home furnishings and also covers other categories, including electric tools, home appliances, consumer electronics and sports and wellness products. We house a number of popular brands in overseas markets. Benefiting from diverse product offerings, tailored marketing channels and strategies, we have rapidly gained market share. Empowered by our capabilities in product design and development as well as supply chain management, we identify market demand and offer competitive furniture and home furnishings of different categories, sizes and other specifications at competitive prices to meet distinctive consumer preferences. In 2023, 11 of our brands each had 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, as well as power screwdrivers and pressure washer hose reels on the Amazon U.S. site in terms of GMV in 2023.

Our revenue from sales of goods decreased by 26.3% from RMB8,581.5 million in 2021 to RMB6,325.6 million in 2022, then increased by 11.1% to RMB7,030.4 million in 2023. Our revenue from sales of goods increased by 8.5% from RMB2,074.9 million in the four months ended April 30, 2023 to RMB2,250.5 million in the four months ended April 30, 2024. Despite the fluctuation in our revenue from sales of goods due to the Amazon Incident, we were successful in optimizing our product portfolio with a focus on furniture and home furnishings. Our revenue from sales of furniture and home furnishings increased by 19.1% from RMB3,516.3 million in 2021 to RMB4,187.1 million in 2022, and further increased by 27.5% to RMB5,336.6 million in 2023, accounting for 38.8%, 59.0% and 61.5% of our total revenue in the respective years. Our revenue from sales of furniture and home furnishings increased by 8.2% from RMB1,613.4 million in the four months ended April 30, 2023 to RMB1,745.4 million in the four months ended April 30, 2024. Our gross profit increased by 30.8% from RMB1,895.1 million in 2021 to RMB2,479.0 million in 2022, and further increased by 20.8% to RMB2,993.7 million in 2023. Our gross profit increased by 19.0% from RMB820.6 million in the four months ended April 30, 2023 to RMB976.7 million in the four months ended April 30, 2024. Our net (loss)/profit for the year improved from a loss of RMB589.9 million in 2021 to a profit of RMB223.2 million in 2022, and further to a profit of RMB520.1 million in 2023. Our net profit for the period increased by 96.2% from RMB96.5 million in the four months ended April 30, 2023 to RMB189.3 million in the four months ended April 30, 2024.

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. 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 generated from 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%, according to the same source. In light of the increasing consumer demand for furniture and home furnishings and an expanding GMV of the B2C overseas e-commerce market for furniture and home furnishings by China-based sellers, we plan to expand our brand and product portfolio to solidify our leading position in the global B2C e-commerce market for furniture and home furnishings. To continuously promote and operate furniture and home furnishings brands and deliver furniture and home furnishings that meet market demand would allow us to capture greater market opportunities and achieve stronger results. We intend to ramp up product development efforts to research consumer preferences to keep abreast of local market trends, which will allow us to develop new products, especially medium-to-large and oversized furniture and address market demand.

Collaboration with Third-party E-commerce Platforms and Other Sales Channels

Our collaboration with third-party e-commerce platforms and other sales channels is crucial to our results of operations. Third-party e-commerce platforms, such as Amazon, Walmart and Wayfair, with their high user traffic, provide us with an easily accessible, extensive customer base. Our revenue from sales through third-party e-commerce platforms was RMB8,233.4 million, RMB5,878.0 million, RMB6,656.9 million, RMB1,933.1 million and RMB2,105.3 million in 2021, 2022 and 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% of our total revenue, respectively. In 2021, our business was negatively impacted by Amazon's investigation into the past use of Unofficially Promoted Ratings or Reviews by certain business units of our Group. See "Business — Marketing and Promotion — The Amazon Incident." After the Amazon Incident, we consolidated and optimized our existing brand portfolio in order to better manage and implement enhanced control over the brand and stores on third-party e-commerce platforms. This strategy is expected to strengthen our strict compliance with relevant laws, regulations and platform policies, effective allocation of sales channel resources for key brands, efficient marketing and branding activities, as well as strengthen our brand equity to increase consumer stickiness. These improvements will enhance our sustainable sales on third-party e-commerce platforms. We expect our sales through global third-party e-commerce platforms to continue contributing a substantial portion of our revenue. We plan to scale up our business across various overseas markets and e-commerce platforms and strengthen our collaboration with them.

In addition to leveraging the extensive customer base and high user traffic on Amazon and other third-party e-commerce platforms, we are expanding our sales network to other offline channels and using tailored marketing strategies to effectively reach our target customers. Our ability to establish and deepen the cooperation with offline sales channels to expand our offline business in developed markets, such as Europe and the U.S., allows us to further enhance our market presence. We have established collaboration with offline channels to sell our products and increase brand recognition as well as product visibility.

Logistics Solutions and Warehousing Capabilities

Our revenue from the provision of logistics solutions increased by 58.2% from RMB489.7 million in 2021 to RMB774.7 million in 2022, and further by 113.3% to RMB1,652.6 million in 2023. Our revenue from the provision of logistics solutions increased from RMB349.6 million in the four months ended April 30, 2023 to RMB583.0 million in the four months ended April 30, 2024. The growth of revenue was primarily because we achieved an expanded customer base and fulfilled more orders as we benefited from our enhanced capabilities in last-mile fulfillment services and warehousing facilities. In light of the stable growth of the global B2C e-commerce market and the fact that sellers in this market are highly dependent on the capability and infrastructure of logistics solutions, we began to provide quality logistics solutions to customers, primarily sellers on e-commerce platforms, since our acquisition of Shenzhen Westernpost. See "History, Development and Corporate Structure — Business Development Milestones." 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). Shenzhen Westernpost ranked first among all B2C export e-commerce logistics solutions providers in China focusing on medium-to-large goods in terms of the revenue generated from B2C export e-commerce logistics solutions adopting the pre-sale stocking model in 2023, according to Frost & Sullivan. 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 addition, the expansion of our logistics solutions strengthened our integrated supply chain management systems and comprehensive warehousing and logistics. Empowered by our logistics solutions, we offer flexible delivery options to address diverse shipping needs, utilizing a combination of (i) fulfillment services provided by third-party e-commerce platforms such as FBA and FBM; (ii) logistics services offered by various third-party logistics solutions providers; and (iii) our in-house logistics capabilities, primarily through Shenzhen Westernpost. This approach enables us to choose the most efficient shipping methods as our sales scale up, allowing rapid adaptation to the changing market trends and customer preferences while effectively reducing logistics costs and improving logistics efficiency. During the Track Record Period, the logistics costs under our cost of sales for sales of goods, which mainly include costs of last-mile fulfillment services and first-mile international freight services, decreased from RMB2,582.8 million in 2021 to RMB2,033.5 million in 2022, and further to RMB1,861.3 million in 2023 and decreased from RMB612.0 million in the four months ended April 30, 2023 to RMB555.9 million in the four months ended April 30, 2024, accounting for 30.1%, 32.1%, 26.5%, 29.5% and 24.7% of the revenue from sales of goods of the same years/periods, respectively. We plan to build more smart global warehousing centers to strengthen our warehousing and logistics capabilities. Such capabilities would enable us to offer competitive products at reduced logistics costs and with enhanced efficiency, quality and safety, thereby improving our profitability.

Ability to Manage Costs, Improve Operational Efficiency and Manage Our Working Capital

Our abilities to manage costs and operating expenses have a profound impact on our results of operations. Our cost of sales includes the cost of sales for sales of goods and the cost of sales for logistics solutions. Our cost of sales for sales of goods primarily consists of (i) procurement costs paid for OEM manufacturing services; (ii) logistics costs, mainly including costs of last-mile fulfillment services for delivering from overseas warehouses to individual consumers and costs of first-mile international freight services for transport of goods from vendors to ports of entry of imports; and (iii) write-down of inventories, reflecting the difference between the net realizable value and the book value of inventories not sold by the end of the year/period. The write-down of inventories was relatively high in 2021 and 2022, mainly as a result of the Amazon Incident. Our cost of sales for logistics solutions mainly represents the storage and warehousing costs associated primarily with Shenzhen Westernpost. Our cost of sales for sales of goods was RMB6,797.6 million, RMB3,984.7 million, RMB4,277.4 million, RMB1,294.6 million and RMB1,375.6 million in 2021, 2022 and 2023 and in the four months ended April 30, 2023 and 2024, respectively, accounting for 74.9%, 56.1%, 49.3%, 53.4% and 48.5% of our total revenue in the respective years/periods. Our cost of sales for sales of goods decreased from 2021 to 2022 and subsequently slightly increased from 2022 to 2023, primarily due to the decreased procurement costs because we (i) implemented efficient and flexible supply chain management systems; and (ii) focused more on offering furniture and home furnishings, which generally have higher gross profit margin. Our cost of sales for sales of goods decreased from 2021 to 2022 and subsequently slightly increased from 2022 to 2023, in part also because of the continually decreased logistics costs for sales of goods. Such decrease is a result of the decreased price of first-mile international freight services and the empowerment of our own logistics solutions and warehousing capabilities. See "— Major Factors Affecting Our Results of Operations — Logistics Solutions and Warehousing Capabilities." The changes in our cost of sales for sales of goods were also, in part, because of the changes in write-down of inventories as a result of the Amazon Incident. Write-down of inventories in relation to the Amazon Incident decreased from 2021 to 2022, and further in 2023, as we made provision for the affected inventories in 2021 after the Amazon Incident and disposed of the affected inventories in 2022 and 2023. See "Business — Marketing and Promotion —The Amazon Incident." Continuous digitalization of our supply chain management systems and optimization of our product portfolio would further stabilize and improve our gross profit margin. Our cost of sales for sales of goods slightly increased from RMB1,294.6 million in the four months ended April 30, 2023 to RMB1,375.6 million in the four months ended April 30, 2024 in line with the revenue growth for sales of goods.

As our business continues to grow, we plan to manage our selling expenses, administrative expenses and research and development expenses by capitalizing our continuous investment in digitalization and automation. Going forward, we expect to achieve revenue growth at a rate higher than that of our cost of sales and expenses, continuously improving our operational efficiency.

Furthermore, our ability to effectively control our working capital is crucial to our financial condition. As of December 31, 2021, 2022 and 2023 and April 30, 2024, our finished goods net of provision amounted to RMB1,376.5 million, RMB1,022.7 million, RMB1,039.7 million and RMB1,191.9 million, respectively. We closely monitor the levels of finished goods, which in turn helps us improve our inventory turnover and working capital efficiency.

Foreign Exchange Rate Fluctuations

Most of our sales of products are denominated and settled in U.S. dollars and Euros, with the remaining sales denominated and settled in currencies of the geographical markets to which we sell our products. As most of our suppliers are located in the PRC, we mainly pay them in Renminbi. As a result, changes in the exchange rates between foreign currencies, in particular the U.S. dollar and Renminbi as well as the Euro and Renminbi, could affect our results of operations and competitiveness in the global B2C e-commerce market. During the Track Record Period, we had net foreign exchange gains of RMB23.2 million in 2021, losses of RMB21.7 million in 2022, gains of RMB14.3 million in 2023, gains of RMB4.9 million in the four months ended April 30, 2023 and gains of RMB25.4 million in the four months ended April 30, 2024 due to the foreign exchange rate fluctuations in connection with our outstanding trade and other receivables as well as trade and other payables denominated in foreign currencies. The foreign exchange gains and losses as reflected in our consolidated financial statement are net results taking into consideration each Subsidiary's functional currency, the currency in which the transactions are denominated and settled, the timing of transactions and transaction volume. We continuously monitor and respond to the changes in foreign exchange rates. We may choose to mitigate the impact of a depreciation of the U.S. dollar and the Euro by increasing our products' and solutions' selling prices after taking the competitive landscape for our products into consideration.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policy information, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in Notes 3 and 4 of the Accountants' Report set out in Appendix I to this document.

Revenue from Contracts with Customers

We recognize revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by our performance as we perform;
- our performance creates and enhances an asset that the customer controls as we perform; or
- our performance does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents our right to consideration in exchange for goods or services that we have transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents our unconditional right to consideration, i.e., only the passage of time is required before payment of that consideration is due.

A contract liability represents our obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligation, we allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which we would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, we estimate it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which we expect to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on the output method, which is to recognize revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, which best depicts our performance in transferring control of goods or services.

Sale with a right of return/exchange

For a sale of products with a right of return/exchange for dissimilar products, we recognize all of the following:

(a) revenue for the transferred products in the amount of consideration to which we expect to be entitled (therefore, revenue would not be recognized for the products expected to be returned/exchanged);

(b) a refund liability/contract liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories is determined on a weighted average method. Net realizable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which we must incur to make the sale.

Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

We assess the net realizable value of inventories as well as the required amount of impairment of inventory provision at each balance sheet date, which involves significant judgment on determination of the estimated residual value of the inventory based on our marketing and retail pricing strategy, sales forecast of each product collection and the price markdown necessary to sell off-season products at certain stage of the product life cycle based on the general historical pattern on a season-by-season basis. We perform regular checks on the physical condition of inventories and assesses possible write-downs for any damaged inventories at the end of each reporting period.

These key estimates are based on the current market condition and the historical experience of selling products of a similar nature, which are reassessed at end of each reporting period as they could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle.

Foreign Currencies

In preparing the financial statements of each of our individual entities, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of our operation are translated into the presentation currency of the Group (i.e., RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of our entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to our owners are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in us losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e., partial disposals of associates that do not result in us losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after January 1, 2021 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss in absolute amounts and as a percentage of revenue for the 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)			
Revenue	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
Cost of sales	(7,176,094)	(79.1)	(4,621,181)	(65.1)	(5,689,287)	(65.5)	(1,603,914)	(66.2)	(1,856,858)	(65.5)
Gross profit	**1,895,099**	**20.9**	**2,479,049**	**34.9**	**2,993,690**	**34.5**	**820,578**	**33.8**	**976,658**	**34.5**
Other income	20,399	0.2	19,868	0.3	42,320	0.5	9,835	0.4	10,123	0.4
Other gains and losses	360,472	4.0	(21,697)	(0.3)	12,432	0.1	13,476	0.6	25,242	0.9
Impairment gains/(losses) under expected credit loss ("ECL") model, net of reversal	(45,832)	(0.5)	(2,472)	(0.0)	(48,854)	(0.6)	108	0.0	2,787	0.1
Selling expenses	(2,517,379)	(27.8)	(1,757,101)	(24.7)	(1,830,619)	(21.1)	(559,732)	(23.1)	(603,826)	(21.3)
Administrative expenses	(204,920)	(2.3)	(249,294)	(3.5)	(287,645)	(3.3)	(81,536)	(3.4)	(102,657)	(3.6)
Research and development expenses	(176,834)	(1.9)	(123,689)	(1.7)	(119,153)	(1.4)	(35,503)	(1.5)	(37,788)	(1.3)
Other expenses	(23,408)	(0.3)	(32,982)	(0.5)	(26,004)	(0.3)	(7,206)	(0.3)	(4,486)	(0.2)
[**REDACTED**]	–	0.0	–	0.0	[REDACTED]	[REDACTED]	–	0.0	[REDACTED]	[REDACTED]
Share of results of investments accounted for using the equity method	(11,125)	(0.1)	(7,327)	(0.1)	4,875	0.1	(8)	(0.0)	(992)	(0.0)
Finance costs	(30,931)	(0.3)	(72,353)	(1.0)	(90,722)	(1.0)	(33,206)	(1.4)	(25,448)	(0.9)
(Loss)/profit before tax	(734,459)	(8.1)	232,002	3.4	639,908	7.4	126,806	5.2	230,763	8.1
Income tax credit/(expense)	144,580	1.6	(8,833)	(0.1)	(119,807)	(1.4)	(30,321)	(1.3)	(41,438)	(1.5)
(Loss)/profit for the year	(589,879)	(6.5)	223,169	3.3	520,101	6.0	96,485	4.0	189,325	6.7

Revenue

By Type of Goods or Services

During the Track Record Period, we generated revenue primarily from sales of goods and provision of logistics solutions. The following table sets forth a breakdown of our revenue by type of goods or services in absolute amounts and as a percentage of revenue for the 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)			
Type of goods or services										
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**
Furniture and home furnishings	3,516,335	38.8	4,187,110	59.0	5,336,581	61.5	1,613,424	66.5	1,745,371	61.6
Electric tools	1,462,895	16.1	628,913	8.9	347,182	4.0	94,995	3.9	138,760	4.9
Home appliances	886,580	9.8	480,709	6.8	436,748	5.0	109,362	4.5	152,253	5.4
Consumer electronics	1,067,281	11.8	356,100	5.0	292,265	3.4	109,210	4.5	63,204	2.2
Sports and wellness	491,886	5.4	187,712	2.6	107,114	1.2	38,006	1.6	27,774	1.0
Other categories[1]	1,156,516	12.7	485,014	6.8	510,485	5.9	109,917	4.6	123,162	4.3
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**

Note: Other categories primarily include car accessories, photography lighting equipment, outdoor equipment, decorations and musical instrument.

Sales of goods

We offer products under a broad range of "home and life" scenarios. We primarily generate revenue from sales of products in (i) furniture and home furnishings; (ii) electric tools; (iii) home appliances; (iv) consumer electronics; (v) sports and wellness; and (vi) other categories. We mainly sell products to customers via third-party e-commerce platforms and other channels. Revenue from the sale of products is recognized at the point in time when control of the asset is transferred to the customer, generally on receipt of the product by customers.

The following table sets forth the sales volume of products sold and ASP by type of products for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	(in thousand)	*(RMB)*	*(in thousand)*	*(RMB)*	*(in thousand)*	*(RMB)*	*(in thousand)*	*(RMB)*	*(in thousand)*	*(RMB)*
							(Unaudited)			
Furniture and home furnishings	6,307	557.6	6,303	664.3	7,021	760.1	2,336	690.7	2,112	826.4
Electric tools	4,004	365.3	2,957	212.7	1,979	175.4	965	98.5	534	259.6
Home appliances	1,988	445.9	1,512	317.9	1,099	397.3	344	318.0	370	411.5
Consumer electronics	5,136	207.8	6,254	56.9	4,632	63.1	2,239	48.8	646	97.8
Sports and wellness	1,264	389.2	1,163	161.4	469	228.5	203	187.0	92	301.5
Other categories[(1)]	3,131	369.4	2,250	215.5	1,537	332.1	614	179.1	229	538.4
Total	**21,830**	**393.1**	**20,440**	**309.5**	**16,737**	**420.0**	**6,700**	**309.7**	**3,983**	**565.0**

Note:

(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 "— 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 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.

Logistics solutions

We generate revenue from the provision of logistics solutions to customers such as e-commerce companies and third-party e-commerce platforms. We recognize revenue based on the progress of the service performed within the year/period, which is determined based on the proportion of costs incurred to date to the estimated total costs or days spent to the estimated total days.

By Sales Channel

During the Track Record Period, our revenue from sales of goods was derived primarily from third-party e-commerce platforms, including Amazon, Walmart, Wayfair and others, as well as offline sales channels. The following table sets forth a breakdown of our revenue from sales of goods by sales channel in absolute amounts and as a percentage of total revenue for the 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* *(Unaudited)*	*% of Revenue*	*RMB'000*	*% of Revenue*
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 a breakdown of the sales volume of products sold and ASP by sales channel during the Track Record Period:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	(in thousand)	*RMB*	*(in thousand)*	*RMB*	*(in thousand)*	*RMB*	*(in thousand)*	*RMB*	*(in thousand)*	*RMB*
Third-party e-commerce platforms	**21,152**	**389.3**	**10,406**	**564.9**	**9,590**	**694.2**	**2,852**	**677.8**	**2,845**	**740.0**
Amazon	20,012	380.4	8,023	564.2	6,564	711.5	2,147	683.4	1,950	772.8
Walmart	397	696.2	1,012	668.5	1,369	621.7	296	728.9	403	695.0
Wayfair	214	734.2	700	655.3	1,265	689.2	325	684.4	403	666.8
Others(1)	529	355.6	672	322.6	392	672.2	85	324.3	89	559.9
Other channels(2)	**678**	**513.4**	**10,034**	**44.6**	**7,148**	**52.2**	**3,848**	**36.9**	**1,139(3)**	**127.5(3)**
Total	**21,830**	**393.1**	**20,440**	**309.5**	**16,737**	**420.0**	**6,700**	**309.7**	**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 "Business — 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.

Our revenue from third-party e-commerce platforms was RMB8,233.4 million, RMB5,878.0 million, RMB6,656.9 million, RMB1,933.1 million and RMB2,105.3 million in 2021, 2022 and 2023 and in 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 periods. 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. The revenue from sales through Amazon was RMB7,611.5 million, RMB4,526.5 million, RMB4,670.6 million, RMB1,467.3 million and RMB1,506.6 million in 2021, 2022 and 2023 and in the four months ended April 30, 2023 and 2024, respectively, representing 83.9%, 63.8%, 53.8%, 60.5% and 53.2%, respectively, of our total revenue in the same periods. The fluctuation in revenue was primarily a result of the Amazon Incident. See "Business — Marketing and Promotion — The Amazon Incident." The revenue from sales through Walmart was RMB276.4 million, RMB676.3 million, RMB851.3 million, RMB215.8 million and RMB280.1 million in 2021, 2022 and 2023 and in the four months ended April 30, 2023 and 2024, respectively, representing 3.0%, 9.5%, 9.8%, 8.9% and 9.9%, respectively, of our total revenue in the same periods. Our revenue from sales through Walmart as a percentage of our total revenue increased from 2021 to 2022 and subsequently remained relatively stable.

The revenue from sales through Wayfair was RMB157.5 million, RMB458.5 million, RMB871.7 million, RMB222.4 million and RMB268.7 million, in 2021, 2022 and 2023 and in the four months ended April 30, 2023 and 2024, respectively, representing 1.7%, 6.5%, 10.0%, 9.2% and 9.5%, respectively, of our total revenue in the same periods. This increase was in line with our strategic expansion of furniture and home furnishings and linked to Wayfair's status as a leading e-commerce platform for furniture and home furnishings, according to Frost & Sullivan. Wayfair's broad customer base created a conducive environment for us to enhance our market footprint and augment our offerings in furniture and home furnishings. Our strategic expansion of furniture and home furnishings synergized with Wayfair's platform positioning and strengths, fostering a reciprocal relationship that has led to an increase in revenue from sales through Wayfair.

The revenue from other channels, primarily comprising offline channels, was RMB348.1 million, RMB447.5 million, RMB373.5 million, RMB141.9 million and RMB145.2 million in 2021, 2022 and 2023 and in the four months ended April 30, 2023 and 2024, respectively. The revenue from sales through offline sales channels primarily includes the revenue from sales through offline distributors and the revenue from inventory clearances where we disposed of inventories affected by the Amazon Incident. For details of inventory clearances, see "Business — Marketing and Promotion — The Amazon Incident."

By Geographical Market

The following tables set forth a breakdown of our total revenue, our revenue from sales of goods and our revenue from logistics solutions, respectively, by geographical market in absolute amounts and as a percentage of total revenue for the 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)			
U.S. and other North American countries	5,551,151	61.2	5,139,915	72.4	6,201,359	71.4	1,788,289	73.7	2,013,791	71.0
Europe	2,776,494	30.6	1,064,157	15.0	773,844	8.9	254,922	10.5	232,322	8.2
PRC	448,962	4.9	727,195	10.2	1,530,219	17.7	319,434	13.2	539,906	19.1
Others	294,586	3.3	168,963	2.4	177,555	2.0	61,847	2.6	47,497	1.7
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**

Sales of goods

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	RMB'000	*% of Revenue from sales of goods*	*RMB'000*	*% of Revenue from sales of goods*	*RMB'000*	*% of Revenue from sales of goods*	*RMB'000 (Unaudited)*	*% of Revenue from sales of goods*	*RMB'000*	*% of Revenue from sales of goods*
U.S. and other North American countries	5,488,927	64.0	5,035,254	79.6	6,064,034	86.3	1,747,898	84.2	1,976,334	87.8
Europe	2,776,424	32.4	1,059,927	16.8	750,838	10.7	248,449	12.0	222,416	9.9
PRC	21,556	0.2	61,414	0.9	37,948	0.5	16,721	0.8	4,277	0.2
Others	294,586	3.4	168,963	2.7	177,555	2.5	61,847	3.0	47,497	2.1
Total	**8,581,493**	**100.0**	**6,325,558**	**100.0**	**7,030,375**	**100.0**	**2,074,915**	**100.0**	**2,250,524**	**100.0**

The table below sets forth the sales volume of products sold and ASP by geographical market for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	(in thousand)	*RMB*	*(in thousand)*	*RMB*	*(in thousand)*	*RMB*	*(in thousand) (Unaudited)*	*RMB*	*(in thousand)*	*RMB*
U.S. and other North American countries[(1)]	11,032	497.5	11,052	455.6	9,256	655.1	3,169	551.6	2,718	727.1
Europe[(1)(2)]	9,817	282.8	4,770	222.2	3,440	218.2	1,683	147.6[(2)]	618	359.9[(2)]
PRC	46	463.3[(3)]	1,311	46.8	791	48.0	459	36.4	66	64.8
Others[(2)]	934	315.5[(3)]	3,307	51.1	3,250	54.6	1,389	44.5[(2)]	581	81.8[(2)]
Total	**21,830**	**393.1**	**20,440**	**309.5**	**16,737**	**420.0**	**6,700.00**	**309.7**	**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 products, which typically have higher ASPs than other products, to 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 from the four months ended April 30, 2023 to the four months ended April 30, 2024, 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

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	RMB'000	*% of Revenue from logistics solutions*	*RMB'000*	*% of Revenue from logistics solutions*	*RMB'000*	*% of Revenue from logistics solutions*	*RMB'000*	*% of Revenue from logistics solutions*	*RMB'000*	*% of Revenue from logistics solutions*
							(Unaudited)			
PRC	427,406	87.3	665,781	85.9	1,492,271	90.3	302,713	86.6	535,629	91.9
U.S.	62,224	12.7	104,661	13.5	137,325	8.3	40,391	11.6	37,457	6.4
Germany	70	0.0	4,230	0.6	23,006	1.4	6,473	1.8	9,906	1.7
Total	**489,700**	**100.0**	**774,672**	**100.0**	**1,652,602**	**100.0**	**349,577**	**100.0**	**582,992**	**100.0**

We categorized revenue from logistics solutions into different geographical markets by the geographical location of our customers.

Our revenue generated in the U.S. and other North American countries decreased by 7.4% from RMB5,551.2 million in 2021 to RMB5,139.9 million in 2022, primarily as a result of the Amazon Incident. See "Business — Marketing and Promotion — The Amazon Incident." Our revenue generated in the U.S. and other North American countries subsequently increased by 20.7% from RMB5,139.9 million in 2022 to RMB6,201.4 million in 2023 in line with the continued expansion of our brand and product portfolio and our increased provision of logistics solutions. Our revenue generated in the U.S. and other North American countries increased by 12.6% from RMB1,788.3 million in the four months ended April 30, 2023 to RMB2,013.8 million in the four months ended April 30, 2024, primarily because (i) we concluded the inventory clearance of the impacted inventory due to the Amazon Incident by the end of 2023 and resumed normal operation since 2024; and (ii) we continued to expand our brand and product portfolio.

Our revenue generated in Europe decreased by 61.7% from RMB2,776.5 million in 2021 to RMB1,064.2 million in 2022, further decreased by 27.3% to RMB773.8 million in 2023 and further decreased by 8.9% from RMB254.9 million in the four months ended April 30, 2023 to RMB232.3 million in the four months ended April 30, 2024. This is primarily because, as we expanded our furniture and home furnishings offerings, we allocated more resources to the U.S. market, which has both a growing demand for furniture and home furnishings and high spending power, even taking into consideration the additional tariffs, according to Frost & Sullivan, and reduced the resources allocated to the European market.

Our revenue generated in the PRC increased by 62.0% from RMB449.0 million in 2021 to RMB727.2 million in 2022, and significantly increased to RMB1,530.2 million in 2023 and further increased by 69.0% from RMB319.4 million in the four months ended April 30, 2023 to RMB539.9 million in the four months ended April 30, 2024, primarily as a result of our increased logistics solutions, primarily through Shenzhen Westernpost provided to an increasing number of customers located in the PRC.

Our revenue generated in other geographic markets, primarily including Southeast Asia and Japan, decreased by 42.6% from RMB294.6 million in 2021 to RMB169.0 million in 2022, remained relatively stable at RMB177.6 million in 2023 and subsequently decreased by 23.2% from RMB61.8 million in the four months ended April 30, 2023 to RMB47.5 million in the four months ended April 30, 2024. This is primarily because, as we expanded our furniture and home furnishings offerings, we allocated more resources to the U.S. market which has both a growing demand for furniture and home furnishings and high spending power, even taking into consideration the additional tariffs, according to Frost & Sullivan, and reduced the resources allocated to other markets.

Cost of Sales

Our cost of sales consists of the cost of sales for sales of goods and the cost of sales for logistics solutions. Our cost of sales for sales of goods primarily consists of (i) procurement costs paid for OEM manufacturing services; (ii) logistics costs, representing the cost to acquire logistics services from third parties to sell our products as well as the cost of using the logistics solutions provided primarily by Shenzhen Westernpost; and (iii) write-down of inventories, which was mainly a result of the Amazon Incident. See "Business — Marketing and Promotion — The Amazon Incident." The logistics costs mainly include costs of last-mile fulfillment services for delivering from overseas warehouses to individual consumers and costs of first-mile international freight services for transport of goods from vendors to ports of entry of imports. Our cost of sales for logistics solutions represents the cost for providing logistics solutions to customers primarily through Shenzhen Westernpost, primarily including the associated storage and warehousing costs. The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as a percentage of revenue for the 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* (*Unaudited*)	*% of Revenue*	*RMB'000*	*% of Revenue*
Cost of sales for sales of goods	**6,797,595**	**74.9**	**3,984,676**	**56.1**	**4,277,421**	**49.3**	**1,294,627**	**53.4**	**1,375,633**	**48.5**
Procurement costs	3,230,387	35.6	1,939,386	27.3	2,398,287	27.6	645,883	26.6	791,090	27.9
Logistics costs	2,582,823	28.5	2,033,546	28.6	1,861,279	21.4	612,023	25.2	555,933	19.6
Write-down of inventories[(1)]	984,385	10.8	11,744	0.2	17,855	0.2	36,721	1.6	28,610	1.0
Cost of sales for logistics solutions	**378,499**	**4.2**	**636,505**	**9.0**	**1,411,866**	**16.3**	**309,287**	**12.8**	**481,225**	**17.0**
Total cost of sales	**7,176,094**	**79.1**	**4,621,181**	**65.1**	**5,689,287**	**65.5**	**1,603,914**	**66.2**	**1,856,858**	**65.5**

Note:

(1) Write-down of inventories reflects the difference between the net realizable value and the book value of inventories not sold by the end of the year/period. The write-down of inventories was relatively high in 2021 and 2022, mainly as a result of the Amazon Incident, for which we had made large-scale provision for inventories and which we do not expect to incur in the future.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. Our gross profit margin represents our gross profit as a percentage of our revenue. The following table sets forth a breakdown of our gross profit by type of goods or services in absolute amounts and as a percentage of revenue, or gross profit margin, for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Gross profit RMB'000	*Gross profit margins (%)*	*Gross profit RMB'000*	*Gross profit margins (%)*	*Gross profit RMB'000*	*Gross profit margins (%)*	*Gross profit RMB'000 (Unaudited)*	*Gross profit margins (%)*	*Gross profit RMB'000*	*Gross profit margins (%)*
Types of goods or services										
Sales of goods[1]	**1,783,898**	**20.8**	**2,340,882**	**37.0**	**2,752,954**	**39.2**	**780,288**	**37.6**	**874,891**	**38.9**
Furniture and home furnishings	1,176,984	33.5	1,700,511	40.6	2,225,455	41.7	687,379	42.6	721,459	41.3
Electric tools	479,042	32.7	195,509	31.1	101,696	29.3	22,312	23.5	47,139	34.0
Home appliances	247,480	27.9	154,473	32.1	141,174	32.3	36,643	33.5	52,030	34.2
Consumer electronics	299,741	28.1	112,633	31.6	66,452	22.7	19,504	17.9	20,401	32.3
Sports and wellness	176,247	35.8	59,061	31.5	29,720	27.7	10,347	27.2	9,021	32.5
Other categories[2]	388,789	33.6	130,439	26.9	206,312	40.4	40,824	37.1	53,451	43.4
Logistics solutions	**111,201**	**22.7**	**138,167**	**17.8**	**240,736**	**14.6**	**40,290**	**11.5**	**101,767**	**17.5**
Total	**1,895,099**	**20.9**	**2,479,049**	**34.9**	**2,993,690**	**34.5**	**820,578**	**33.8**	**976,658**	**34.5**

Notes:

(1) Taking into consideration the write-down of inventories, which is a cost of sales reflecting the difference between the net realizable value and the book value of inventories not sold by the end of the year/period. The write-down of inventories was relatively high in 2021 and 2022, primarily as a result of the Amazon Incident. Write-down of inventories is not reflected in the breakdown of gross profit and gross profit margin by type of goods. See "Business — The Amazon Incident" and "— Description of Major Components of Our Results of Operations — Cost of Sales."

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

During the Track Record Period, we had a gross profit of RMB1,895.1 million, RMB2,479.0 million, RMB2,993.7 million, RMB820.6 million and RMB976.7 million in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively. Our gross profit margin increased from 20.9% in 2021 to 34.9% in 2022, and subsequently remained relatively stable at 34.5% in 2023. Our gross profit margin remained relatively stable at 33.8% in the four months ended April 30, 2023 and 34.5% in the four months ended April 30, 2024.

Other Income

Our other income consists of (i) bank interest income; (ii) government grants, mainly representing government subsidies with no unfulfilled conditions that we received from local governments in the PRC to support our research, development, design activities and e-commence operation development; and (iii) interest income on finance lease receivables. Our other income was RMB20.4 million, RMB19.9 million, RMB42.3 million, RMB9.8 million and RMB10.1 million in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively, accounting for 0.2%, 0.3%, 0.5%, 0.4% and 0.4% of our total revenue in the respective years/periods.

Other Gains and Losses

Our other gains and losses primarily consist of (i) a gain on partial disposal of investments accounted for using the equity method; and (ii) foreign exchange gains (losses), net. Our other gains and losses were a gain of RMB360.5 million, a loss of RMB21.7 million, a gain of RMB12.4 million, a gain of RMB13.5 million and a gain of RMB25.2 million in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively, accounting for 4.0%, -0.3%, 0.1%, 0.6% and 0.9% of our total revenue in the respective years/periods.

Impairment Losses under Expected Credit Loss Model ("ECL"), Net of Reversal

Our impairment losses under the expected credit loss model ("ECL"), net of reversal, consist of impairment losses recognized (reversed) on trade and other receivables, amounting to impairment losses recognized of RMB45.8 million, RMB2.5 million and RMB48.9 million, and impairment losses reversed of RMB0.1 million and RMB2.8 million in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively, and accounting for -0.5%, -0.0%, -0.6%, 0.0% and 0.1% of our total revenue in the respective years/periods.

Selling Expenses

Our selling expenses primarily include (i) platform service fees, representing the fees paid to third-party e-commerce platforms as set out in the applicable service fee schedules; (ii) marketing and advertising expenses, mainly representing expenses paid to third parties for marketing and advertising activities; (iii) overseas warehouse leasing expenses associated with our sales of goods and selling activities on third-party e-commerce platforms; and (iv) employee expenses incurred for sales and marketing staff.

The following table sets forth a breakdown of our selling expenses by nature in absolute amounts and as a percentage of total selling expenses for the 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*	*%*
Platform service fees	1,225,913	48.7	812,845	46.3	855,096	46.7	258,046	46.1	255,825	42.4
Marketing and advertising expenses	715,756	28.4	488,089	27.8	568,149	31.0	166,415	29.7	198,160	32.8
Overseas warehouse leasing expenses	343,015	13.6	277,649	15.8	202,425	11.1	67,093	12.0	75,508	12.5
Employee expenses	217,352	8.6	167,842	9.6	192,278	10.5	64,523	11.5	69,483	11.5
Others[1]	15,343	0.7	10,676	0.5	12,671	0.7	3,655	0.7	4,850	0.8
Total	**2,517,379**	**100.0**	**1,757,101**	**100.0**	**1,830,619**	**100.0**	**559,732**	**100.0**	**603,826**	**100.0**

Note:

(1) Others primarily include consumable materials costs and packaging materials costs

Administrative Expenses

Our administrative expenses primarily include (i) employee expenses incurred for administrative staff; (ii) depreciation and amortization; (iii) leasing expenses associated with administrative activities; (iv) professional fees, representing service fees paid to third-party professionals during our daily operations; (v) office expenses; and (vi) traveling expenses associated with administrative activities.

The following table sets forth a breakdown of our administrative expenses by nature in absolute amounts and as a percentage of total administrative expenses for the 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*	*%*
Employee expenses	103,674	50.6	122,899	49.3	127,839	44.4	35,436	43.5	46,366	45.2
Depreciation and amortization	8,578	4.2	29,301	11.8	55,371	19.2	17,731	21.7	18,084	17.6
Leasing expenses	24,850	12.1	24,421	9.8	23,617	8.2	8,657	10.6	8,231	8.0
Professional fees	22,687	11.1	23,194	9.3	25,326	8.8	4,758	5.8	7,492	7.3
Office expenses	10,529	5.1	14,296	5.7	9,854	3.4	3,048	3.7	6,311	6.1
Traveling expenses	16,506	8.1	13,536	5.4	18,818	6.6	4,266	5.2	5,497	5.4
Others[1]	18,096	8.8	21,647	8.7	26,820	9.5	7,640	9.4	10,676	10.4
Total	**204,920**	**100.0**	**249,294**	**100.0**	**287,645**	**100.0**	**81,536**	**100.0**	**102,657**	**100.0**

Note:

(1) Others primarily include technical service fees, furnishing expenses and insurance fees.

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee expenses incurred for research and development staff; (ii) molding and tooling costs, mainly representing the costs of the molds used in the manufacturing of our products; and (iii) depreciation.

The following table sets forth a breakdown of our research and development expenses in absolute amounts and as a percentage of total research and development expenses for the 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*	*%*
Employee expenses	156,422	88.5	115,096	93.1	109,878	92.2	33,435	94.2	36,352	96.2
Molding and tooling costs	10,810	6.1	2,347	1.9	3,743	3.2	995	2.8	437	1.2
Depreciation	1,176	0.7	1,167	0.9	963	0.8	336	0.9	287	0.8
Others[(1)]	8,426	4.7	5,079	4.1	4,569	3.8	737	2.1	712	1.8
Total	**176,834**	**100.0**	**123,689**	**100.0**	**119,153**	**100.0**	**35,503**	**100.0**	**37,788**	**100.0**

Note:

(1) Others primarily include certification fees, mainly representing the fees paid to certify that our products are safe to be sold to relevant regional markets as required by laws and regulations in respective regions, patent and trademark registration fees and research and development-related leasing expenses.

Other Expenses

Our other expenses primarily represent (i) compensation, mainly representing cancelation fees paid to suppliers for canceled procurement orders; and (ii) bank fees and others, primarily representing processing fees associated with bank transfers. Our other expenses were RMB23.4 million, RMB33.0 million, RMB26.0 million, RMB7.2 million and RMB4.5 million in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively, accounting for 0.3%, 0.5%, 0.3%, 0.3% and 0.2% of our total revenue in the respective years/periods.

Share of Results of Investments Accounted for Using the Equity Method

Our share of results of investments accounted for using the equity method was losses of RMB11.1 million and RMB7.3 million in 2021 and 2022, respectively. Our share of results of investments accounted for using the equity method was a gain of RMB4.9 million in 2023. Our share of results of investments accounted for using the equity method was losses of RMB8.0 thousand and RMB1.0 million in the four months ended April 30, 2023 and 2024, respectively. Our share of results of investments accounted for using the equity method represents our share of results from our associates which primarily operate in the e-commerce and logistics industries. We typically invest in our associates to facilitate our expansion strategies and actively evaluate and monitor such investments to make any required adjustments. We hold between 20% and 50% of the voting rights of these associates and are considered to have significant influence, but not control, over them.

Finance Costs

Our finance costs primarily include (i) interest on bank loans; (ii) interest on lease liabilities; and (iii) interest on convertible loan notes. The convertible loan notes mainly comprise debt and derivative notes issued to two of our employees and seven independent third parties. See "— Consolidated Statements of Financial Position — Current Assets and Liabilities — Convertible Loan Notes." The following table sets forth a breakdown of our finance costs in absolute amounts and as a percentage of revenue for the 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* *(Unaudited)*	*% of Revenue*	*RMB'000*	*% of Revenue*
Interest on bank loans	8,315	0.1	14,760	0.2	25,508	0.3	8,343	0.3	8,623	0.3
Interest on lease liabilities	15,788	0.2	24,356	0.4	41,220	0.5	13,801	0.6	16,089	0.6
Interest on convertible loan notes	6,637	0.0	29,105	0.4	20,794	0.2	9,995	0.4	—	0.0
Interest on amount due to a non-controlling shareholder	191	0.0	932	0.0	—	—	—	0.0	—	0.0
Interest on issued written put options	—	—	3,200	0.0	3,200	0.0	1,067	0.1	736	0.0
Total	**30,931**	**0.3**	**72,353**	**1.0**	**90,722**	**1.0**	**33,206**	**1.4**	**25,448**	**0.9**

Income Tax Credit/(Expense)

We are subject to income tax on an entity basis on profits arising in, or derived from, tax jurisdictions in which members of our Group are domiciled and operate.

Hong Kong

Under the two-tiered profits tax rate regime of Hong Kong profits tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rate regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

PRC

Under the "EIT Law" and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the Track Record Period, except as disclosed below.

We had been recognized as a High New Tech Enterprise from 2019 to 2024. Shenzhen Aukeyhi Technology Co., Ltd had been recognized as a High New Tech Enterprise from 2021 to 2023. According to the "EIT Law" for High New Tech Enterprises, these entities are subject to a reduced Enterprise Income Tax rate of 15% during the Track Record Period.

During the Track Record Period, several subsidiaries in the PRC qualified as small and micro enterprises under the PRC Enterprise Income Tax regime, which enjoyed an enterprise income tax rate of 2.5%-10%.

U.S.

Pursuant to the relevant tax laws of the U.S., tax at a maximum of 21% federal corporate income tax rate and other relevant state tax rate of 8.84% has been provided on the taxable income arising in the U.S. throughout the Track Record Period.

Other Jurisdictions

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

As of the Latest Practicable Date, we did not have any disputes with any tax authority. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any tax investigation, enquiries, penalties or surcharges.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Four Months Ended April 30, 2024 Compared with Four Months Ended April 30, 2023

Revenue

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, primarily because (i) we concluded the inventory clearance of the impacted inventory due to the Amazon Incident, which involved discounted sales of a substantial quantity of impacted inventory, by the end of 2023 and resumed normal operation since 2024; and (ii) our brand and product portfolio continued to expand and we increased the provision of logistics solutions.

Sales of goods

Furniture and home furnishings. Our revenue from sales of furniture and home furnishings increased by 8.2% from RMB1,613.4 million in the four months ended April 30, 2023 to RMB1,745.4 million in the four months ended April 30, 2024, primarily because of the expansion of our furniture and home furnishings offerings and increased sales orders of our furniture and home furnishings.

Electric tools. Our revenue from sales of electric tools increased by 46.1% from RMB95.0 million in the four months ended April 30, 2023 to RMB138.8 million in the four months ended April 30, 2024, primarily because of (i) the expansion of sales through a new offline sales channel in 2024; and (ii) the conclusion of discounted sales for inventory clearance, which led to the increase of ASP of our electric tools products.

Home appliances. Our revenue from sales of home appliances increased by 39.2% from RMB109.4 million in the four months ended April 30, 2023 to RMB152.3 million in the four months ended April 30, 2024, primarily because of the increase in the sales volume of our home appliances products, especially refrigerators, as we increased the relevant promotion and marketing activities.

Consumer Electronics. Our revenue from sales of consumer electronics decreased by 42.1% from RMB109.2 million in the four months ended April 30, 2023 to RMB63.2 million in the four months ended April 30, 2024, primarily because we continued to downsize consumer electronics offerings after the Amazon Incident.

Sports and wellness. Our revenue from sales of sports and wellness products decreased by 26.9% from RMB38.0 million in the four months ended April 30, 2023 to RMB27.8 million in the four months ended April 30, 2024, primarily because we continued to downsize sports and wellness offerings after the Amazon Incident.

Other categories. Our revenue from sales of other categories of products increased by 12.0% from RMB109.9 million in the four months ended April 30, 2023 to RMB123.2 million in the four months ended April 30, 2024, primarily because of the conclusion of discounted sales for inventory clearance, which led to the increase of the ASP of our products in other categories.

Logistics solutions

Our revenue from logistics solutions increased by 66.8% from RMB349.6 million in the four months ended April 30, 2023 to RMB583.0 million in the four months ended April 30, 2024, primarily because we expanded our customer base and fulfilled more orders. In the four months ended April 30, 2024, our strategic collaborations with major customers developed in late 2023 translated into revenue growth. In the same period, we completed the delivery of over 2.5 million orders. This was achieved with our enhanced capabilities in last-mile fulfillment services and warehousing facilities.

Cost of sales

Our cost of sales increased by 15.8% from RMB1,603.9 million in the four months ended April 30, 2023 to RMB1,856.9 million in the four months ended April 30, 2024 in line with our revenue growth.

Gross profit and gross profit margin

Our gross profit increased by 19.0% from RMB820.6 million in the four months ended April 30, 2023 to RMB976.7 million in the four months ended April 30, 2024. Our gross profit margin remained relatively stable at 33.8% in the four months ended April 30, 2023 and 34.5% in the four months ended April 30, 2024.

Our gross profit margin from sales of goods increased from 37.6% in the four months ended April 30, 2023 to 38.9% in the four months ended April 30, 2024, primarily because we (i) experienced a decrease in logistics costs due to (a) our enhanced capabilities in logistics solutions for medium-to-large goods, (b) the decreased price of first-mile international freight services we acquired to sell our products, which was in line with the market trend due to intensified market competition; and (ii) resumed the normal operation after the discounted sales of a substantial quantity of impacted inventory was completed by the end of 2023.

Our gross profit margin from logistics solutions increased from 11.5% in the four months ended April 30, 2023 to 17.5% in the four months ended April 30, 2024, primarily because we were able to secure a lower price for the last-mile fulfillment services offered by logistics service providers we engaged for our logistics solutions.

Other gains and losses

Our other gains and losses increased from RMB13.5 million in the four months ended April 30, 2023 to RMB25.2 million in the four months ended April 30, 2024, primarily because of the movements in foreign exchange rates that resulted in increased foreign exchange gains from April 30, 2023 to April 30, 2024. See "— Major Factors Affecting Our Results of Operations — Company-specific Factors — Foreign Exchange Rate Fluctuations."

Impairment Losses under Expected Credit Loss Model ("ECL"), Net of Reversal

Our impairment losses reversed, under ECL, net of reversal increased from RMB0.1 million in the four months ended April 30, 2023 to RMB2.8 million in the four months ended April 30, 2024, primarily due to the recovery of bad debts from other receivables in 2024.

Selling expenses

Our selling expenses increased by 7.9% from RMB559.7 million in the four months ended April 30, 2023 to RMB603.8 million in the four months ended April 30, 2024, primarily because of the growth in marketing and advertising expenses, employee expenses and overseas warehouse leasing expenses in line with our revenue growth.

Administrative expenses

Our administrative expenses increased by 25.9% from RMB81.5 million in the four months ended April 30, 2023 to RMB102.7 million in the four months ended April 30, 2024, primarily because of (i) increases in employee expenses, office expenses and others in line with our revenue growth, and (ii) an increase in professional fees associated with our financing activities.

Research and development expenses

Our research and development expenses increased by 6.4% from RMB35.5 million in the four months ended April 30, 2023, to RMB37.8 million in the four months ended April 30, 2024, primarily because of the growth in employee expenses resulting from an increase in the number of our research and development employees.

Other expenses

Our other expenses decreased from RMB7.2 million in the four months ended April 30, 2023 to RMB4.5 million in the four months ended April 30, 2024, primarily due to a decrease in cancelation fees paid to suppliers because of a decreased level of canceled procurement orders in the four months ended April 30, 2024 as compared with the relatively higher level of canceled procurement orders in the same period in 2023 due to the Amazon Incident. The Amazon Incident led to increased cancelation fees paid to suppliers in the four months ended April 30, 2023 as we deferred the pick-up of or canceled certain supplies we purchased in 2021 prior to the Amazon Incident. See "Business — Marketing and Promotion — The Amazon Incident."

Share of results of investments accounted for using the equity method

Our share of results of investments accounted for using the equity method was a loss of RMB8 thousand in the four months ended April 30, 2023 and RMB1.0 million in the four months ended April 30, 2024, mainly because our associate, Shenzhen Apeman Innovations Technology Co., Ltd., which primarily engages in the operation of online stores on e-commerce platforms, had operational losses in these periods.

Finance costs

Our finance costs decreased from RMB33.2 million in the four months ended April 30, 2023 to RMB25.4 million in the four months ended April 30, 2024, primarily due to (i) the full repayment of convertible loan notes by the end of 2023, resulting in no interest on convertible loan notes incurred in 2024; and (ii) the full repayment of issued written put options in March 2024, resulting in no interest incurred in April 2024, whereas there were interests incurred in April 2023. These decreases were partially offset by an increase in interest on lease liabilities, as Shenzhen Westernpost commenced operation of two new self-operated overseas warehouses at the end of 2023.

Income tax expense

Our income tax expenses increased from RMB30.3 million in the four months ended April 30, 2023 to RMB41.4 million in the four months ended April 30, 2024 as a result of our increased profit before tax.

Profit for the Year

As a result of the foregoing, our profit for the period increased from RMB96.5 million in the four months ended April 30, 2023 to RMB189.3 million in the four months ended April 30, 2024.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our total revenue increased by 22.3% from RMB7,100.2 million in 2022 to RMB8,683.0 million in 2023, primarily because (i) the revenue from sales of goods increased as a result of our continuous recovery from the Amazon Incident and our expansion in furniture and home furnishings offerings; see "Business — Marketing and Promotion — The Amazon Incident;" and (ii) the revenue from the provision of logistics solutions increased as we expanded our customer base and fulfilled more orders.

Sales of goods

Furniture and home furnishings. Our revenue from sales of furniture and home furnishings increased by 27.5% from RMB4,187.1 million in 2022 to RMB5,336.6 million in 2023, primarily because of the expansion of our furniture and home furnishings offering and increased sales orders of our furniture and home furnishings as we adjusted our product focus after the Amazon Incident. See "Business — Marketing and Promotion — The Amazon Incident."

Electric tools. Our revenue from sales of electric tools decreased by 44.8% from RMB628.9 million in 2022 to RMB347.2 million in 2023, primarily because (i) we downsized electric tools offerings after the Amazon Incident; and (ii) a large portion of sales in 2022 were for inventory clearance purposes where we disposed of the inventories affected by the Amazon Incident, which was mostly completed within 2022. See "Business — Marketing and Promotion — The Amazon Incident."

Home appliances. Our revenue from sales of home appliances decreased by 9.1% from RMB480.7 million in 2022 to RMB436.7 million in 2023, primarily because (i) we downsized our home appliances offerings after the Amazon Incident; and (ii) a large portion of sales in 2022 were for inventory clearance purpose, which was mostly completed within 2022. See "Business — Marketing and Promotion — The Amazon Incident."

Consumer electronics. Our revenue from sales of consumer electronics decreased by 17.9% from RMB356.1 million in 2022 to RMB292.3 million in 2023, primarily because (i) we downsized consumer electronics offerings after the Amazon Incident; and (ii) a large portion of sales in 2022 were for inventory clearance purposes, which was mostly completed within 2022. See "Business — Marketing and Promotion — The Amazon Incident."

Sports and wellness. Our revenue from sales of sports and wellness products decreased by 42.9% from RMB187.7 million in 2022 to RMB107.1 million in 2023, primarily because (i) we downsized sports and wellness product offerings after the Amazon Incident; and (ii) a large portion of sales in 2022 were for inventory clearance purposes, which was mostly completed within 2022. See "Business — Marketing and Promotion — The Amazon Incident."

Other categories. Our revenue from sales of other categories of products remained relatively stable at RMB485.0 million in 2022 and RMB510.5 million in 2023.

Logistics solutions

Our revenue from logistics solutions significantly increased from RMB774.7 million in 2022 to RMB1,652.6 million in 2023. Such an increase was primarily because we expanded our customer base and fulfilled more orders. In 2023, we broadened our strategic collaboration and developed new major customers, in total completing the delivery of over 6.1 million orders. This was achieved with our enhanced capabilities in last-mile fulfillment services and warehousing facilities.

Cost of sales

Our cost of sales increased by 23.1% from RMB4,621.2 million in 2022 to RMB5,689.3 million in 2023, in line with the growth of our revenue. The write-down of inventories of RMB17.9 million in 2023 was significantly lower than the write-down of inventories of RMB36.7 million in the four months ended April 30, 2023 due to a reversal on write-down of inventories by the end of 2023. During the four months ended April 30, 2023, the write-down of inventories was primarily a result of the expected decrease in selling prices during the inventory clearance of the affected inventories after the Amazon Incident. When we sold the affected inventories in the following months in 2023, the actual selling prices were higher than the expectation in early 2023, resulting in a reversal on write-down of inventories.

Gross profit and gross profit margin

Our gross profit increased by 20.8% from RMB2,479.0 million in 2022 to RMB2,993.7 million in 2023. Our gross profit margin remained relatively stable at 34.9% in 2022 and 34.5% in 2023.

Our gross profit from sales of goods increased from RMB2,340.9 million in 2022 to RMB2,753.0 million in 2023. Our gross profit margin from sales of goods increased from 37.0% in 2022 to 39.2% in 2023, primarily because (i) we had a larger revenue contribution from furniture and home furnishings which, as confirmed by Frost & Sullivan, generally have a higher gross profit margin than other product categories in which we sell products; and (ii) the decrease in logistics costs due to (i) our enhanced capabilities in logistics solutions for medium-to-large goods, (ii) the decreased price of first-mile international freight services we acquired to sell our products which was in line with the market trend due to intensified market competition, as well as (iii) our increased economies of scale in 2023 that enabled us to more efficiently use the third-party logistics services we acquired.

Our gross profit from logistics solutions increased from RMB138.2 million in 2022 to RMB240.7 million in 2023. Our gross profit margin from logistics solutions decreased from 17.8% in 2022 to 14.6% in 2023, primarily because of (i) an increase in the price of last-mile fulfillment services we purchased for our provision of logistics solutions; and (ii) an increase in the rental price for storage units, both driven by increasing demand in the local markets. The increased demand in the local markets was primarily a result of the further recovery of the e-commerce industry from the COVID-19 pandemic. According to Frost & Sullivan, the increase in the price of last-mile fulfillment services purchased and the rental price for storage units will not continue to affect our profitability, as in the long term, providers of logistics solutions are expected to dynamically adjust their pricing to respond to the changing costs and avoid further decreases in profitability. We have adopted a number of strategies to increase our operational efficiency and profitability, including (i) strengthening our business relationship with third-party logistics service providers to obtain favorable and flexible pricing terms; and (ii) refining our pricing strategies, such as implementing tiered pricing to better allocate our resources and encourage customers to purchase higher service volume, thereby reducing cost per unit leveraging economies of scale.

Other gains and losses

We had net other gains of RMB12.4 million in 2023, compared with net other losses of RMB21.7 million in 2022. This change was primarily because (i) we had foreign exchange gains in 2023, compared with foreign exchange losses in 2022, as a result of movements in foreign exchange rates. See "— Major Factors Affecting Our Results of Operations — Company-specific Factors — Foreign Exchange Rate Fluctuations;" and (ii) we had gains on changes in fair value of convertible loan notes in 2023, compared with losses from changes in fair value of convertible loan notes in 2022.

Impairment Losses under Expected Credit Loss Model ("ECL"), Net of Reversal

Our impairment losses under ECL, net of reversal, increased from RMB2.5 million in 2022 to RMB48.9 million in 2023, primarily due to the increase in gross carrying amount of trade receivables and average loss rate.

Selling expenses

Our selling expenses remained relatively stable at RMB1,757.1 million in 2022 and RMB1,830.6 million in 2023, primarily due to increases in (i) marketing and advertising expenses, in line with our business growth; (ii) employment expenses as a result of an upward adjustment in salaries and bonuses paid to our staff in recognition of their performance in 2023; and (iii) platform service fees in line with our business growth, which were substantially offset by a decrease in overseas warehouse leasing expenses as we rented fewer storage units after completion of the inventory clearances. See "Business — Marketing and Promotion — The Amazon Incident."

Administrative expenses

Our administrative expenses increased by 15.4% from RMB249.3 million in 2022 to RMB287.6 million in 2023, primarily due to an increase in depreciation and amortization of property, plant and equipment in relation to an office building that we acquired in July 2022.

Research and development expenses

Our research and development expenses remained relatively stable at RMB123.7 million in 2022 and RMB119.2 million in 2023, primarily due to a decrease in employee expenses as a result of our shifted focus from consumer electronics to furniture and home furnishings, which was substantially offset by an increase in molding and tooling costs in line with our expanded brand and product portfolio. As a result of our shifted focus to furniture and home furnishings, we decreased our investment in developing new consumer electronics products after the Amazon Incident, which required extensive research and development activities. Consequently, the relevant research and development employee expenses decreased.

Other expenses

Our other expenses decreased by 21.2% from RMB33.0 million in 2022 to RMB26.0 million in 2023, primarily due to a decrease in cancelation fees paid to suppliers because of a decreased level of canceled procurement orders in 2023, compared with the high level of canceled procurement orders in 2022 due to the Amazon Incident. The Amazon Incident led to increased cancelation fees paid to suppliers in 2022, as we deferred the pick-up of or canceled certain supplies we purchased in 2021 prior to the Amazon Incident. See "Business — Marketing and Promotion — The Amazon Incident."

Share of results of investments accounted for using the equity method

Our share of results of investments accounted for using the equity method was a gain of RMB4.9 million in 2023, compared with a loss of RMB7.3 million in 2022, mainly because our associate, Shenzhen Apeman Innovations Technology Co., Ltd., improved its operations and became profitable in 2023.

Finance costs

Our finance costs increased from RMB72.4 million in 2022 to RMB90.7 million in 2023, as a result of (i) an increase in interest on lease liabilities in relation to right-of-use storage and warehouse assets of our overseas subsidiaries; and (ii) an increase in interest on bank loans due to an increased amount of bank borrowings.

Income tax expense

Our income tax expenses increased from RMB8.8 million in 2022 to RMB119.8 million in 2023 as a result of an increase in our profit before tax.

Profit for the year

As a result of the foregoing, our profit for the year significantly increased from RMB223.2 million in 2022 to RMB520.1 million in 2023.

Year Ended December 31, 2022 Compared with Year Ended December 31, 2021

Revenue

Our total revenue decreased by 21.7% from RMB9,071.2 million in 2021 to RMB7,100.2 million in 2022, mainly reflecting a decrease in revenue from sales of goods, which was partially offset by an increase in the revenue from logistics solutions.

Sales of goods

Furniture and home furnishings. Our revenue from sales of furniture and home furnishings increased by 19.1% from RMB3,516.3 million in 2021 to RMB4,187.1 million in 2022 as we increased our sales of furniture and home furnishings, which was partially offset by the impact of the Amazon Incident. In 2022, we further expanded our furniture and home furnishings offerings with new categories, styles and specifications that were well-received by the market. See "Business — Marketing and Promotion — The Amazon Incident."

Electric tools. Our revenue from sales of electric tools decreased by 57.0% from RMB1,462.9 million in 2021 to RMB628.9 million in 2022, primarily due to the impact of the Amazon Incident. See "Business — Marketing and Promotion — The Amazon Incident."

Home appliances. Our revenue from sales of home appliances decreased by 45.8% from RMB886.6 million in 2021 to RMB480.7 million in 2022, primarily due to the impact of the Amazon Incident. See "Business — Marketing and Promotion — The Amazon Incident."

Consumer electronics. Our revenue from sales of consumer electronics decreased by 66.6% from RMB1,067.3 million in 2021 to RMB356.1 million in 2022, primarily because of the impact of the Amazon Incident and our cessation of developing new consumer electronics to allocate more resources to furniture and home furnishings after the Amazon Incident. See "Business — Marketing and Promotion — The Amazon Incident."

Sports and wellness. Our revenue from sales of sports and wellness products decreased by 61.8% from RMB491.9 million in 2021 to RMB187.7 million in 2022, primarily due to the impact of the Amazon Incident. See "Business — Marketing and Promotion — The Amazon Incident."

Other categories. Our revenue from sales of other categories of products decreased by 58.1% from RMB1,156.5 million in 2021 to RMB485.0 million in 2022, primarily attributable to the impact of the Amazon Incident. See "Business — Marketing and Promotion — The Amazon Incident."

Logistics solutions

Our revenue from logistics solutions increased by 58.2% from RMB489.7 million in 2021 to RMB774.7 million in 2022. Such an increase was primarily a result of our increased capacity to provide logistics solutions. In 2022, we provided logistics solutions to over 200 e-commerce company customers on 12 third-party e-commerce platforms and fulfilled over 4.4 million orders.

Cost of sales

Our cost of sales decreased by 35.6% from RMB7,176.1 million in 2021 to RMB4,621.2 million in 2022, primarily due to (i) a decrease in procurement costs in line with our decreased sales as a result of the Amazon Incident; and (ii) a reduced impact of write-down of inventories in relation to the Amazon Incident as we made provision for the affected inventories in 2021 after the Amazon Incident and disposed most of the affected inventories within 2022. See "Business — Marketing and Promotion — The Amazon Incident."

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 30.8% from RMB1,895.1 million in 2021 to RMB2,479.0 million in 2022. Our gross profit margin increased from 20.9% in 2021 to 34.9% in 2022.

Our gross profit from sales of goods increased from RMB1,783.9 million in 2021 to RMB2,340.9 million in 2022. Our gross profit margin from sales of goods increased from 20.8% in 2021 to 37.0% in 2022, primarily because of (i) a larger revenue contribution from furniture and home furnishings which, as confirmed by Frost & Sullivan, generally have higher gross profit margin than other product categories in which we sell products; and (ii) an increased gross profit margin of furniture and home furnishings in 2022, primarily benefiting from (a) decreased logistics costs due to our further enhanced capabilities in logistics solutions for medium-to-large goods, and (b) a decreased price of first-mile international freight services we acquired to sell our products, which was in line with the market trend due to intensified market competition.

Our gross profit from logistics solutions increased from RMB111.2 million in 2021 to RMB138.2 million in 2022. Our gross profit margin from logistics solutions decreased from 22.7% in 2021 to 17.8% in 2022, primarily because of (i) an increase in the price of last-mile fulfillment services we procured for our provision of logistics solutions; and (ii) an increase in the rental price for storage units, both driven by the increasing demand in local markets. The increased demand in local markets was primarily a result of the gradual recovery of the e-commerce industry from the COVID-19 pandemic. According to Frost & Sullivan, the increase in the price of last-mile fulfillment services purchased and the rental price for storage units will not continue to affect our profitability, as in the long term, providers of logistics solutions are expected to dynamically adjust their pricing to respond to the changing costs and avoid further decrease in profitability. We have adopted a number of strategies to improve the gross profit margin from logistics solutions, including (i) strengthening our business relationship with third-party logistics service providers to obtain favorable and dynamic pricing terms; and (ii) refining our pricing strategies, such as minimum order requirements and tiered pricing, to effectively reallocate the increased costs to our customers.

Other gains and losses

We had net other losses of RMB21.7 million in 2022, compared with net other gains of RMB360.5 million in 2021. This change is primarily attributable to (i) the single occurrence of gain on partial disposal of investments accounted for using the equity method in 2021 as we disposed of part of our equity interests in Shenzhen Apeman Innovations Technology Co., Ltd.; and is also due to (ii) foreign exchange losses in 2022, compared with gains in 2021, as a result of movements in foreign exchange rates. See " — Major Factors Affecting Our Results of Operations — Company-specific Factors — Foreign Exchange Rate Fluctuations."

Impairment Losses under Expected Credit Loss Model ("ECL"), Net of Reversal

Our impairment losses under ECL, net of reversal, decreased from RMB45.8 million in 2021 to RMB2.5 million in 2022, primarily because of a net reversal of impairment losses on trade receivables due to recovery of bad debts, as a result of our continuous recovery from the Amazon Incident.

Selling expenses

Our selling expenses decreased by 30.2% from RMB2,517.4 million in 2021 to RMB1,757.1 million in 2022, mainly due to decreases in platform service fees as well as marketing and advertising expenses in line with our decreased sales of products.

Administrative expenses

Our administrative expenses increased by 21.7% from RMB204.9 million in 2021 to RMB249.3 million in 2022, primarily driven by (i) an increase in employee expenses as a result of an increase in the number of our employees as well as an upward adjustment in salaries; and (ii) an increase in depreciation and amortization as a result of our acquisition of Shenzhen Maoshun in July 2022, which owned an office building.

Research and development expenses

Our research and development expenses decreased by 30.1% from RMB176.8 million in 2021 to RMB123.7 million in 2022, primarily due to (i) a decrease in employee expenses as a result of our shifted focus from consumer electronics to furniture and home furnishings. As we significantly decreased the development of consumer electronics products in 2022, which required extensive research and development activities, the relevant research and development employee expenses decreased; and (ii) a decrease in molding and tooling costs as a result of shifting our product focus from consumer electronics to furniture and home furnishings which had fewer SKUs.

Other expenses

Our other expenses increased by 40.9% from RMB23.4 million in 2021 to RMB33.0 million in 2022, primarily due to an increased level of canceled procurement orders resulting from the Amazon Incident. The Amazon Incident led to increased cancelation fees paid to suppliers in 2022 as we deferred the pick-up of and canceled certain supplies we had purchased in 2021 prior to the Amazon Incident. See "Business — Marketing and Promotion — The Amazon Incident."

Share of results of investments accounted for using the equity method

Our share of results of investments accounted for using the equity method was a loss of RMB11.1 million in 2021 and RMB7.3 million in 2022, mainly reflecting a decrease in loss arising from our associate, Shenzhen Apeman Innovations Technology Co., Ltd., resulting from improvements in its operations.

Finance costs

Our finance costs significantly increased from RMB30.9 million in 2021 to RMB72.4 million in 2022, primarily driven by (i) an increase in interest on convertible loan notes, primarily because we issued the convertible loan notes in the third quarter of 2021 and the interest expense only accrued during the remaining months in 2021, whereas the interest expenses were accrued during the whole year of 2022; and (ii) an increase in interest on bank loans, primarily due to our borrowing at a relatively high interest rate at the end of 2021, which accrued interest throughout 2022.

Income tax credit/expense

We had an income tax expense of RMB8.8 million in 2022 compared with an income tax credit of RMB144.6 million in 2021, as we incurred a loss before tax in 2021 whereas we achieved profit before tax in 2022.

(Loss)/Profit for the year

As a result of the foregoing, we realized a profit of RMB223.2 million in 2022, compared with a loss of RMB589.9 million in 2021.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-current Assets and Liabilities

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	47,334	669,320	626,752	675,840
Right-of-use assets	513,841	727,135	717,699	910,882
Investments accounted for using the equity method	102,918	97,805	74,950	73,916
Intangible assets	1,801	1,274	778	26,027
Financial assets at fair value through profit or loss ("FVTPL")	7,620	8,619	9,075	9,075
Equity instruments at FVTOCI	243,031	185,713	198,207	100,195
Deferred tax assets	385,743	395,908	296,881	261,375
Deposit for acquisition of assets through acquisition of a subsidiary	67,495	—	3,541	—
Financial lease receivables	10,416	85,619	74,319	70,071
Pledged bank deposits	50,000	51,229	—	20,200
Deposit for acquisition of property, plant and equipment	17,380	3,862	19,529	4,249
Bank deposit with original maturity over three months	–	–	10,000	10,000
Total non-current assets	1,447,579	2,226,484	2,031,731	2,161,830

	As of December 31,			As of April 30,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Bank borrowings	—	129,025	276,598	313,130
Lease liabilities	426,425	699,830	677,890	860,675
Contractual liabilities under issued written put option	40,000	43,200	46,400	—
Other payables	—	100,000	100,000	32,106
Total non-current liabilities	466,425	972,055	1,100,888	1,205,911
Net non-current assets	981,154	1,254,429	930,843	955,919

Property, plant and equipment

Our property, plant and equipment comprise leasehold land and buildings, motor vehicles, office equipment and electronic equipment, as well as leasehold improvement and others. The balance of our property, plant and equipment significantly increased from RMB47.3 million as of December 31, 2021 to RMB669.3 million as of December 31, 2022, primarily due to the added values of leasehold land and buildings of Shenzhen Maoshun, which we acquired in July 2022. The balance of our property, plant and equipment decreased from RMB669.3 million as of December 31, 2022 to RMB626.8 million as of December 31, 2023, primarily due to depreciation of leasehold land and buildings. The balance of our property, plant and equipment increased from RMB626.8 million as of December 31, 2023 to RMB675.8 million as of April 30, 2024, primarily due to an increase in construction in progress resulting from the building renovations and the construction of two parcels for our use in business operations.

Right-of-use assets

Our right-of-use assets are mainly associated with leasehold land as well as buildings and equipment. Our right-of-use assets increased from RMB513.8 million as of December 31, 2021 to RMB727.1 million as of December 31, 2022, primarily attributable to increases in the value of buildings and equipment which mainly represent warehousing and storage units. Our right-of-use assets decreased from RMB727.1 million as of December 31, 2022 to RMB717.7 million as of December 31, 2023, primarily because of the amortization of right-of-use assets according to the terms in lease agreements of Shenzhen Westernpost. Our right-of-use assets increased from RMB717.7 million as of December 31, 2023 to RMB910.9 million as of April 30, 2024, primarily because of the adjustment of a self-operated overseas warehouses from short-term to long-term leases driven by increased warehousing activities.

Investments accounted for using the equity method

Our investments accounted for using the equity method represent our cost of investment, share of post-acquisition results and other comprehensive income and net of dividends received in our associates. Our investments accounted for using the equity method remained relatively stable at RMB102.9 million as of December 31, 2021 and RMB97.8 million as of December 31, 2022. Our investments accounted for using the equity method decreased from RMB97.8 million as of December 31, 2022 to RMB75.0 million as of December 31, 2023, primarily due to the disposal of our equity interests in an associate in the financial leasing industry and an associate that operates online stores on e-commerce platforms. Our investments accounted for using the equity method remained relatively stable at RMB75.0 million as of December 31, 2023 and RMB73.9 million as of April 30, 2024.

Under our investment policy with respect to investments in associates, we employ a comprehensive set of internal policies and guidelines to manage our investments in order to select appropriate targets and monitor the investment risks associated with our portfolio of associates. Under our internal control policies, after our investment managers in the investment team select potential investment targets, the team independently engages third parties to conduct comprehensive due diligence on the targets. The investment committee is responsible for deciding whether to invest in the selected targets.

Equity instruments at FVTOCI

Our equity instruments at FVTOCI include listed equity securities, which represent ordinary shares of an entity listed in the PRC and unlisted equity investments in private entities established in the PRC which, as our Directors believe, are held for long-term strategic purposes. Our equity instruments at FVTOCI decreased from RMB243.0 million as of December 31, 2021 to RMB185.7 million as of December 31, 2022, primarily because of a decrease in unlisted equity investments as a result of (i) disposing of certain of our equity interests in unlisted equity investments; and (ii) a decrease in the fair value of our equity instruments. Our equity instruments at FVTOCI increased from RMB185.7 million as of December 31, 2022 to RMB198.2 million as of December 31, 2023, primarily because of an increase in the fair value of our equity instruments. Our equity instruments at FVTOCI decreased from RMB198.2 million as of December 31, 2023 to RMB100.2 million as of April 30, 2024, primarily because of a decrease in the fair value of our equity instruments.

Other payable (non-current)

Our other payable (non-current) represents our non-current consideration payables in relation to our acquisition of a subsidiary, Shenzhen Maoshun. Our non-current consideration payable was nil, RMB100.0 million, RMB100.0 million and RMB32.1 million as of December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, respectively, as we acquired the subsidiary and incurred non-current consideration payables in 2022 which, as of December 31, 2022, was due no later than June 30, 2025. We had fully paid the non-current consideration payables associated with our acquisition of Shenzhen Maoshun as of the date of this document. See "— Current Assets and Liabilities — Trade and other payables" for details of the consideration payables.

Current Assets and Liabilities

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of April 30,	As of August 31,
	2021	2022	2023	2024	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current assets					
Inventories	1,379,842	1,026,602	1,045,848	1,195,674	1,537,134
Trade receivables	468,739	467,450	807,469	676,034	1,099,184
Contract assets	7,536	4,223	7,322	6,422	—
Prepayments and other receivables	212,934	227,536	287,676	285,862	325,473
Financial assets at FVTPL	191,431	70,447	10,000	—	—
Financial lease receivables	12,872	22,943	12,752	13,139	13,500
Pledged/restricted bank deposits	204,883	269,395	164,891	258,278	297,160
Cash and cash equivalents	533,202	642,864	809,838	938,368	838,069
Total current assets	**3,011,439**	**2,731,460**	**3,145,796**	**3,373,777**	**4,110,520**
Current liabilities					
Trade and other payables	1,231,916	1,049,347	1,159,004	1,105,474	1,441,293
Amounts due to a non-controlling shareholder	60,191	1,123	1,123	1,123	—
Tax payable	81,073	25,392	32,791	25,768	23,393
Bank borrowings	542,483	488,365	386,595	580,206	757,746
Lease liabilities	91,690	139,268	155,363	167,516	190,469
Contract liabilities	55,008	61,945	48,199	74,749	79,204
Refund liabilities	20,811	21,950	20,797	12,714	15,694
Convertible loan notes	390,572	416,981	—	—	—
Total current liabilities	**2,473,744**	**2,204,371**	**1,803,872**	**1,967,550**	**2,507,799**
Net current assets	**537,695**	**527,089**	**1,341,924**	**1,406,227**	**1,602,721**

Our net current assets increased from RMB1,406.2 million as of April 30, 2024 to RMB1,602.7 million as of August 31, 2024, primarily due to increases in inventory and trade receivables, which were partially offset by increases in trade and other payables and bank borrowings.

Our net current assets increased from RMB1,341.9 million as of December 31, 2023 to RMB1,406.2 million as of April 30, 2024, primarily due to a decrease in trade and other payables, which was partially offset by a decrease in prepayments and other receivables.

Our net current assets increased from RMB527.1 million as of December 31, 2022 to RMB1,341.9 million as of December 31, 2023, primarily due to a decrease in convertible loan notes and an increase in trade receivables.

Our net current assets decreased from RMB537.7 million as of December 31, 2021 to RMB527.1 million as of December 31, 2022, primarily due to a decrease in inventories and an increase in convertible loan notes, which was partially offset by a decrease in trade and other payables.

Inventories

Our inventories primarily include (i) finished goods produced by our OEM manufacturing partners; and (ii) right of goods return, representing net realizable value of inventories at an anticipated return based on our historical return rate.

The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	2,446,317	1,327,445	1,079,210	1,236,763
Right of goods return	3,325	3,940	6,161	3,743
Less: provision	(1,069,800)	(304,783)	(39,523)	(44,832)
Total	**1,379,842**	**1,026,602**	**1,045,848**	**1,195,674**

Our finished goods decreased from RMB2,446.3 million as of December 31, 2021 to RMB1,327.4 million as of December 31, 2022, primarily because we reduced procurement from OEM manufacturing partners in 2022, while we had to prioritize the disposal of inventories affected by the Amazon Incident. See "Business — Marketing and Promotion — The Amazon Incident." Our finished goods further decreased from RMB1,327.4 million as of December 31, 2022 to RMB1,079.2 million as of December 31, 2023 as (i) we sold more finished goods in 2023; and (ii) our enhanced supply chain management and digital WMS for inventory monitoring and management improved our operational efficiency. Our finished goods increased from RMB1,079.2 million as of December 31, 2023 to RMB1,236.8 million as of April 30, 2024, in line with the growth of our revenue from sales of goods.

We assess impairment to inventories from time to time during the Track Record Period and may make provision to write down our inventories to their net realizable value if they become expired or damaged, or their prices go down, and their net realizable value substantially decreases. During the Track Record Period, we made provision for impairment at each balance sheet date, considering (i) our historical sales performance; (ii) the life cycle of products in stock; and (iii) prudent lower sales expectations.

We also make provision for inventories for incidents that have materially and adversely affected our business operations caused by slow-moving inventories. After the Amazon Incident, we conducted impairment testing for the affected inventory by assessing the net realizable value of inventories affected by the Amazon Incident in accordance with IAS 2, and the test result indicated that a provision for inventory impairment should be made for the affected inventories. The amount of the carrying amount less than the corresponding net realizable value of the affected inventories had been charged to profit or loss as write-down of inventories. The impairment was made based on our judgment of the recoverability of the relevant inventories in order to ensure working capital sufficiency, primarily in relation to daily operations and further development. We estimated the net realizable value of the affected inventory to be zero. As a result, we made provisions for impairment losses of RMB984.4 million on the inventories which were mainly affected by the Amazon Incident for the year ended December 31, 2021. We subsequently conducted inventory clearance of the affected inventories via online and offline channels in order to dispose of them. Any revenue from the disposals of such affected inventory in the subsequent online and offline sales within the amount of the original provision shall be restored and reversed, and the amount reversed shall be included in the profit or loss for the current period.

The following table sets forth an aged analysis of finished goods (without taking into consideration accumulated provision for write-down of inventories) 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*
0-90 days	1,323,627	741,310	886,817	1,035,842
91-180 days	604,044	156,757	131,030	126,827
181-360 days	497,888	158,720	40,828	59,314
1-2 years	20,539	265,794	18,446	11,890
2-3 years	213	4,655	2,089	2,700
Over 3 years	6	209	–	190
Total	**2,446,317**	**1,327,445**	**1,079,210**	**1,236,763**

The following table sets forth the turnover days of our finished goods for the periods indicated:

	Year ended December 31,			Four months ended April 30,
	2021	**2022**	**2023**	**2024**
Finished goods turnover days[(1)]	118.5	170.5	101.3	101.0

Note:

(1) Finished goods turnover days for a period equals the average of the gross value of the opening and closing balance of our finished goods divided by the cost of sales for the relevant period, excluding cost of sales for logistics solutions and including the write-down of inventories, and multiplied by the number of days in the relevant period, which is 360 days for each year.

Our finished goods turnover days increased from 118.5 in 2021 to 170.5 in 2022 because of the affected inventories and the slowdown in sales of our products following the closure of our seller stores on Amazon after the Amazon Incident. In 2022, we primarily sold products, including the affected inventories, through other stores which were not restricted or new stores on Amazon, other online platforms or offline channels. Our finished goods turnover days subsequently decreased to 101.3 in 2023, primarily because (i) our sales of our finished goods increased; (ii) the impact of the Amazon Incident further diminished as we disposed of most of the affected inventories in 2022; and (iii) our enhanced supply chain management and digital WMS for inventory monitoring and management improved our operational efficiency. See "Business — Marketing and Promotion — The Amazon Incident." Our finished goods turnover days subsequently remained relatively stable in the four months ended April 30, 2024.

RMB1,101.0 million, or 89.0%, of our inventories as of April 30, 2024 had been delivered or consumed as of August 31, 2024.

Trade receivables

Our trade receivables represent the amounts due from our customers for the products sold or services performed in the ordinary course of our business. The following table sets forth a breakdown of our trade receivables 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*
Trade receivables	516,449	501,238	876,395	745,341
Less: allowance of credit losses	(47,710)	(33,788)	(68,926)	(69,307)
Total	**468,739**	**467,450**	**807,469**	**676,034**

Our trade receivables net of allowance remained relatively stable, amounting to RMB468.7 million as of December 31, 2021 and RMB467.5 million as of December 31, 2022, primarily reflecting decreases in trade receivables as well as allowance of credit losses due to our ability to recover funds from the accounts frozen following the Amazon Incident, as offset by an increase in trade receivables in line with our business growth on Wayfair and through offline channels in 2022. See "Business — Marketing and Promotion — The Amazon Incident." Our trade receivables net of allowance increased by 72.7% from RMB467.5 million as of December 31, 2022 to RMB807.5 million as of December 31, 2023, mainly attributable to an increase in trade receivables in line with our business growth, particularly those due from Wayfair and Amazon which have relatively longer credit terms. Our trade receivables net of allowance decreased by 16.3% from RMB807.5 million to RMB676.0 million as of April 30, 2024, in line with the relatively lower revenue from sales of goods for March and April 2024 compared with holiday seasons in the U.S. and European markets during November and December 2023.

We decide trading terms with our customers on a case-by-case basis. We normally grant a credit period of 10 to 90 days to our customers. Trade receivables are generally settled in accordance with the terms of the respective contracts. The following table sets forth an aged analysis of trade receivables presented based on invoice dates:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-90 days	243,397	444,104	753,071	605,204
90-180 days	126,064	23,346	20,851	31,098
181-365 days	99,278	—	23,962	14,370
Over 365 days	—	—	9,585	25,362
Total	**468,739**	**467,450**	**807,469**	**676,034**

After the Amazon Incident, a total of RMB235.5 million of funds under the Restricted Online Stores' online accounts was frozen in 2021. This resulted in an increase in our trade receivables aging from the typical three months to 12 months in 2021. As of April 30, 2024, substantially all of the frozen funds had been released as a result of our proactive communications with Amazon, with the remaining RMB2.7 million (accounting for approximately 1% of the original amount) mainly in relation to the Restricted Online Stores' settlement of fees with Amazon and unlikely refundable based on our estimation of expenses originally incurred for our previous utilization of services provided by Amazon and subject to our further negotiation with Amazon.

The following table sets forth the turnover days of our trade receivables for the periods indicated:

	Year ended December 31,			Four months ended April 30,
	2021	**2022**	**2023**	**2024**
Trade receivables turnover days[(1)]	18.3	25.8	28.6	34.3

Note:

(1) Trade receivables turnover days for a period equals the average of the gross value of the opening and closing trade receivables balance divided by revenue for the relevant period and multiplied by the number of days in the relevant period, which is 360 days for each year.

We had longer average turnover days of trade receivables in 2022 compared with 2021, primarily due to (i) a decrease in revenue; and (ii) increased sales on Wayfair, the platform policies of which require a relatively longer credit period compared with other third-party e-commerce platforms and offline channels. Our trade receivables turnover days remained relatively stable in 2023 compared with 2022. Our trade receivables turnover days subsequently increased from 28.6 in 2023 to 34.3 in the four months ended April 30, 2024, mainly due to the relatively lower revenue from sales of goods for March and April 2024 compared with holiday seasons in the U.S. and European markets during November and December 2023, most of which had been collected as of April 30, 2024.

RMB624.7 million, or 92.4%, of our trade receivables as of April 30, 2024 had been settled as of August 31, 2024.

Prepayments and other receivables

Our prepayments and other receivables primarily represent (i) prepayments for purchases required by some suppliers; (ii) value-added tax receivable; (iii) other tax receivable; (iv) consideration receivables; (v) deposits in relation to leased properties; (vi) deferred issue cost, which represents fees and expenses that have been incurred in connection with the [**REDACTED**] and the [**REDACTED**] but have not been recognized as expenses, upon which such cost will be deductible from equity upon completion of the [**REDACTED**]; and (vii) prepaid issue cost, which represents the prepayment on professional services fees and expenses in connection with the [**REDACTED**] and the [**REDACTED**] which has not been incurred. The following table sets forth a breakdown of our prepayments and other receivables 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*
Prepayments	108,775	70,436	101,683	107,417
Value-added tax receivable	56,621	55,600	55,800	41,999
Other tax receivable	2,830	1,042	22,349	19,463
Consideration receivables	—	70,920	70,920	70,920
Deposits	30,646	39,781	41,415	43,421
Deferred issue cost	—	—	6,222	10,746
Prepaid issue cost	—	—	98	663
Others	22,604	1,590	12,049	10,151
Less: Allowance for credit losses	(8,542)	(11,833)	(22,860)	(18,918)
Total	**212,934**	**227,536**	**287,676**	**285,862**

Our prepayments and other receivables remained relatively stable at RMB212.9 million as of December 31, 2021 and RMB227.5 million as of December 31, 2022, primarily reflecting an increase in consideration receivables from nil as of December 31, 2021 to RMB70.9 million as of December 31, 2022 resulting from the disposal of certain of our equity interest in our subsidiary, Shenzhen Fanttik, which primarily engages in the operations of online stores on third-party e-commerce platforms, procurement and sales of products. See "History, Development and Corporate Structure — Material Acquisitions or Disposals." The original contract between us and the purchaser of the equity interest did not specify settlement terms. We expect to receive the consideration receivables after completion of the [**REDACTED**]. This was substantially offset by a decrease in prepayments for purchases, mainly because we deferred the pick-up of certain supplies for which we had made prepayments in 2021 to 2022 as a result of the Amazon Incident and accordingly incurred fewer prepayments for purchases in 2022. Our prepayments and other receivables increased by 26.5% from RMB227.5 million as of December 31, 2022 to RMB287.7 million as of December 31, 2023, mainly reflecting an increase in prepayments for purchases in line with our business growth, as some of our new suppliers required prepayments. Our prepayments and other receivables subsequently remained relatively stable as of April 30, 2024.

RMB133.8 million, or 46.8%, of our prepayments and other receivables as of April 30, 2024 had been settled as of August 31, 2024.

Financial assets at FVTPL

Our financial assets at FVTPL recorded as current and non-current assets primarily represent structured deposits and foreign exchange forwards. Our financial assets at FVTPL decreased from RMB199.1 million as of December 31, 2021 to RMB79.1 million as of December 31, 2022, and further decreased to RMB19.1 million as of December 31, 2023, mainly due to the redemption of structured deposits that had matured by the end of 2022 and 2023, respectively. Our financial assets at FVTPL decreased from RMB19.1 million as of December 31, 2023 to RMB9.1 million as of April 30, 2024, mainly due to the redemption of structured deposits in March 2024, and we did not hold any other structured deposits as of April 30, 2024.

Under our investment policy on the purchase of such financial assets, we employ a comprehensive set of internal policies and guidelines to manage our investments in order to monitor the investment risks associated with our portfolio of financial assets. According to our internal capital management policy, payments for investment operations shall be processed following the relevant approval authority. It is strictly prohibited to invest in high-risk ventures such as stocks or futures without following the prescribed procedures. Additionally, under our investment policy, we monitor the levels of idle cash and bank balances and use idle cash to increase our returns based on our working capital requirements at the relevant time. Under our internal control policies, our board of Directors sets the general guidance for the purchase of financial assets at the beginning of each financial year. Our finance department is responsible for making decisions to purchase financial assets as outlined in the guidance, as well as managing and monitoring the risks associated with our portfolio of financial assets. We also periodically evaluate the fair value of our financial assets. This assessment includes measuring fair value, assessing profitability and considering risk conditions related to our investments. If any issues or problems are identified during the evaluation, they should be promptly reported to our board of Directors along with details of the corrective actions taken. Our management, including our finance department, has extensive experience in managing the financial aspects of our operations.

Our investment strategy related to such products focuses on minimizing financial risks, including market, credit and liquidity risk, while generating desirable investment returns. Our investment horizon for each short-term financial asset we purchase is typically between one and three months.

Upon the [**REDACTED**], we intend to continue our purchase of structured deposits, foreign exchange forwards and unlisted life insurance policies strictly in accordance with our internal control policy and our Articles of Association. After the [**REDACTED**], our investments in financial assets at fair value through profit or loss will be subject to compliance with Chapter 14 of the Listing Rules.

Pledged/restricted bank deposits (current portion)

Pledged/restricted bank deposits (current) represent the deposits pledged to banks for the issuance of our bills payables, bank loans performance bonds and our frozen deposits at the third-party payment collection platforms through which we received the sales proceeds from Amazon. Our pledged/restricted bank deposits increased from RMB204.9 million as of December 31, 2021 to RMB269.4 million as of December 31, 2022, primarily attributable to an increase in deposits pledged to banks for the issuance of our bills payables. Our pledged/restricted bank deposits decreased from RMB269.4 million as of December 31, 2022 to RMB164.9 million as of December 31, 2023, primarily attributable to (i) a decrease in the deposits pledged to banks for our bills payables as we recovered such deposits upon our payment of the bills payables; (ii) a decrease in deposits pledged to banks for bank loans upon our repayment of some bank loans; and (iii) a decrease in deposits pledged to banks for performance bonds, primarily since we recovered the deposits on certain third-party e-commerce platforms along with the closure of some of our shops thereon. Our pledged/restricted bank deposits increased from RMB164.9 million as of December 31, 2023 to RMB258.3 million as of April 30, 2024 in line with an increase in our bank loans.

Trade and other payables

Our trade and other payables primarily consist of (i) trade payables to suppliers; (ii) trade payables to associates; (iii) bill payables, representing our payables settled by bills; (iv) current consideration payables associated with our acquisition of a subsidiary, Shenzhen Maoshun, in 2022. The total consideration payables comprised current consideration payables of nil, RMB30.0 million, RMB30.0 million and RMB7.1 million as of December 31, 2021, 2022 and 2023 and April 30, 2024, and non-current consideration payables. See "— Non-current Assets and Liabilities — Other Payable (Non-current)." We had fully paid the consideration payables associated with our acquisition of Shenzhen Maoshun as of the date of this document; (v) accrued salaries; (vi) other tax payables; and (vii) deposits.

The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,			As of April 30,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– third parties	804,703	751,654	919,612	883,949
– associates	109,409	60,741	18,384	55,700
	914,112	**812,395**	**937,996**	**939,649**
Bill payables	229,952	111,368	96,956	50,292
Consideration payable	—	130,000	130,000	39,212
Current	—	30,000	30,000	7,106
Non-current	—	100,000	100,000	32,106
Accrued employees' benefits	42,561	45,808	47,291	37,065
Other tax payables	2,438	3,032	5,247	5,311
Deposits	31,005	15,947	11,279	11,134
Provisions	1,903	17,381	15,326	15,326
Accrued issue cost	—	—	10,197	12,412
Construction payable	—	—	—	15,333
Others	9,945	13,416	4,712	11,846
Total	**1,231,916**	**1,149,347**	**1,259,004**	**1,137,580**
Analyzed as current	1,231,916	1,049,347	1,159,004	1,105,474
Analyzed as non-current	—	100,000	100,000	32,106

Our trade and other payables decreased from RMB1,231.9 million as of December 31, 2021 to RMB1,149.3 million as of December 31, 2022, primarily reflecting a decrease in bill payables in line with our decreased revenue. Our trade and other payables increased from RMB1,149.3 million as of December 31, 2022 to RMB1,259.0 million as of December 31, 2023, primarily due to an increase in trade payables to suppliers in line with our business growth. Our trade and other payables decreased from RMB1,259.0 million as of December 31, 2023 to RMB1,137.6 million as of April 30, 2024 due to a decrease in consideration payables as we fulfilled some of our payment obligations for equity investments as of April 30, 2024. This was partially offset by an increase in construction payables, which was recognized based on the progress of the construction projects.

We are generally granted a credit period of up to three months by our suppliers on purchases of goods. The following table sets forth an aged analysis of our trade and bill payables presented based on the invoice date:

	As of December 31,			As of April 30,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-90 days	786,943	803,277	965,208	912,627
91-180 days	186,504	96,372	50,521	50,021
181-360 days	168,062	17,118	11,906	12,377
Over 360 days	2,555	6,996	7,317	14,916
Total	**1,144,064**	**923,763**	**1,034,952**	**989,941**

The following table sets forth the turnover days of our trade and bill payables for the periods indicated:

	Year ended December 31,			Four months ended April 30,
	2021	**2022**	**2023**	**2024**
Trade and bill payables turnover days[(1)]	80.0	80.8	62.2	66.5

Note:

(1) Trade and bill payables turnover days for a period equals the average of the gross value of the opening and closing trade and bill payables balance divided by the cost of sales for the relevant period, excluding the write-down of inventories, and multiplied by the number of days in the relevant period, which is 360 days for each year.

Our trade and bill payables turnover days remained relatively stable at 80.0 and 80.8 days in 2021 and 2022, respectively. Our trade and bill payables turnover days decreased from 80.8 days in 2022 to 62.2 days in 2023, mainly due to (i) our enhanced liquidity and therefore the ability to make payments; and (ii) an increase in the procurement from furniture and home furnishings suppliers who typically require upfront payment, according to Frost & Sullivan. Our trade and bill payables turnover days subsequently remained relatively stable at 62.2 and 66.5 in the four months ended April 30, 2023 and the same period in 2024, respectively.

RMB1,129.1 million, or 99.3%, of our current trade and other payables as of April 30, 2024 had been settled as of August 31, 2024.

Tax payable

Our tax payable decreased from RMB81.1 million as of December 31, 2021 to RMB25.4 million as of December 31, 2022, primarily because of our payment by May 2022 for the unpaid taxes for 2021 and a decrease in revenue in 2022. Our tax payable increased from RMB25.4 million as of December 31, 2022 to RMB32.8 million as of December 31, 2023, in line with the increase in revenue. Our tax payable decreased from RMB32.8 million as of December 31, 2023 to RMB25.8 million as of April 30, 2024, primarily because we paid our tax payable as of December 31, 2023 in the four months ended April 30, 2024.

Contract liabilities

Our contract liabilities primarily represent advance payments from customers upon which the performance obligations have been established while the underlying services are yet to be provided. Our current and non-current contract liabilities increased from RMB55.0 million as of December 31, 2021 to RMB61.9 million as of December 31, 2022, primarily due to an increase in advance payments by customers of our logistics solutions in line with the expansion of our logistics solutions. Our current and non-current contract liabilities decreased from RMB61.9 million as of December 31, 2022 to RMB48.2 million as of December 31, 2023, primarily due to decreases in the number of offline distributors and revenue from offline sales. Our current and non-current contract liabilities increased from RMB48.2 million as of December 31, 2023 to RMB74.7 million as of April 30, 2024, due to an increase in advance payments by customers of both of our sales of goods and logistics solutions, which is in line with our business expansion.

The following table sets forth a breakdown of our contract liabilities 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*
Sales of goods	52,201	54,873	39,136	54,606
Logistics solutions	2,807	7,072	9,063	20,143
Total	**55,008**	**61,945**	**48,199**	**74,749**

RMB69.5 million, or 92.9%, of our contract liabilities as of April 30, 2024 had been settled as of August 31, 2024.

Refund liabilities

Our refund liabilities represent expected refunds payable to our customers in relation to returned orders and are typically paid within three months from the return of the orders. Our current and non-current refund liabilities remained relatively stable at RMB20.8 million, RMB22.0 million and RMB20.8 million as of December 31, 2021, 2022 and 2023, respectively. Our current and non-current refund liabilities decreased from RMB20.8 million as of

December 31, 2023 to RMB12.7 million as of April 30, 2024, primarily because we had relatively fewer returned orders, which is in line with the relatively lower sales volume from sales of goods in March and April, 2024 as compared to the holiday seasons during November and December 2023.

All of our refund liabilities as of April 30, 2024 had been settled as of August 31, 2024.

KEY FINANCIAL RATIOS

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

	Year ended/As of December 31,			Four months ended/ As of April 30,	
	2021	2022	2023	2023	2024
Gross profit margin[1] (%)	20.9	34.9	34.5	33.8	34.5
Gross profit margin of sales of goods[2] (%)	20.8	37.0	39.2	37.6	38.9
Gross profit margin of logistics solutions[3] (%)	22.7	17.8	14.6	11.5	17.5
Net profit margin[4] (%)	(6.5)	3.1	6.0	4.0	6.7
Gearing ratio[5]	1.0	1.1	0.7	1.1	0.8
Current ratio[6]	1.2	1.2	1.7	1.4	1.7
Quick ratio[7]	0.7	0.8	1.2	1.0	1.1

Notes:

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

(2) Gross profit margin of sales of goods equals the difference between our revenue from sales of goods and the cost of sales for sales of goods divided by revenue from sales of goods for the year/period and multiplied by 100%.

(3) Gross profit margin of logistics solutions equals the difference between our revenue from logistics solutions and the cost of sales for logistics solutions divided by revenue from logistics solutions for the year and multiplied by 100%.

(4) Net profit margin equals net (loss)/profit divided by revenue for the year/period and multiplied by 100%.

(5) Gearing ratio equals total interest-bearing debt (including interest-bearing bank and other borrowings, lease liabilities and convertible loan notes) divided by total equity.

(6) Current ratio equals total current assets divided by total current liabilities.

(7) Quick ratio equals total current assets less inventories divided by total current liabilities.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from borrowings, cash from operations and equity financings.

As of December 31, 2021, 2022 and 2023, April 30 2024 and August 31, 2024, being the Indebtedness Date, we had cash and cash equivalents of RMB533.2 million, RMB642.9 million, RMB809.8 million, RMB938.4 million and RMB838.1 million, respectively. Our Directors are of the opinion that, taking into account the net [**REDACTED**] from the [**REDACTED**] and the financial resources available to us, including cash and cash equivalents, our bank borrowings and cash flows from operating activities, we have sufficient working capital for our present requirements, that is for at least 12 months from the date of this document.

Cash Flow

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

	Year ended December 31,			Four months ended April 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net cash (used in)/from operating activities	(1,192,638)	609,795	586,360	286,570
Net cash from/(used in) investing activities	239,163	(373,667)	210,641	(251,125)
Net cash from/(used in) financing activities	765,279	(129,073)	(632,443)	92,728
Net (decrease)/increase in cash and cash equivalents	**(188,196)**	**107,055**	**164,558**	**128,173**
Cash and cash equivalents at the end of the year	**533,202**	**642,864**	**809,838**	**938,368**

Net cash (used in)/from operating activities

Net cash (used in)/from operating activities primarily comprises our loss/profit for the years adjusted by (i) changes in non-cash items, such as depreciation of right-of-use assets, finance costs and exchange loss; and (ii) changes in working capital, such as inventories, trade receivables and trade and other payables.

In the four months ended April 30, 2024, our net cash from operating activities was RMB286.6 million, which was primarily attributable to our profit before tax for the period of RMB230.8 million, as adjusted by changes in working capital, which primarily comprised of (i) a decrease in trade receivables of RMB130.6 million as offset by (ii) an increase in inventories of RMB178.4 million.

In 2023, our net cash from operating activities was RMB586.4 million, which was primarily attributable to our profit before tax for the year of RMB639.9 million, as adjusted by (i) the add-back of non-cash items, primarily comprising depreciation of right-of-use assets of RMB146.2 million; and (ii) changes in working capital, which primarily comprised an increase in trade receivables of RMB377.1 million.

In 2022, our net cash from operating activities was RMB609.8 million, which was primarily attributable to our profit before tax for the year of RMB232.0 million, as adjusted by (i) the add-back of non-cash items, primarily comprising depreciation of right-of-use assets of RMB122.4 million; and (ii) changes in working capital, which primarily comprised a decrease in inventories of RMB348.7 million and a decrease in trade and other payables of RMB233.5 million.

In 2021, our net cash used in operating activities was RMB1,192.6 million, which was primarily attributable to our loss before tax for the year of RMB734.5 million, as adjusted by (i) the changes in non-cash items, primarily comprised of the add-back of write-down of inventories of RMB984.4 million and the deduction of gain on the partial disposal of an investment accounted for using the equity method of RMB319.2 million; and (ii) changes in working capital, which primarily comprised a decrease in trade and other payables of RMB525.6 million, an increase in inventories of RMB419.2 million and an increase in trade receivables of RMB150.7 million.

Net cash from/(used in) investing activities

In the four months ended April 30, 2024, our net cash used in investing activities was RMB251.1 million, which was primarily attributable to placement of pledged/restricted bank deposits of RMB238.6 million, purchases of financial assets at FVTPL of RMB165.4 million and net cash outflow on acquisition of subsidiaries, partially offset by proceeds from disposal of financial assets at FVTPL of RMB175.4 million.

In 2023, our net cash from investing activities was RMB210.6 million, which was primarily attributable to proceeds from disposal of financial assets at FVTPL of RMB1,627.5 million and withdrawals of pledged/restricted bank deposits of RMB676.3 million.

In 2022, our net cash used in investing activities was RMB373.7 million, which was primarily attributable to purchases of financial assets at FVTPL of RMB1,720.4 million and net cash outflow on the acquisition of a subsidiary, partially offset by the proceeds of disposal of financial assets at FVTPL of RMB1,840.1 million.

In 2021, our net cash from investing activities was RMB239.2 million, which was primarily attributable to proceeds from the disposal of financial assets at FVTPL of RMB2,555.4 million, partially offset by purchases of financial assets at FVTPL of RMB2,328.8 million.

Net cash from/(used in) financing activities

In the four months ended April 30, 2024, our net cash from financing activities was RMB92.7 million, which was primarily attributable to new bank borrowings raised of RMB342.9 million, partially offset by repayments of bank borrowings of RMB113.9 million.

In 2023, our net cash used in financing activities was RMB632.4 million, which was primarily attributable to contributions from non-controlling interests of RMB3.0 million and repayments of bank borrowings of RMB891.2 million, partially offset by new bank borrowings raised of RMB937.0 million.

In 2022, our net cash used in financing activities was RMB129.1 million, which was primarily attributable to repayments of bank borrowings of RMB1,329.2 million, repayments of lease liabilities of RMB98.9 million and repayment to a non-controlling shareholder of RMB60.0 million, partially offset by new bank borrowings raised of RMB1,403.7 million.

In 2021, our net cash from financing activities was RMB765.3 million, which was primarily attributable to new bank borrowings raised of RMB1,594.4 million and proceeds on the issue of convertible loan notes of RMB380.0 million, partially offset by repayments of bank borrowings of RMB1,239.3 million.

INDEBTEDNESS

As of August 31, 2024, being the Indebtedness Date for the purpose of the indebtedness statement, we had total indebtedness of RMB2,784.6 million, including (i) bank borrowings of RMB1,063.4 million, which were primarily bank loans; and (ii) lease liabilities of RMB1,721.2 million.

The following table sets forth the details of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,	As of August 31,
	2021	**2022**	**2023**	**2024**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Bank borrowings	542,483	617,390	663,193	893,336	1,063,371
Lease liabilities	518,115	839,098	833,253	1,028,191	1,721,182
Convertible loan notes	390,572	416,981	—	—	—
Amount due to a non-controlling shareholder	60,191	1,123	1,123	1,123	—
Total	**1,511,361**	**1,874,592**	**1,497,569**	**1,922,650**	**2,784,553**

Bank Borrowings

We had bank borrowings of RMB542.5 million, RMB617.4 million, RMB663.2 million, RMB893.3 million and RMB1,063.4 million as of December 31, 2021, 2022 and 2023, April 30, 2024 and August 31, 2024, respectively. See Note 30 of the Accountants' Report in Appendix I to this document. Our bank borrowings primarily comprise bank loans with effective interest rates ranging from 0.0% to 4.5% during the Track Record Period. As of August 31, 2024, our unutilized banking facilities were RMB506.6 million.

	As of December 31,			As of April 30,	As of August 31,
	2021	**2022**	**2023**	**2024**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Bank loans					
Secured	312,012	523,442	377,753	559,226	563,486
Unsecured	230,471	93,948	285,440	334,110	499,885
Total	**542,483**	**617,390**	**663,193**	**893,336**	**1,063,371**

As of December 31, 2021, 2022, 2023 and as of April 30, 2024, the borrowings amounting to approximately RMB175,828,000, RMB161,866,000, RMB10,156,000 and RMB110,276,000 were secured by a pledge of time deposit of RMB166,578,000, RMB179,048,000, RMB11,332,000 and RMB123,650,000, respectively.

As of December 31, 2021 and 2022, the borrowings amounting to approximately RMB114,766,000 and RMB50,450,000 were jointly guaranteed by Mr. Lu, Mr. Ze, Ms. Zhang Xiuhua ("Ms. Zhang"), and Aukey International Ltd, respectively. The borrowing has been settled during the years ended 31 December 2022 and 2023, respectively.

As of December 31, 2021 and 2022, the borrowings amounting to RMB136,184,000, and RMB45,284,000 were jointly guaranteed by Mr. Lu, Mr. Ze, Ms. Zhang and Aukey International Ltd., and secured by trade receivables of RMB173,135,000 and RMB57,053,000, respectively. The borrowing has been settled during the years ended 31 December 2022 and 2023, respectively.

As of December 31, 2022, 2023 and as of April 30, 2024, the borrowings amounting to approximately RMB59,077,000, RMB73,147,000 and RMB73,188,000 were jointly guaranteed by Mr. Lu, Mr. Ze, Ms. Zhang and Aukey International Ltd., and secured by a leasehold land of the Group included in right-of-use assets with carrying amount of RMB31,976,000, RMB30,871,000 and RMB30,502,000. As of the Latest Practicable Date, all the guarantees of Mr. Lu, Mr. Ze and Mr. Zhang were released. As represented by the Directors, the guarantees of Aukey International Ltd. and the leasehold land of the Group will be released prior to the [**REDACTED**].

We confirm that, as of the Latest Practicable Date, there was no material covenant which would impact our ability to undertake additional debt financing. We further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings or default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

As of December 31, 2021, 2022 and 2023, April 30, 2024 and August 31, 2024, our current and non-current lease liabilities were RMB518.1 million, RMB839.1 million, RMB833.3 million, RMB1,028.2 million and RMB1,721.2 million, respectively. Our lease liabilities primarily represent leases of land and buildings to support our overall business operations and growth.

	As of December 31,			As of April 30,	As of August 31,
	2021	**2022**	**2023**	**2024**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Lease liabilities payable:					
Within one year	91,690	139,268	155,363	167,516	190,469
Within a period of more than one year but not exceeding two years	92,353	128,564	167,552	179,951	205,449
Within a period of more than two years but not exceeding five years	241,428	389,869	360,185	395,631	533,630
Within a period of more than five years	92,644	181,397	150,153	285,093	791,634
Total	**518,115**	**839,098**	**833,253**	**1,028,191**	**1,721,182**

	As of December 31,			As of April 30,	As of August 31,
	2021	**2022**	**2023**	**2024**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Less: Amount due for settlement within 12 months under current liabilities . . .	(91,690)	(139,268)	(155,363)	(167,516)	(190,469)
Amount due for settlement after 12 months shown under non-current liabilities	**426,425**	**699,830**	**677,890**	**860,675**	**1,530,713**

Convertible loan notes

Our convertible loan notes represent the debt and derivative notes issued to two of our employees and seven independent third parties who purchased our convertible loan notes primarily to support our development and alleviate our temporary financial burden after the Amazon Incident. See "Business — Marketing and Promotion — The Amazon Incident" and Note 34 of the Accountants' Report in Appendix I to this document. Our convertible loan notes increased from RMB390.6 million as of December 31, 2021 to RMB417.0 million as of December 31, 2022, primarily due to an increase in their fair value. Our convertible loan notes decreased from RMB417.0 million as of December 31, 2022 to nil as of December 31, 2023, primarily because we repaid our convertible loan notes in 2023. Our convertible loan notes were nil and nil as of December 31, 2023 and April 30, 2024, respectively, primarily because the principal amount and accrued interest were fully settled by December 31, 2023. The following table sets forth convertible loan notes 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*
Carrying amount at the beginning of the year	—	390,572	416,981	—
Issued during the year	380,000	—	—	—
Changes in fair value charged to profit or loss	3,935	3,304	(7,239)	—
Accrued interest	6,637	29,105	20,794	—
Repayment.	—	(6,000)	(430,536)	—
Carrying amount at the end of the year/period	**390,572**	**416,981**	**—**	**—**

The following table sets forth the details of the convertible loan notes:

No.	Convertible Loan Notes Investor	Principal Amount	Date of Completion of Repayment	Repayment of Principal Amount	Interest Repaid
		(RMB'000)	*(DD.MM.YY)*	*(RMB'000)*	*(RMB'000)*
1. . .	An investment company A	150,000	18.12.2023	150,000	25,600
2. . .	An investment company B	100,000	30.06.2023	100,000	11,362
3. . .	An investment company C	10,000	20.06.2023	10,000	1,422
4. . .	Mr. Lu	10,000	21.06.2023	10,000	–
5. . .	Mr. Ze	5,000	21.06.2023	5,000	–
6. . .	An independent investor	50,000	31.10.2023	50,000	8,351
7. . .	An investment company D	10,000	10.11.2023	10,000	1,742
8. . .	An investment company E	23,000	29.12.2023	23,000	4,119
9. . .	An investment company F	22,000	07.12.2023	22,000	3,941

Amount Due to A Non-controlling Shareholder

As of December 31, 2021, 2022 and 2023, April 30, 2024 and August 31, 2024, being the Indebtedness Date, our amounts due to a non-controlling shareholder were RMB60.2 million, RMB1.1 million, RMB1.1 million, RMB1.1 million and nil, respectively, Our amounts due to related parties primarily represent our borrowings from Mr. Zhang Xiao charged at 3% per annum, the principal of which had been fully repaid by December 31, 2022 and the interest of which had been fully paid as of the Indebtedness Date.

	As of December 31,			As of April 30,	As of August 31,
	2021	**2022**	**2023**	**2024**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Amounts due to related parties:					
Mr. Zhang Xiao[(1)]	60,191	1,123	1,123	1,123	—

Note:

(1) Mr. Zhang is a non-controlling shareholder of our subsidiary, Shenzhen Xiyou Zhicang Technology Co., Ltd.

Except as disclosed above, during the Track Record Period and up to the date of this document, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees. Our Directors confirm that there has not been any material change in our indebtedness since August 31, 2024 to the date of this document.

CONTINGENT LIABILITIES

As of December 31, 2021, 2022 and 2023, April 30, 2024 and August 31, 2024, we did not have any material contingent liabilities.

CAPITAL EXPENDITURES

Our capital expenditures in 2021, 2022 and 2023 and April 30, 2024 were RMB62.4 million, RMB33.6 million, RMB32.3 million and RMB38.6 million, respectively, primarily representing purchases of property, plant and equipment, payments for right-of-use assets and purchases of other intangible assets. We funded our capital expenditure requirements mainly from borrowings, cash from sales and equity financing.

We expect that our capital expenditures in 2024 will primarily consist of payments for property, plant and equipment as well as intangible assets, which is in line with our business growth. We intend to fund our future capital expenditures and long-term investments with borrowings, cash from sales and equity financing. See "Future Plans and [**REDACTED**]."

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 40 of the Accountants' Report in Appendix I to this document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's-length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK DISCLOSURE

We have adopted a risk management program focused on minimizing potential adverse effects of the unpredictability of financial markets as we are exposed to a variety of financial risks, including market, credit and liquidity risk.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. We are exposed primarily to interest rate risk. There has been no change in our exposure to the risk or this manner in which we manage and measure the risk.

Interest rate risk

We are exposed to fair value interest rate risk for certain financial assets and financial liabilities, including fixed-rate bank deposits and fixed-rate loans. We are also exposed to cash flow interest rate risk for our interest-bearing financial liabilities and certain of our interest-bearing financial assets, including bank balances, cash and restricted bank deposits which carry interest at variable interest rates.

We currently do not have an interest rate hedging policy. Our management monitors interest rate risk exposure and will consider hedging significant interest rate exposure should the need arise. In the opinion of our Directors, we do not have a material interest rate risk exposure and hence no sensitivity analysis is presented.

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. Foreign exchange risk is the risk of loss resulting from fluctuations in foreign currency exchange rates. Most of our sales of products are denominated and settled in U.S. dollars and Euros, with the remaining sales denominated and settled in currencies of the geographical markets to which we sell our products. We mainly pay our suppliers that are located in the PRC in Renminbi. The foreign exchange risk we are facing mainly comes from movements in USD/RMB and EUR/RMB.

During the Track Record Period, we had net foreign exchange gains of RMB23.2 million in 2021, losses of RMB21.7 million in 2022, gains of RMB14.3 million in 2023 and gains of RMB25.4 million in the four months ended April 30, 2024 due to the foreign exchange rate fluctuations in connection with our outstanding trade and other receivables denominated in foreign currencies.

Credit Risk

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to trade and other receivables, contract assets, restricted bank deposits, bank balances, an amount due from a shareholder and amounts due from fellow subsidiaries. We do not hold any collateral or other credit enhancements to cover the credit risks associated with our financial assets.

In order to minimize the credit risk, our management has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, our management considers that our credit risk is significantly reduced.

As part of our credit risk management, we use debtors' aging to assess the impairment for our customers as they consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. See Note 26 of the Accountants' Report in Appendix I to this document.

In the opinion of our Directors, we have no significant credit risk for the receivable from the related party because we can closely monitor the repayment of the related party. We have a concentration of credit risk on liquid funds which are deposited with several banks. However, the credit risk on bank balance and restricted bank deposits is limited because the counterparties are banks with good reputations. We have no significant concentration of credit risk on trade and other receivables, with exposure spread over a large number of counterparties and customers.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. We regularly review our major funding positions to ensure that we have adequate financial resources in meeting our financial obligations. See Note 38 of the Accountants' Report in Appendix I to this document.

DIVIDEND

No dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. Currently, we do not have a fixed dividend distribution ratio. Any future declarations and payments of dividends will be at the discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors consider relevant. As advised by our PRC Legal Advisors, no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. Our Shareholders in a general meeting may approve any declaration of dividends recommended by our Board.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, the available banking facilities and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of April 30, 2024, we had distributable reserves of RMB1,546.3 million, representing the reserves of our Company as of the same date.

[REDACTED] EXPENSE

[**REDACTED**] expenses represent professional fees, [**REDACTED**] commissions and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] expenses of approximately HK$[**REDACTED**] million, representing approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**] (based on the mid-point of the indicative Offer Price range and assuming the [**REDACTED**] and the [**REDACTED**] are not exercised). The [**REDACTED**] expenses we incurred in the Track Record Period and expect to incur would consist of approximately HK$[**REDACTED**] million [**REDACTED**] fees and approximately HK$[**REDACTED**] million [**REDACTED**] fees (including fees and expenses of legal advisors and the reporting accountant of approximately HK$[**REDACTED**] million and other fees and expenses of approximately HK$[**REDACTED**] million). Among the total [**REDACTED**] expenses which we expect to incur, approximately HK$[**REDACTED**] million will be directly attributable to the issue of our Shares which will be deducted from equity, and the remaining HK$[**REDACTED**] million will be expensed upon [**REDACTED**].

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information" for details.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Since April 30, 2024 and up to the date of this document, we have achieved strong performance, as evidenced by the strategic expansion of our overseas warehouses. Since April 30, 2024, we started to operate two new overseas warehouses and expanded the GFA of an existing overseas warehouse in the U.S. As of the date of this document, we operated 29 overseas warehouses with an aggregate GFA of over 6.5 million sq.ft. Moreover, in June 2024, we were awarded the prize of Leading Export E-commerce Enterprise in Guangdong Province. 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, indicating that these overseas warehouses have the capacity to provide professional, high-quality warehousing services to companies in Guangdong Province.

We have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since April 30, 2024, being the end date of the periods reported in the Accountants' Report set out in Appendix I to this document, and there is no event since April 30, 2024 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.