

## SUMMARY

*This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this document. You should read the entire document before you decide to invest in the [REDACTED].*

*There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in “Risk Factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED].*

## OUR VISION

Empowered by digitization and standardization, and guided by technology and professionalism, we dedicate ourselves to providing comprehensive, one-stop product and service solutions that cater to the needs of “whole family, entire lifecycle, and comprehensive health management (全家人、全生命週期、全健康管理).” Our goal is to safeguard the well-being of families and contribute to the development of a “Healthier China (健康中國).”

## WHO WE ARE

We are a leading company in digital health management industry in China, according to Frost & Sullivan. With standardized, professional and science-based products and services, we are committed to making meaningful impacts on the lives of our customers. According to Frost & Sullivan, in terms of revenue, we ranked first in the weight management industry, first in the digital weight management industry and second in the digital men’s health management industry in China in 2022, with a market share of approximately 4.2%, 7.1% and 4.2%, respectively.

With over a decade of experience in the health management industry in China, we deeply appreciate the significance of standardized, professional and science-based products and services in effective health management. By leveraging weight management and chronic condition management as entry points and employing data-driven methodologies as our basis, we have built an integrated health management platform tailored to meet the needs of our customers. This approach positions us as a pioneer in the digital, standardized and professional transformation of China’s digital health management industry.

## OUR BUSINESS MODEL

Since our establishment in 2009, driven by the philosophy of creating value through “green, natural, safe and healthy (綠色天然，安全健康)” offerings, we have developed the brand “Lv Shou (綠瘦)” and our weight management business. We expanded to the chronic condition management market in 2017. With over a decade of experience, our business has transitioned from selling traditional weight reduction products to a platform offering comprehensive digital health management solutions integrating both weight management and chronic condition management. We leverage data-driven methodologies in concert with multi-channel customer touch points to serve our customers.

## SUMMARY

Our diversified traffic entries help us acquire customers accurately and efficiently. Once the potential customers are approached by our sales and service teams, we collect and analyze basic information through data collection functions built into our smart hardware products, standardized questionnaires in the customer evaluation forms and medical check-up results, among others. Leveraging AI algorithms, we efficiently create customer profiles and accurately match them with relevant “product+service” solutions for weight management or chronic condition management, thus completing our standard customer service process. The following diagram illustrates our business model:



---

## SUMMARY

---

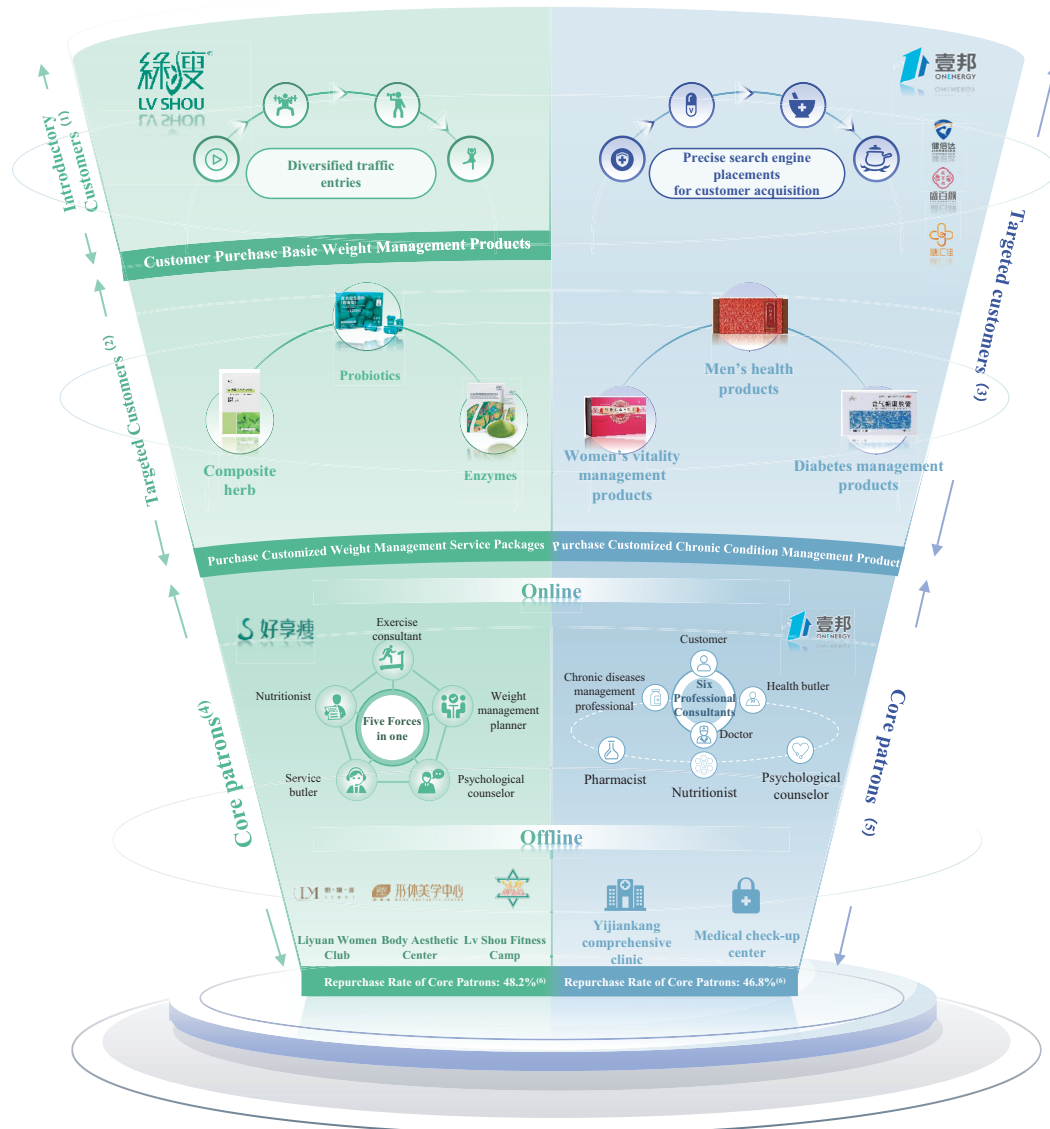
During the Track Record Period, we are mainly engaged in two core businesses:

- **Weight Management:** Weight management is our starting point and the core of our business. We provide customers with customized weight management solutions in a standardized and professional manner, leveraging our digital capabilities. We have identified four key phases in weight management, namely, “Initiation, Weight-reduction, Sculpting and Upkeep” and introduced a unique “Five Forces in One” service model, where we leverage the expertise of five types of professional consultants, including weight management planners, exercise consultants, nutritionists, psychological counselors and health butlers. Through our Haoxiangshou (好享瘦) APP, we maintain visual and real-time interactions with our customers and offer personalized solutions to them. We have also established Lv Shou Fitness Camp (綠瘦訓練營), Body Aesthetic Center (形體美學中心) and Liyuan Women Club (麗媛薈) to provide customers with various offline experiences and to increase customer satisfaction and stickiness to our platform. We mainly generate revenue from the sales of our weight management service packages that integrate weight management products and services. We also generate revenue from the sales of weight management products to customers.
- **Chronic Condition Management:** Leveraging our rich operational experience and know-hows in the weight management industry and the scalability of our business model, we have successfully expanded into the chronic condition management business. We offer customized chronic condition management solutions to customers, including OTC drugs, health products, smart hardware products, food and value-added services. Leveraging the digital capabilities and operational experience amassed from our weight management business, we introduced a “Health 3+6” service model. This consists of a three-step approach of “Inquiry + Intervention + Monitoring (詢+醫+養)” combined with “six counselors” to provide a one-stop and all-around chronic condition management products and services to customers. To enhance our services under our chronic condition management business, we established a medical check-up center and an Internet hospital in 2022. Since 2022, we have enhanced our sales and service teams’ structure, which includes chronic condition management professionals, health butlers, doctors, pharmacists, nutritionists, and psychological counselors. Meanwhile, through our Yibang APP, we conduct in-depth follow-ups and real-time interactions with our customers. Our chronic condition management primarily consists of three segments, namely, men’s health management, women’s vitality management and Diabetes management. Our chronic condition management mainly generates revenue through the sales of products, with value-added services provided for free during the Trade Record Period.

We directly sell our weight management products and weight management service packages and chronic condition management products to our customers through both online and offline channels. See “Business – Our Sales Channels.”

## SUMMARY

The following diagram illustrates our core business model and typical customer journeys for our weight management and chronic condition management businesses:



### Notes:

- (1) Introductory customer of our weight management business refers to a customer who purchases our entry-level products via our online sales channels.
- (2) Targeted customer of our weight management business refers to a customer who purchases our basic products via our online sales channels.
- (3) Targeted customer of our chronic condition management business refers to a customer who purchases our condition management products via our online sales channels.
- (4) Core patron of our weight management business refers to a customer who purchases our weight management service packages.
- (5) Core patron of our chronic condition management business refers to a customer who receive services from our sales and service teams and thereof repurchase our chronic condition management products.
- (6) The repurchase rate refers to the number of core patrons who purchase products or service packages from us more than one time divided by the total number of core patrons.

---

## SUMMARY

---

### COMPETITIVE STRENGTHS AND BUSINESS STRATEGY

#### Our Strengths

We believe that the following strengths will bolster our continued success and power future growth:

- A leading company for weight management and men’s health management, capitalizing on massive and rapidly growing market opportunities;
  - Pioneering the digital, standardized and professional transformation of the health management industry in China;
  - Expanding customer base with diversified traffic entries augmented by data-driven market insights;
  - Superior customer experiences and exceptional scalability of our business model supported by our one-stop and all-around health management service capabilities; and
  - Visionary and highly experienced management team and strong shareholder support.
- See “Business – Our Strengths.”

#### Our Strategies

We aim to further enhance our industry position, adhering to the original intention of providing “whole family, entire lifecycle, and comprehensive health management”. We plan to implement the following strategies:

- Continually reinforcing our industry-leading position in China’s digital weight management industry;
  - Promoting the establishment of comprehensive online and offline service capabilities and achieving business collaboration;
  - Increasing investment in smart hardware products and data analysis capabilities to improve our digital infrastructure; and
  - Improving the professionalism of our science-based health management.
- See “Business – Our Strategies.”

#### Risk Factors

Our business operation involves certain risks and uncertainties, which are set out in the section headed “Risk Factors.” You should read that section in its entirety carefully before you decide to invest in our [REDACTED]. Some of the major risks we face include:

- Any failure to continue to retain and grow our customer base could adversely affect our business, financial condition and results of operations;
- Competition from other weight management and chronic condition management market players or the development of more effective or more favorably perceived products and services could result in decreased demand for our products and services;
- Any unexpected or undesirable side effects or injury caused by our products to customers could result in costly product recalls or product liability claims, which in turn could lead to severe reputational damage, monetary losses or lawsuits;
- Any failure to maintain product safety and consistent quality could have a material and adverse effect on our brand image, business, financial condition or results of operations;
- If our products and services are not effective in facilitating customers in achieving their respective goals, it could have a material adverse effect on our business, financial condition and results of operations;
- We are subject to customer complaints in the regular course of our operations;
- We are subject to extensive and evolving regulatory requirements. Future regulations may impose additional requirements and obligations on our business that could materially and adversely affect our business, reputation, financial condition and results of operations;
- If the contents contained in videos, livestreaming sessions or other formats published by us are deemed to violate any PRC laws or regulations or platform rules or are considered inappropriate, or there is any change in the applicable laws and regulations, our business, financial condition and results of operations may be materially and adversely affected;
- The success of our business depends significantly on our ability to maintain and enhance our brand awareness, and any negative publicity involving our Group, our products and services and our suppliers could adversely affect our brand image; and
- Our business success depends on the effectiveness of our advertising and marketing campaigns to attract and retain customers. If our advertising and marketing campaigns are not able to secure a stable and growing customer base, our business, financial condition and results of operations would be adversely affected.

## SUMMARY

### Competitive Landscape

According to Frost & Sullivan, the market size of the weight management industry in China grew from RMB21.9 billion in 2017 to RMB33.4 billion in 2022, with a CAGR of 8.8%, and is expected to continue growing at a CAGR of 10.0% from 2022 to 2027, reaching RMB53.8 billion by 2027. While most of the top market participants of weight management market are pure-product providers, we operate as a solution provider offering a combination of products and services. In 2022, the top five players in the weight management market accounted for an aggregate market share of 12.6% in terms of revenue. According to Frost & Sullivan, we ranked first in the weight management market in terms of revenue in 2022 with a market share of 4.2%. According to Frost & Sullivan, we also ranked first in the digital weight management market in terms of revenue in 2022 with a market share of 7.1% and the top five players in the digital weight management market accounted for an aggregate market share of 14.9% in terms of revenue in 2022.

According to Frost & Sullivan, the market size of the digital men’s health management industry in China grew from RMB3.4 billion in 2017 to RMB19.7 billion in 2022, representing a CAGR of 42.1%, and is expected to reach RMB96.0 billion by 2027 with a CAGR of 37.3%. In 2022, the top five players in the digital men’s health management market accounted for an aggregate market share of 12.8% in terms of revenue. According to Frost & Sullivan, we ranked second in the digital men’s health management market in terms of revenue in 2022, with a market share of 4.2%.

See “Industry Overview.”

### SUMMARY OF HISTORICAL AND FINANCIAL INFORMATION

The tables below present our summary consolidated financial data derived from our consolidated statements of profit or loss and other comprehensive income and consolidated cash flow statements for the years ended December 31, 2020, 2021 and 2022 and our consolidated statements of financial position as of December 31, 2020, 2021 and 2022 included in the Accountants’ Report in Appendix I to this document. The following data and discussion should be read in conjunction with our consolidated financial statements and related notes and the section headed “Financial Information.”

#### Summary of the Consolidated Statements of Profit or Loss and Other Comprehensive Income

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

	Year ended December 31,		
	2020	2021	2022
	(RMB’000)		
Revenue	2,051,636	1,795,918	2,422,980
Cost of sales and services	(670,094)	(533,617)	(665,526)
<b>Gross profit</b>	<b>1,381,542</b>	<b>1,262,301</b>	<b>1,757,454</b>
<b>Profit/(loss) before tax</b>	<b>190,506</b>	<b>(5,171)</b>	<b>129,773</b>
Income tax expenses	(2,603)	(13,252)	(17,717)
<b>Profit/(loss) for the year</b>	<b>187,903</b>	<b>(18,423)</b>	<b>112,056</b>
Profit/(loss) for the year attributable to:			
Owners of the Company	186,918	(16,033)	116,947
Non-controlling interests	985	(2,390)	(4,891)
	<b>187,903</b>	<b>(18,423)</b>	<b>112,056</b>



## SUMMARY

### Non-IFRS Financial Measures

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

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

We define adjusted net profit/(loss) (non-IFRS measure) as net profit/(loss) for the year adjusted by adding back [REDACTED] expenses, which are expenses in relation to our [REDACTED]. See “Financial Information – Consolidated Statements of Profit or Loss and Other Comprehensive Income – Non-IFRS Financial Measure.”

The following table reconciles our adjusted net profit/(loss) (non-IFRS measure) for the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRS, which is net profit/(loss) for the year:

	Year ended December 31,		
	2020	2021	2022
	(RMB'000)		
<b>Reconciliation of net profit/(loss) to adjusted net profit/(loss) (non-IFRS measure)</b>			
Profit/(loss) for the year	187,903	(18,423)	112,056
<b>Add:</b>			
[REDACTED] expenses	—	[REDACTED]	[REDACTED]
<b>Adjusted net profit/(loss) (non-IFRS measure)</b>	<u>187,903</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

### Revenue

The following table sets forth a breakdown of revenue by business segment for the periods indicated.

	Year ended December 31,					
	2020		2021		2022	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB'000, except percentages)					
<b>Weight management</b>	1,607,977	78.4	1,091,729	60.8	1,405,059	58.0
Sales of products	208,540	10.2	135,503	7.5	325,986	13.5
Provision of service packages	1,387,014	67.6	947,274	52.7	1,073,974	44.3
Other services <sup>(1)</sup>	12,423	0.6	8,952	0.5	5,099	0.2
<b>Chronic condition management</b>	443,659	21.6	704,189	39.2	1,017,921	42.0
Sales of products	442,450	21.5	700,693	39.0	1,014,339	41.9
Other services <sup>(2)</sup>	1,209	0.1	3,496	0.2	3,582	0.1
<b>Total</b>	<u>2,051,636</u>	<u>100.0</u>	<u>1,795,918</u>	<u>100.0</u>	<u>2,422,980</u>	<u>100.0</u>

## SUMMARY

*Notes:*

- (1) Other services in weight management primarily consist of beauty management services, logistics and warehousing services.
- (2) Other services in chronic condition management primarily consist of testing services that we provide through partnering with third-party genetic testing service providers.

During the Track Record Period, we generated revenue primarily from weight management and chronic condition management. Our revenue from weight management was attributable to (i) sales of weight management products, (ii) provision of weight management service packages and (iii) provision of other services primarily including beauty management services, logistics and warehousing services. Our revenue from chronic condition management was attributable to (i) sales of chronic condition management products and (ii) provision of other services primarily including testing services that we provide through partnering with third-party genetic testing service providers.

In 2020, 2021 and 2022, our total revenue amounted to RMB2,051.6 million, RMB1,795.9 million and RMB2,423.0 million, respectively. In 2020, 2021 and 2022, our revenue from weight management was RMB1,608.0 million, RMB1,091.7 million and RMB1,405.1 million, respectively, accounting for 78.4%, 60.8% and 58.0% of our total revenue, respectively. In 2020, 2021 and 2022, our revenue from chronic condition management was RMB443.7 million, RMB704.2 million and RMB1,017.9 million, respectively, accounting for 21.6%, 39.2% and 42.0% of our total revenue, respectively. The decrease of our revenue from 2020 to 2021 was primarily due to a decrease in the revenue generated from weight management from 2020 to 2021 resulting from our restricted operations during lockdown caused by the COVID-19 pandemic.

For details, please refer to the section headed “Financial Information – Description of Major Components of Our Results of Operations – Revenue” in this document.

### **Gross Profit and Gross Margin**

Gross profit represents our revenue less cost of sales and services. Gross profit margin represents gross profit as a percentage of revenue. In 2020, 2021 and 2022, our gross profit was RMB1,381.5 million, RMB1,262.3 million and RMB1,757.5 million, respectively, and our gross profit margin was 67.3%, 70.3% and 72.5%, respectively. For details, please refer to the section headed “Financial Information – Description of Major Components of Our Results of Operations – Gross Profit and Gross Profit Margin” in this document.

### **Summary of the Consolidated Statements of Financial Position**

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	<b>As of December 31,</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
		<i>(RMB'000)</i>	
Total non-current assets	1,002,681	1,324,253	1,646,882
Total current assets	546,761	418,917	508,259
<b>Total assets</b>	<b>1,549,442</b>	<b>1,743,170</b>	<b>2,155,141</b>
Total current liabilities	349,625	512,338	576,117
Total non-current liabilities	128,814	244,517	477,739
<b>Total liabilities</b>	<b>478,439</b>	<b>756,855</b>	<b>1,053,856</b>
<b>Net current assets/(liabilities)</b>	<b>197,136</b>	<b>(93,421)</b>	<b>(67,858)</b>
<b>Net assets</b>	<b>1,071,003</b>	<b>986,315</b>	<b>1,101,285</b>
<b>Total assets less current liabilities</b>	<b>1,199,817</b>	<b>1,230,832</b>	<b>1,579,024</b>
<b>Total equity</b>	<b>1,071,003</b>	<b>986,315</b>	<b>1,101,285</b>



## SUMMARY

We had net current assets of RMB197.1 million as of December 31, 2020 and net current liabilities of RMB93.4 million and RMB67.9 million as of December 31, 2021 and 2022.

We had net current assets as of December 31, 2020 and net current liabilities as of December 31, 2021, primarily due to (i) a decrease in cash and cash equivalents in line with our revenue decrease from 2020 to 2021, (ii) an increase in amounts due to related parties resulting from the payables of acquisition considerations due to Youchuang Investment and Mr. Pi for the acquisition of Yibang and (iii) an increase in borrowings resulting from our increasing borrowings from banks to supplement working capital.

The decrease in our net current liabilities from 2021 to 2022 was primarily due to (i) a decrease in amounts due to related parties resulting from the settlement of the acquisition considerations in November 2022 due to Youchuang Investment and Mr. Pi for the acquisition of Yibang and (ii) an increase in trade and other receivables and prepayments resulting from an increase in trade receivables attributable to the temporary operational adjustment as we expanded our sales channels into livestreaming platforms.

### Summary of the Consolidated Statements of Cash Flow

The following table sets forth the breakdown of our cash flows for the periods indicated.

	Year Ended December 31,		
	2020	2021	2022
	(RMB'000)		
Net cash generated from operating activities	351,829	5,581	316,385
Net cash from/(used in) investing activities	158,039	(332,632)	(304,976)
Net cash from/(used in) financing activities	(578,954)	197,863	12,642
Net increase/(decrease) in cash and cash equivalents	(69,086)	(129,188)	24,051
<b>Cash and cash equivalents at end of year</b>	<b>388,135</b>	<b>258,939</b>	<b>283,049</b>

### KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	Year ended December 31,		
	2020	2021	2022
Gross profit margin <sup>(1)</sup>	67.3%	70.3%	72.5%
Net profit/(loss) margin <sup>(2)</sup>	9.2%	(1.0)%	4.6%
Gearing ratio <sup>(3)</sup>	0.2	0.4	0.5
Current ratio <sup>(4)</sup>	1.6	0.8	0.9

#### Notes:

- (1) Gross profit margin equals gross profit divided by revenue for the period and multiplied by 100%.
- (2) Net profit/(loss) margin equals net profit/(loss) divided by revenue for the period and multiplied by 100%.
- (3) Gearing ratio equals total interest-bearing debt (including lease liabilities and bank borrowings) divided by total equity.
- (4) Current ratio equals total current assets divided by total current liabilities.

## SUMMARY

### IMPACT OF THE COVID-19 OUTBREAK

Since the end of December 2019, the outbreak of a novel strain of coronavirus, or COVID-19, had materially and adversely affected the global and China’s economy. In response to COVID-19, the PRC government imposed certain restrictive measures such as quarantine, closure of workplaces and facilities, travel restriction and other related measures.

During the Track Record Period, the recurrence of COVID-19 pandemic had adversely affected our operations and our financial results. We were from time to time unable to deliver our products to end-consumers due to governmental restrictions on logistics, which affected the sales of our products. We also encountered difficulties in delivering our services to our customers due to abrupt and temporary closure of our office premises as required by the lockdown measures and the lack of time to make remote working arrangements within short notice. Some of our offline stores in COVID-19 affected areas were also forced to temporarily shut down due to outbreaks. In addition, the recurrence of COVID-19 pandemic resulted in the reduction of customers’ willingness to consume products and services, which adversely affected our business performance. In particular, our financial results of weight management in 2021 were adversely affected by the temporary closure of our major office premises due to the sudden resurgence of the COVID-19 pandemic. Our revenue from weight management decreased by 32.1% from RMB1,608.0 million in 2020 to RMB1,091.7 million in 2021. During the same period, the number of our weight management customers decreased by 44.1% from 498,147 to 278,268. However, as the lockdown measures were subsequently lifted and we enhanced our remote working facilities, our revenue as well as the number of our customers of weight management restored the momentum of growth in 2022.

We undertook a series of measures in response to the recurrence of COVID-19 pandemic. We carried out corresponding measures to ensure the operations of our IT systems, optimized the scale of our offline stores, and strengthened and developed our online channels. Since December 2022, the restrictive measures have been generally eased. There remain uncertainties about the dynamic of the COVID-19 pandemic, which may have potential ongoing impacts in the future if the pandemic and the resulting disruption were to extend over a prolonged period. See “Risk Factors – Risks Relating to Our Business and Industry – Our business operations had been adversely affected by the COVID-19 pandemic, and may in the future to be affected by any epidemic disease.”

### USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED] and other estimated expenses in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- Approximately [REDACTED]%, or HK\$[REDACTED] million, for growing our weight management and chronic condition management businesses, improving our service capabilities and expanding our market share;
- Approximately [REDACTED]%, or HK\$[REDACTED] million, for building a closed-loop service model, improving our offline service capabilities and extending our business to the upstream industrial chain to better service our users;
- Approximately [REDACTED]%, or HK\$[REDACTED] million, for the development of smart hardware products and the enhancement of our digital capabilities;
- Approximately [REDACTED]% or HK\$[REDACTED] million, for research and development activities;
- Approximately [REDACTED]% or HK\$[REDACTED] million, for our working capital and general corporate purposes.

If the [REDACTED] is set at the high-end of the [REDACTED] range or the low-end of the [REDACTED] range, the net [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED] million and HK\$[REDACTED] million, respectively. To the extent our net [REDACTED] from the [REDACTED] are either more or less than expected, we will increase or decrease the intended use of our net [REDACTED] for the above purposes on a pro rata basis.

---

## SUMMARY

---

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we only intend to place such [REDACTED] in short-term interest-bearing deposits with licensed banks or authorized financial institutions.

For details, please refer to the section headed “Future Plans and Use of [REDACTED]” in this document.

### OUR CUSTOMERS AND SUPPLIERS

Our principal customers are individuals located in the PRC purchasing our products and service packages products. We have a large customer base and do not rely on any single customer. Revenue generated from our largest customer in 2020, 2021, and 2022, accounted for 0.6%, 0.1% and 0.04%, respectively, of our total revenues during those periods. Revenue generated from our five largest customers in 2020, 2021, and 2022, accounted for 0.9%, 0.5%, and 0.2%, respectively, of our total revenues during those periods. Save as that Slimming Co., our largest customer in 2020, was our related party, as of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers. All of the other five largest customers during the Track Record Period were Independent Third Parties. See “Business – Customers.”

Our major suppliers primarily consist of (i) Internet traffic suppliers in the PRC, including media platforms which provide us with online traffic for business promotion; and (ii) product suppliers in the PRC, including OEM manufacturers and pharmaceutical companies. Charges from our largest supplier in 2020, 2021, and 2022, accounted for 16.8%, 13.8%, and 30.1%, respectively, of our total purchase expenses and capital expenditure during those periods. Charges from our five largest suppliers in 2020, 2021, and 2022, accounted for 38.9%, 39.8%, and 49.5%, respectively, of our total purchase expenses and capital expenditure during those periods. As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers during each year of the Track Record Period. None of our major suppliers are our major customers and vice versa. All of our five largest suppliers during each year of the Track Record Period were Independent Third Parties. See “Business – Suppliers.”

### RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Pursuant to a facility agreement dated June 21, 2023 entered into among our Company, Natural Health Resources and CNCB, CNCB provided a loan to Natural Health Resources (the “**Exchangeable Loan**”), in consideration of which our Company provided CNCB with a right, at any time during the period after six months from the [REDACTED] to the repayment date or such other period as agreed by the parties (“**Exchange Period**”), to convert any part of the Exchangeable Loan of an amount up to US\$5,000,000 (converted to Renminbi on the date of the exchange notice and such amount in Renminbi elected by CNCB being the “**Exchange Amount**”), to such number of Shares to be determined by dividing the Exchange Amount by HK\$35, provided that if the number of such Shares resulting from such calculation is not a whole number, such number shall be rounded up to the nearest whole number.

Our Directors confirm that there has been no material adverse change in our financial, operational or trading positions or prospects since December 31, 2022, being the date of our consolidated financial statements as set out in the Accountants’ Report, and up to the date of this document.

### PRE-[REDACTED] INVESTMENTS

In 2020, Youchuang Investment transferred its interest in the Company to several Pre-[REDACTED] Investors. In June 2023, our Company, Natural Health Resources as borrower and CNCB as lender entered into a facility agreement for the Exchangeable Loan. For further information, see “History, Development and Corporate Structure – Pre-[REDACTED] Investments”.

---

## SUMMARY

---

### OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Pi and Ms. Wang will, through Youchuang Investment, control in aggregate approximately [REDACTED]% of the total issued share capital of our Company. Therefore, Mr. Pi, Ms. Wang and Youchuang Investment will remain as our Controlling Shareholders upon [REDACTED]. For further information, see “Relationship with Our Controlling Shareholders.”

### [REDACTED] STATISTICS

The [REDACTED] by us consists of:

- the offer by us of initially [REDACTED] H Shares, or [REDACTED], for subscription by the public in Hong Kong, referred to in this document as the [REDACTED]; and
- the offer by us of initially [REDACTED] H Shares, or [REDACTED], outside the U.S. (including to professional, institutional and other investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the U.S. to qualified institutional buyers in reliance on Rule 144A or another exemption from the registration requirements under the U.S. Securities Act, referred to in this document as the [REDACTED].

The number of [REDACTED] and [REDACTED], or together, [REDACTED], is subject to reallocation as described in the section headed “Structure of the [REDACTED]” in this document.

### DIVIDENDS

In 2020, we declared and settled dividends of RMB384.2 million, all of which was paid in cash. No other dividend was paid or declared during the Track Record Period.

Any future declarations and payments of dividends will be at the absolute 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. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Advisors, according to relevant PRC laws, 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. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

### [REDACTED] EXPENSES

Assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range stated in this document), the aggregate [REDACTED] and fees, together with the Stock Exchange [REDACTED] fee, AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the [REDACTED], which are payable by us, are estimated to amount in aggregate to be approximately RMB[REDACTED] million, accounting for [REDACTED]% of the gross [REDACTED] from the [REDACTED], of which RMB[REDACTED] million has been charged to our consolidated statements of profit or loss in the years ended December 31, 2021 and 2022, approximately RMB[REDACTED] million is expected to be charged to our consolidated statements of profit and loss after the Track Record Period, and approximately RMB[REDACTED] million is directly attributable to the [REDACTED] and [REDACTED] of our [REDACTED] and will be deducted from equity upon the [REDACTED]. By nature, our [REDACTED] expenses are composed of (i) [REDACTED] of approximately RMB[REDACTED] million, and (ii) non-[REDACTED] related expenses of approximately RMB[REDACTED] million, which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB[REDACTED] million and other fees and expenses of approximately RMB[REDACTED] million.