

## 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 read in conjunction with, the full text of this document. You should read the whole 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 forth in “Risk Factors” of this document. You should read that section carefully before you decide to invest in the [REDACTED].*

### OVERVIEW

#### Who We Are

We are a leading, fully-integrated operator of childrenswear brands in Greater China committed to providing differentiated, well-designed products and experiences. According to the Frost & Sullivan Report, we ranked seventh among all childrenswear brand operators in Greater China in terms of revenue in 2022. In 2022, we were also the No. 1 pure-play childrenswear brand operator in Greater China in terms of revenue. In addition, we ranked first in terms of the number of childrenswear brands with at least RMB200 million in brand-level revenue in 2022 among childrenswear brand operators in Greater China (with four of such brands in our portfolio).

We carefully select a portfolio of world-renowned childrenswear brands, primarily in the athleisure category. Brands within this rich portfolio have unique design styles that complement one another. We possess fully-integrated capabilities to design, manage the manufacturing of, and distribute branded apparel, footwear and accessories for kids, satisfying their athletic and lifestyle needs from head to toe. We offer an omni-present, multi-brand shopping experience through our Rookie-branded network of physical stores and online touchpoints, which we call the Rookie experience. At each interaction with Rookie, we strive to delight consumers and their loved ones with caring services and companionship guided by our values. Our strength in insights-driven design and innovation, brand and supply chain management, as well as multi-brand distribution capabilities across the entire value chain serve to bring trendy, comfortable products that help young minds style and define themselves with confidence.

We operate brands to create value for our brand partners. We believe our proven operational abilities and Rookie multi-brand, omnichannel capabilities make us the partner of choice of international childrenswear brands that seek to enter into or grow their businesses in Greater China and beyond. We have obtained access to licenses of NIKE, Jordan, Converse, Levi's, Hurley and Polo Ralph Lauren for Greater China through Haddad, one of our Founding Shareholders, and licenses of Tommy Hilfiger and Calvin Klein for mainland China directly from the respective brand partners. These licenses are for the respective brands' major categories of kids' apparel and accessory products, among which, the licenses of NIKE, Jordan, Converse, Levi's, Hurley and Tommy Hilfiger are exclusive. Additionally, we are an authorized distributor of some of these brands' selected footwear, apparel and accessory products for kids in Greater China. Our diverse assortment of products targets the entire age spectrum of children, ranging from babies and toddlers, kids to young teens.

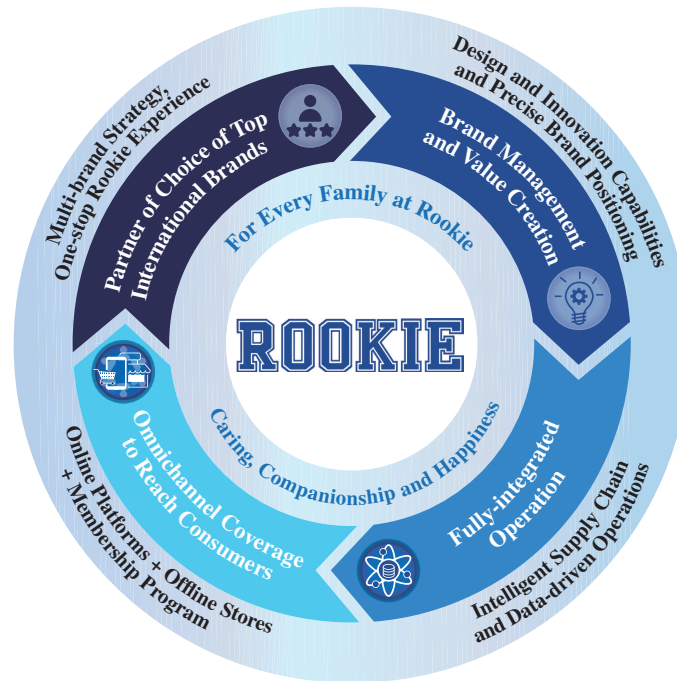
We have been dedicated to creating childrenswear for over a decade, and our design philosophy that emphasizes comfort and safety, along with sustainability, style, trendiness and personal touch has never changed. We seamlessly incorporate cultural elements and consumer-oriented designs to enrich and refresh international brands' product offerings and consumer experience in the local context. By blending these elements with the distinctive design styles of each brand, we find a harmonious balance that resonates with local consumers. Our commitment to innovation in style, craftsmanship and use of new materials ensures that our collections continuously meet the evolving needs of our consumers. We task a group of manufacturers vetted by our brand partners to bring our designs to life to ensure top-quality products are made available for our consumers. At the heart of Rookie are our values of caring, family and culture, which drive the philosophy that created our business: caring, companionship and happiness for every family at Rookie.

We believe Rookie's multi-brand, omnichannel experience is one of our core competitive advantages, as families can explore together at Rookie and meet various kids' athletic and lifestyle needs under one roof. We primarily use Rookie-branded multi-brand stores, or Rookie stores, to deliver this experience both physically and digitally, which are complemented by our

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mono-brand stores, and have built an omnichannel network to meet our consumers when and where they want. As of December 31, 2022, we had 957 physical stores (including company-operated, partnership and franchised stores), covering substantially all major cities in Greater China, of which 760 were Rookie stores and 197 were mono-brand stores. We operate online stores on our proprietary Rookie App and on a number of popular third-party ecommerce/media platforms (that include, among others, Tmall and JD.com) to extend our Rookie experience to a broader consumer base.

The diagram below provides an overview of how we operate brands:



## Our Achievements and Performance

We aim to make a difference to people’s lives by delivering exceptional experience driven by our values where families can explore together, create joyful moments and shape the younger generations. In recent years, we have increasingly invested in values-driven initiatives to build our Rookie brand, living up to our philosophy of caring, companionship and happiness for every family at Rookie. For example, we hosted a cultural event featuring our 24 solar terms inspired special collections at the China Intangible Cultural Heritage Museum in 2023. The 24 solar terms – a traditional calendar system invented in ancient China – indicate change in climate, which in turn, inspire clothing styles, colors and fabrics. The strength of Rookie is evidenced by the accolades we have received, such as the “Leading Quality Enterprise in the National Childrenswear Market (全國童裝行業質量領先企業)” and the “National Enterprise with Product and Service Quality and Integrity (全國產品和服務質量誠信示範企業)” by *China Association for Quality Inspection (中國質量檢驗協會)* in 2022 and “Key Contact Retail Enterprise (重點聯繫零售企業)” by *Ministry of Commerce of the People’s Republic of China (國家商務部)* in 2021.

We are proud to be capable of creating value for our brand partners and providing great experience to our consumers while delivering positive financial results, despite challenges caused by a public health emergency since 2020. In 2020, 2021, 2022, our revenue was RMB1,706.2 million, RMB2,027.4 million and RMB1,825.6 million, respectively. During the same years, our profit was RMB210.1 million, RMB240.3 million and RMB163.6 million, respectively, and our adjusted net profit (non-HKFRS measure) was RMB210.8 million, RMB256.9 million and RMB177.6 million, respectively.

## OUR INDUSTRY

Greater China’s childrenswear brand operator industry has experienced decent growth in recent years, which has led to a highly competitive market with both domestic and international brand operators competing for a share of the lucrative sector. According to the Frost & Sullivan Report, in 2022, the market size of childrenswear brand operator industry in Greater China

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reached RMB279.9 billion, growing at a CAGR of 5.1% from RMB218.4 billion in 2017. It is expected that the market size of childrenswear brand operator industry in Greater China will continue to grow, achieving a CAGR of 8.5% from RMB308.7 billion in 2023 to RMB427.5 billion in 2027.

Compared with mature markets such as the United States, the United Kingdom and Japan, the average consumer spending in Greater China has larger room for growth. According to the Frost & Sullivan Report, in 2022, per child consumption expenditure for childrenswear in Greater China was RMB1,105.0, whereas in the United States, the United Kingdom, and Japan, it was RMB3,786.5, RMB4,214.3 and RMB2,194.3, respectively. In addition, the childrenswear brand operator industry in Greater China is characterized by low concentration and weak brand awareness, which presents an opportunity for market leaders to seize a larger market share. We also expect changes in consumer landscape and international childrenswear brands’ increasing localization demand to drive the industry’s growth.

According to the Frost & Sullivan Report, we ranked seventh among all childrenswear brand operators in Greater China with a market share of 0.6% in terms of revenue in 2022. We also ranked first among pure-play childrenswear brand operators in Greater China in terms of revenue in 2022. Our ability to outperform some of the multi-play brand operators with larger operating scale in the childrenswear brand operator industry is a testament to our effectiveness in meeting the needs and expectations of modern consumers. It demonstrates our ability to successfully operate in the market and highlights the competitive advantages that we bring to the industry. In addition, we ranked first in terms of the number of childrenswear brands with at least RMB200 million in brand-level revenue in 2022 among childrenswear brand operators in Greater China (with four of such brands in our portfolio). This leadership position showcases the strength of our brand portfolio and our ability to effectively manage and grow multiple brands. It also demonstrates our status as the partner of choice for childrenswear brands in the region.

## OUR BUSINESS MODEL

We are a leading, fully-integrated operator of childrenswear brands in Greater China. We operate a portfolio of world-renowned childrenswear brands, primarily in the athleisure category, by designing, managing the manufacturing of and distributing branded products in Greater China. We generate revenue primarily by selling licensed products we self-designed or curated under the brands, for which we have access to licenses, in Greater China to consumers directly through the Rookie omnichannel network (including physical and digital stores), as well as to key account and ecommerce platform customers. We also generate revenue as a distributor by buying certain branded products authorized by our brand partners and distributing them through the Rookie omnichannel network.

## Licenses

We have obtained access to licenses of NIKE, Jordan, Converse, Levi’s, Hurley and Polo Ralph Lauren for Greater China through Haddad, one of our Founding Shareholders, and licenses of Tommy Hilfiger and Calvin Klein for mainland China directly from the respective brand partners. These licenses are for the respective brands’ major categories of kids’ apparel and accessory products, among which, the licenses of NIKE, Jordan, Converse, Levi’s, Hurley and Tommy Hilfiger are exclusive. Under the licenses, we are authorized to use the respective brands’ trademarks in designing, managing the manufacturing of, and distributing branded products within the approved territories.

Haddad maintains the global licenses (or licenses for certain product categories globally) of NIKE, Jordan, Converse, Levi’s, Hurley and Polo Ralph Lauren, which include exclusive licenses in certain regions, and pays royalties to the brand partners. Haddad in turn authorizes us to operate in Greater China within the scope of its licenses so we have access to the rights under these licenses. We pay the same royalty rate to Haddad as it pays to the respective brand partners.

We obtained exclusive and/or non-exclusive licenses directly from Tommy Hilfiger and Calvin Klein and pay royalties. The establishment of direct relationships with these brands is a compelling validation of the attractiveness of our value propositions, underscoring the success of our business model. Our ability to extend the initial terms of the licenses with Tommy Hilfiger and Calvin Klein is generally subject to our complying with the terms of the respective licenses.

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### Distributorships

We also use our omnichannel network to sell our brand partners’ products as an authorized distributor. Under the retail arrangements with the respective brand partners, we are authorized to purchase and resell footwear of NIKE, Jordan, Converse, and Tommy Hilfiger, and certain categories of kids’ apparel and/or accessories of NIKE and Tommy Hilfiger in the authorized markets of Greater China. The distributorships complement our product offerings and broadens our relationships with brand partners.

### OUR BRANDS AND PRODUCTS

We have carefully curated a portfolio of world-renowned brands that includes NIKE, Jordan, Converse, Levi’s, Hurley, Tommy Hilfiger, Calvin Klein and Polo Ralph Lauren. They complement one another in design styles and pricing, and they together meet various kids’ athletic and lifestyle needs. Our long-term strategic relationship with NIKE, Jordan, Converse and Levi’s dates back to our inception in 2012 while collaborations were formed with Hurley in 2015, Tommy Hilfiger and Calvin Klein in 2021, and Polo Ralph Lauren in 2022.

The following table sets forth a breakdown of our revenue by brand for the periods indicated:

	For the year ended December 31					
	2020		2021		2022	
	RMB’000	%	RMB’000	%	RMB’000	%
NIKE	680,850	39.9	769,253	37.9	683,911	37.5
Jordan	460,319	27.0	567,948	28.0	519,991	28.5
Converse	363,576	21.3	448,471	22.1	358,822	19.7
Levi’s	194,604	11.4	227,416	11.2	238,933	13.1
Others <sup>(1)</sup>	6,802	0.4	14,347	0.8	23,966	1.2
<b>Total</b>	<b>1,706,151</b>	<b>100.0</b>	<b>2,027,435</b>	<b>100.0</b>	<b>1,825,623</b>	<b>100.0</b>

Note:

- (1) Primarily includes revenue from sales of Hurley, Tommy Hilfiger, Polo Ralph Lauren products, sales of sample units, store display units and promotional gifts to drive sales of branded products.

The following table sets forth our gross profit and gross margin by brand for the periods indicated:

	For the Year Ended December 31					
	2020		2021		2022	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	RMB’000	%	RMB’000	%	RMB’000	%
NIKE	280,757	41.2	335,589	43.6	303,666	44.4
Jordan	254,876	55.4	330,271	58.2	303,069	58.3
Converse	162,130	44.6	200,382	44.7	167,768	46.8
Levi’s	101,668	52.2	116,133	51.1	120,178	50.3
Others <sup>(1)</sup>	3,016	44.3	7,397	51.6	10,733	44.8
<b>Total</b>	<b>802,447</b>	<b>47.0</b>	<b>989,772</b>	<b>48.8</b>	<b>905,414</b>	<b>49.6</b>

Note:

- (1) Primarily includes gross profit from sales of Hurley, Tommy Hilfiger, Polo Ralph Lauren products, sales of sample units, store display units and promotional gifts to drive sales of branded products.

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Gross margins of NIKE, Jordan, Converse and Levi’s products were largely comparable throughout the Track Record Period, with gross margins of NIKE, Jordan and Converse products improved from 2020 to 2022. The margin improvements were primarily attributable to favorable product mix with sales from apparel products accounting for higher percentages of our revenues derived from products of these brands during the period.

We offer a portfolio of head-to-toe assortments to serve our consumers and their loved ones holistically. In 2022, we offered over 22,000, 4,000 and 2,000 apparel, footwear and accessories SKUs, respectively. Our products are designed and created through a fully-integrated team across the industry value chain, delivering the same product philosophy. Our diverse assortment of products primarily targets the entire age spectrum of children, ranging from babies and toddlers, kids to young teens.

The following table sets forth our revenue by product category for the periods indicated:

	For the year ended December 31					
	2020		2021		2022	
	RMB’000	%	RMB’000	%	RMB’000	%
Apparel	1,122,790	65.8	1,377,936	68.0	1,274,467	69.8
Footwear	498,845	29.2	516,721	25.5	434,726	23.8
Accessories	81,402	4.8	128,414	6.3	109,876	6.0
Others <sup>(1)</sup>	3,114	0.2	4,364	0.2	6,554	0.4
<b>Total</b>	<b>1,706,151</b>	<b>100.0</b>	<b>2,027,435</b>	<b>100.0</b>	<b>1,825,623</b>	<b>100.0</b>

Note:

- (1) Primarily includes revenue from sales of sample units, store display items and promotional gifts to drive sales of branded products.

The following table sets forth our gross profit and gross margin by product category for the periods indicated:

	For the Year Ended December 31					
	2020		2021		2022	
	Gross profit RMB’000	Gross margin %	Gross profit RMB’000	Gross margin %	Gross profit RMB’000	Gross margin %
Apparel	646,668	57.6	790,354	57.4	735,532	57.7
Footwear	105,491	21.1	120,225	23.3	100,442	23.1
Accessories	49,601	60.9	78,164	60.9	67,082	61.1
Others <sup>(1)</sup>	687	22.1	1,029	23.6	2,358	36.0
<b>Total</b>	<b>802,447</b>	<b>47.0</b>	<b>989,772</b>	<b>48.8</b>	<b>905,414</b>	<b>49.6</b>

Note:

- (1) Primarily includes gross profit from sales of sample units, store display items and promotional gifts to drive sales of branded products.

Gross margin of apparel and accessories remained relatively stable during the Track Record Period. Gross margin of footwear improved by 2.2% in 2021, compared to 2020, primarily due to favorable product mix with sales from higher-margin footwear products accounting for higher percentages of our revenue from footwear. Gross margin of footwear remained relatively stable in 2022.



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### DESIGN AND INNOVATION

Our product philosophy and design principles are to express local cultural elements with contemporary, global fashion design philosophy, as well as modern, stylish elements while having comfort, safety, sustainability and personal touch in mind. We have nurtured a team of experienced, fashion-sensitive designers with both international and local visions and established a seasoned merchandising team for assortment planning and product buying. The two teams work together to develop and curate our new collections from sketch to the first prototype, to ready-to-wear for our consumers and customers.

Our design and innovation process is data-driven and digitalized. We feed data insights derived from our digital POS (point of sale) into our PLM (product lifecycle management) systems through our data platform, which are comprehensive digital systems integrated with a range of product ideation, design and development functions and processes. The PLM systems offer a centralized platform for managing all design-related activities and provide better visibility on the status of products throughout the entire creation cycle. Our design and merchandising teams work together on this system. They collaborate to generate and refine ideas, create samples, conduct testing and validation, design revisions and approvals, as well as select the perfect materials for new products, all based on trend analyses and data insights. Our PLM systems are integrated with our DRP (distribution resource planning) and SCM (supply chain management) systems to enable communication and collaboration among design team, merchandising team, manufacturers and our omnichannel network.

As our brand partners increasingly recognize the power of our designs and creations in adding value to their brands, the number of our self-designed SKUs accounted for a growing proportion of our total SKUs sold in the apparel category during the Track Record Period. Our self-designed apparel SKUs accounted for 53.8%, 61.9% and 68.7% of our total apparel SKUs sold in 2020, 2021 and 2022, respectively, and revenues from sales of our self-designed apparel accounted for 56.5%, 65.0% and 76.3% of our revenues from sales of apparel in the same periods, respectively.

### DATA-DRIVEN OPERATIONS

Data-driven thinking, analyses, and decision-making are integral parts of our daily operations. We made early investments in digitalizing our entire operations and have built a sophisticated digital infrastructure and toolset that allow continuous flows of data across our organization, providing valuable insights for informed decision-making. Our digital infrastructure comprises digital POS systems that track store-level activities, DRP (distribution resource planning) systems, ecommerce OMS (order management systems) and O2O WMS (online-to-offline warehouse management systems) that manage orders and inventories across our omnichannel network, membership management systems that power our Rookie membership program, as well as back-office support systems that streamline our operational workflows.

Data collected and generated across our digital infrastructure are processed and analyzed on our centralized data platform. We feed data insights into our PLM systems to create our new collections and base our internal sales budget on historical sales, inventory levels, supply chain performance, and other relevant data points. We adopt a data-driven and technology-enabled approach to manage the entire supply chain process, from OEM procurement to the delivery of our branded products to consumers. Our intelligent SCM systems create a smarter, more efficient, and responsive supply chain by improving logistics planning, enhancing supplier performance and reducing lead times. We have built strong, long-lasting relationships with a large group of manufacturers, which are primarily based in mainland China. The increased visibility into supply chain enabled our intelligent SCM systems, combined with our relationships with manufacturers give us operational agility to respond to consumer demands, where inventory can go from purchase order to ex-factory in as fast as 60 days. We continue to invest in our SCM capabilities, which will enable us to quickly react to market demand and shorten our procurement period.

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### OUR ROOKIE EXPERIENCE

We offer an immersive shopping experience for our consumers where families can explore together at Rookie and meet various kids’ athletic and lifestyle needs under one roof. This Rookie experience creates joyful family moments and encourages impulse purchases and enables us to leverage Rookie’s strong brand influence to drive the sales of our products. We deliver our Rookie experience through an omnichannel network consisting of physical company-operated, partnership and franchised stores, as well as direct-to-consumer (DTC) digital stores.

### Our Physical Stores

We adopt a multi-brand, pure-play strategy, and our stores are dedicated to kids’ athletic and lifestyle apparel, footwear and accessories from multiple brands. We primarily use Rookie-branded multi-brand stores, or Rookie stores, to deliver this shopping experience. Rookie store exemplifies our multi-brand strategy and makes our Rookie experience come alive by featuring the core brands we partner with, which include NIKE, Jordan, Converse and Levi’s. As a multi-brand store, Rookie stores offer a wider range of product assortment at different price points to reach a broader consumer base. Consumers, in turn, can enjoy more choices, convenience, and an engaging shopping experience that encourages them to explore new products and brands.

We operate mono-brand stores as a complement to Rookie’s multi-brand strategy. Our mono-brand stores provide a more focused and curated selection of branded products and shopping experience, which we believe helps consumers favoring a particular brand. In addition, our mono-brand stores increase consumers’ exposure to the particular brand they and their children love by providing a fuller brand-specific experience. We currently have mono-brand stores of NIKE Kids, Converse, Levi’s and Tommy Hilfiger.

We operate our stores under three different models: company-operated stores, which are owned and managed directly by us; partnership stores, which are owned by us but operated by our trusted operational partners; and franchised stores, which are owned and run by our franchisees. Our company-operated stores are not only used to deliver the superior Rookie experience but also to prove the business model for our operational partners and franchisees to follow. The partnership model is especially important in store formats such as mono-brand stores and factory stores, which complement our focus on Rookie multi-brand strategy. We believe that engaging franchisees in the distribution of our products would complement our company-owned omnichannel network and help us reach a wider geographical network of consumers.

As of December 31, 2022, our physical store network consisted of 957 stores, among which, 243, 75 and 639 were company-operated, partnership and franchised stores, respectively. As of the same date, we had 760 Rookie stores, accounting for 79.4% of our stores.

### Our Digital Presence

We have been growing our digital presence through a combination of digital stores, which are our online DTC operations, and partnerships with ecommerce platform customers.

We operate digital stores following a unified store strategy as our physical stores. Our digital Rookie store is available on our proprietary Rookie App, and we also operate digital Rookie and mono-brand stores on third-party ecommerce/media platforms. Our digital stores bring our Rookie experience to our consumers when and where they want and connect with our consumers beyond our brick-and-mortar boundaries. Revenue generated from digital stores accounted for 7.7%, 10.5% and 16.1% of our revenue in 2020, 2021 and 2022, respectively, and grew at a CAGR of 49.8% from 2020 to 2022.

Aside from our online DTC operations, we have formed partnerships with ecommerce platform customers, such as Vipshop and JD.com, utilizing platform model and/or wholesale model to sell our products. Under the platform model, our products are included in ecommerce platform customers’ sales events or direct retail operations under consignment arrangements. Under the wholesale model, we sell our products to the ecommerce platform customer.

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### KEY ACCOUNT CUSTOMERS

Our key account customers are mainly either the self-owned channels or large distributors of our brand partners. We sell licensed apparel and/or accessory products to some of our brand partners’ own channels pursuant to the respective licensing arrangements. We also sell our licensed apparel and/or accessory products to large distributors of our brand partners as part of our brand partners’ sales strategies or to complement our sales network. These large distributors are primarily major sportswear and children products retailers, as well as retail chain operators with presence in Greater China.

The following table sets forth our revenue by sales channel for the periods indicated:

	For the year ended December 31					
	2020		2021		2022	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
<b>Offline channels</b>						
Company-operated stores	428,340	25.1	422,737	20.8	376,151	20.6
Partnership stores	90,101	5.3	108,914	5.4	95,293	5.2
Franchisees	472,292	27.7	500,710	24.7	396,497	21.7
Key account customers	436,742	25.6	549,619	27.1	523,209	28.7
	<u>1,427,475</u>	<u>83.7</u>	<u>1,581,980</u>	<u>78.0</u>	<u>1,391,150</u>	<u>76.2</u>
<b>Online channels</b>						
Online DTC	130,894	7.7	213,169	10.5	293,915	16.1
Ecommerce platforms	147,782	8.6	232,286	11.5	140,558	7.7
	<u>278,676</u>	<u>16.3</u>	<u>445,455</u>	<u>22.0</u>	<u>434,473</u>	<u>23.8</u>
<b>Total</b>	<u><b>1,706,151</b></u>	<u><b>100.0</b></u>	<u><b>2,027,435</b></u>	<u><b>100.0</b></u>	<u><b>1,825,623</b></u>	<u><b>100.0</b></u>



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The following table sets forth our gross profit and gross margin by sales channel for the periods indicated:

	For the Year Ended December 31					
	2020		2021		2022	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	RMB'000	%	RMB'000	%	RMB'000	%
<b>Offline channels</b>						
Company-operated stores	225,081	52.5	241,280	57.1	219,809	58.4
Partnership stores	50,442	56.0	63,334	58.2	52,703	55.3
Franchisees	144,007	30.5	176,399	35.2	133,130	33.6
Key account customers	263,701	60.4	315,050	57.3	294,266	56.2
	683,231	47.9	796,063	50.3	699,908	50.3
<b>Online channels</b>						
Online DTC	65,363	49.9	96,393	45.2	151,576	51.6
Ecommerce platforms	53,853	36.4	97,316	41.9	53,930	38.4
	119,216	42.8	193,709	43.5	205,506	47.3
<b>Total</b>	<b>802,447</b>	<b>47.0</b>	<b>989,772</b>	<b>48.8</b>	<b>905,414</b>	<b>49.6</b>

Gross margin of our offline channels improved by 2.4% in 2021, compared to 2020, and remained stable in 2022. The margin improvement in 2021 was primarily attributable to (i) reduced discounts on sales from our company-operated and partnership stores driven by market dynamics and (ii) favorable product mix of sales to franchisees, with sales from apparel products, which had a higher gross margin, accounting for a higher percentage of revenue from franchisees.

Gross margin of our online channels remained relatively stable in 2021, compared to 2020, and improved by 3.8% in 2022, compared to 2021. The margin improvement in 2022 was primarily attributable to favorable product mix in our online DTC operations. Sales from apparel products, which had a higher gross margin, accounted for a higher percentage of our revenue from online DTC operations in 2022.

## OUR COMPETITIVE STRENGTHS

The success of our business is attributed to our six core strengths, which work together to give us a sustainable competitive advantage.

- Leading, Fully-Integrated Operator of Childrenswear Brands in Greater China, Boasting a Comprehensive Portfolio of World-Renowned Brands
- Partner of Choice of International Kids' Athleisure Brands with Proven Capabilities for Brand Enrichment, Management and Value Creation
- Successful Omni-Present, Multi-Brand Strategy That Seamlessly Satisfies Consumers' Needs under One Roof
- Data-Driven, Digital Infrastructure Designed to Continuously Enhance Operational Efficiency
- Intelligent, Flexible Supply Chain Management Ensuring Sustainable Development
- Close Collaboration Among Three Founding Shareholders under a Modern Governance Structure, Guided by a Founders-Led Management Team

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### OUR GROWTH STRATEGIES

We intend to focus on the following strategies to strengthen our competitive position.

- Enrich Our Brand Portfolio and Products, Accelerate Rookie Brand Building and Innovation
- Expand and Upgrade Our Consumer Touchpoints and Embrace Our International Ambitions
- Continue to Invest in Digital Operating Systems and Membership Program, Enhance Our Supply Chain Capabilities
- Attract and Cultivate a Diverse Range of Talents

### RISK FACTORS

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

- Our results of operations may be negatively affected if the brands or the products that we offer lose their popularity, including as a result of negative publicity.
- We face risks related to the broader economy and demographic change of Greater China.
- Our business performance depends on our ability to understand and timely respond to changes in consumer preferences and spending patterns.
- Our physical store network may not expand successfully. If we, our operational partners or our franchisees are unable to identify or secure suitable locations for new stores on commercially acceptable terms, our expansion and growth prospects may be adversely affected.
- If the licenses we use or distributorships with our brand partners were not renewed on favorable terms or discontinued for any reasons, our profitability and business prospects may be materially and adversely affected.
- If we do not successfully manage our inventory levels, our business may be materially and adversely impacted.
- We are dependent upon external manufacturers and suppliers. Our business could be adversely affected if our manufacturers and/or suppliers do not perform in accordance with our standards and/or our brand partners’ standards.
- Fluctuations in the price, availability and quality of materials used in our products could have a material adverse effect on our cost of goods sold and our ability to meet our customers’ and/or consumers’ demands.
- We rely significantly on information technology to operate our business, and any failure, inadequacy or interruption of that technology could harm our ability to effectively operate our business.
- Our company-operated stores and online DTC operations have required and will continue to require substantial investment and commitment of resources and are subject to numerous risks and uncertainties.

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### SUMMARY COMBINED FINANCIAL INFORMATION

#### Summary Combined Statements of Profit or Loss

	For the year ended December 31					
	2020		2021		2022	
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>
<b>Revenue</b>	1,706,151	100.0	2,027,435	100.0	1,825,623	100.0
Cost of sales	(903,704)	(53.0)	(1,037,663)	(51.2)	(920,209)	(50.4)
<b>Gross profit</b>	802,447	47.0	989,772	48.8	905,414	49.6
Other income and gains	41,417	2.4	54,076	2.7	69,064	3.8
Selling and distribution expenses	(439,673)	(25.8)	(541,692)	(26.7)	(556,341)	(30.5)
Administrative expenses	(107,507)	(6.3)	(144,931)	(7.2)	(161,058)	(8.8)
Other expenses	(1,094)	(0.1)	(4,170)	(0.2)	(7,842)	(0.4)
Finance costs	(13,090)	(0.8)	(10,939)	(0.5)	(12,611)	(0.7)
<b>Profit before tax</b>	282,500	16.4	342,116	16.9	236,626	13.0
Income tax expense	(72,419)	(4.1)	(101,782)	(5.0)	(73,072)	(4.0)
<b>Profit for the year</b>	<b>210,081</b>	<b>12.3</b>	<b>240,334</b>	<b>11.9</b>	<b>163,554</b>	<b>9.0</b>

During the Track Record Period, the fluctuations in our revenue were primarily driven by sales in mainland China, which in turn were affected by sales from our offline channels in mainland China and online channels. We recorded lower revenue from offline channels in periods when offline retail operations were disrupted, such as temporary and permanent store closures, as well as reduced operating hours and traffic, as a result of the public health emergency. We continued to expand our online DTC sales during the Track Record Period, which partially offset reduction in sales from offline channels and sales to ecommerce platform customers in periods affected. Sales to ecommerce platform decreased in 2022 due to decreased wholesale revenue.

Our gross profit changed during the Track Record Period generally in line with the change in our revenue. We achieved overall gross margin improvement during the same period, driven primarily by favorable product mix with sales from apparel and accessories, which had higher margins, accounting for higher percentages of our revenue. Our net profit margin decreased during the Track Record Period, primarily due to (i) increased selling and distribution expenses driven by fees incurred in our online DTC operations, and (ii) increased administrative expenses driven by our expenses in connection with a listing application in mainland China, or ChiNext Application.

## SUMMARY

### Non-HKFRS Measures

To supplement our combined financial statements that are presented in accordance with HKFRS, we also use adjusted net profit and adjusted net profit margin as additional financial measures, which are not required by, or presented in accordance with, HKFRS. We believe that these non-HKFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of share-based compensation expense and ChiNext Application expenses. We consider ChiNext Application expenses to be non-operating in nature and primarily related to non-recurring events during the Track Record Period, and not indicative of our operating performance. We do not consider share-based compensation expense to be directly related to our operations. We believe that these measures provide useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management. However, our presentation of adjusted net profit and adjusted net profit margin may not be comparable to similarly titled measures presented by other companies. The use of these non-HKFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for the analysis of, our results of operations or financial condition as reported under HKFRS.

	For the year ended December 31		
	2020	2021	2022
	<i>(RMB'000, except percentages)</i>		
<b>Profit for the year</b>	210,081	240,334	163,554
<b>Add:</b>			
Share-based compensation expense <sup>(1)</sup>	–	7,369	8,100
ChiNext Application expenses <sup>(2)</sup>	758	9,216	5,933
<b>Adjusted net profit (non-HKFRS measure)</b>	<b>210,839</b>	<b>256,919</b>	<b>177,587</b>
<b>Adjusted net profit margin (non-HKFRS measure)</b>	<b>12.4%</b>	<b>12.7%</b>	<b>9.7%</b>

*Notes:*

- (1) Share-based compensation expense relates to the share awards we offered to our employees under the 2021 Share Incentive Scheme, which is a non-cash expense.
- (2) ChiNext Application expenses relate to expenses incurred in connection with a listing application in mainland China. See “History, Development and Reorganization” for more details regarding ChiNext Application.

### Summary Combined Statements of Financial Position

	As of December 31		
	2020	2021	2022
	<i>RMB'000</i>		
Total assets	1,171,176	1,278,355	1,564,478
Total liabilities	635,058	734,324	913,969
Net current assets	317,259	306,571	314,063

Our net current assets remained relatively stable as of December 31, 2020, 2021 and 2022. The decrease in our net current assets as of December 31, 2021 was primarily attributable to (i) unpaid dividends and (ii) increased trade and bills payables to our suppliers, partially offset by an increase in trade receivables driven by increased sales in 2021. The increase in our net current assets as of December 31, 2022 was primarily due to (i) increased inventories due to reduced sales in 2022, (ii) increased trade receivables relating to sales to certain key account customers, (iii) increased VAT recoverable and (iv) increased restricted cash related to bank bill and letter of credit.

## SUMMARY

### Key Financial Ratios

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

	For the Year Ended/as of December 31		
	2020	2021	2022
		%	
Gross margin	47.0	48.8	49.6
Net profit margin	12.3	11.9	9.0
Adjusted net profit margin <sup>(1)</sup>	12.4	12.7	9.7
Return on equity <sup>(2)</sup>	48.6	44.5	27.4
Return on assets <sup>(3)</sup>	18.8	19.6	11.5
Current ratio <sup>(4)</sup>	155.4	147.2	143.1
Quick ratio <sup>(5)</sup>	92.9	95.4	88.4

*Notes:*

- (1) Non-HKFRS measure. See “Financial Information – Discussion of Results of Operations – Non-HKFRS Measures” for further details.
- (2) Equals profit for the year divided by the average of the beginning and ending total equity for that year and multiplied by 100%.
- (3) Equals profit for the year divided by the average of the beginning and ending total assets for that year and multiplied by 100%.
- (4) Equals current assets divided by current liabilities as of the same date and multiplied by 100%.
- (5) Equals current assets less inventories and divided by current liabilities as of the same date and multiplied by 100%.

### Summary Combined Statements of Cash Flows

	For the year ended December 31		
	2020	2021	2022
		RMB'000	
Net cash flows from operating activities	325,346	325,344	324,393
Net cash used in investing activities	(59,855)	(75,822)	(111,246)
Net cash used in financing activities	(80,777)	(207,186)	(207,261)
<b>Net increase in cash and cash equivalents</b>	<b>184,714</b>	<b>42,336</b>	<b>5,886</b>
Cash and cash equivalents at beginning of year	144,018	326,770	369,701
Effect of foreign exchange rate changes, net	(1,962)	595	1,743
<b>Cash and cash equivalents at end of year</b>	<b>326,770</b>	<b>369,701</b>	<b>377,330</b>

We had net cash flows from operating activities in 2020, 2021 and 2022. In 2020, we had net cash flows from operating activities of RMB325.3 million, which primarily consisted of profit before tax of RMB282.5 million adjusted for certain non-cash and non-operating items. In 2021, we had net cash flows from operating activities of RMB325.3 million, which primarily consisted of profit before tax of RMB342.1 million adjusted for certain non-cash and non-operating items. In 2022, we had net cash flows from operating activities of RMB324.4 million, which primarily consisted of profit before tax of RMB236.6 million adjusted for certain non-cash and non-operating items.



## SUMMARY

### OUR MAJOR SHAREHOLDERS

Our history traces back to February 2012 when the predecessor of the Group’s principal operating entity was established by our three Founding Shareholders, namely Chen Family, WL Family, and Haddad Family. As of the Latest Practicable Date, each of Chen Family (through Oriental Prosperity), WL Family (through Lap Kwong Holding), and Haddad Family (through Haddad Investments HK) held 28.17% of the total issued Shares of the Company. Immediately upon completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised), each of Chen Family (through Oriental Prosperity), WL Family (through Lap Kwong Holding), and Haddad Family (through Haddad Investments HK) will hold [REDACTED] of the total issued Shares of the Company. The Group benefits from the experiences and resources of the Founding Shareholders in respect of, among other things, establishment of supply chain and brand licensing.

### RECENT DEVELOPMENT

We added five company-operated stores, three partnership stores and 20 franchised stores between the period from December 31, 2022 to the Latest Practicable Date. During the same period, 16 company-operated stores, two partnership stores and 59 franchised stores were closed. The number of our company-operated stores decreased during this period, as we continued to optimize our store fleet. The number of our franchised stores decreased, as some of our franchisees took a conservative approach when deciding lease or concession renewals in response to the evolving retail market dynamics.

### NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that there has not been any material adverse change in our financial, operational or trading position since December 31, 2022 and up to the date of this document.

### [REDACTED] EXPENSES

We did not incur any [REDACTED] expenses in relation to the [REDACTED] during the Track Record Period. We expect to incur approximately HK\$[REDACTED] million of [REDACTED] expenses (including [REDACTED] and assuming the discretionary incentive fee will be paid in full), based on the [REDACTED] of HK\$[REDACTED] per Share, being the [REDACTED] of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per Share in this document, after the Track Record Period, of which approximately HK\$[REDACTED] million will be capitalized and HK\$[REDACTED] million will be recognized as expenses after the [REDACTED] for the year ending December 31, 2023.

### [REDACTED] STATISTICS

	Based on an [REDACTED] of [REDACTED] per [REDACTED]	Based on an [REDACTED] of [REDACTED] per [REDACTED]	Based on an [REDACTED] of [REDACTED] per [REDACTED]
Our Company’s capitalization upon completion of the [REDACTED] <sup>(1)</sup> (HK\$ million)	[REDACTED]	[REDACTED]	[REDACTED]
Unaudited [REDACTED] adjusted net tangible assets per Share <sup>(2) (3)</sup>	[REDACTED]	[REDACTED]	[REDACTED]

#### Notes:

- (1) The calculation of market capitalization is based on [REDACTED] shares expected to be in issue immediately upon completion of the [REDACTED] and the [REDACTED], assuming the [REDACTED] is not exercised.
- (2) The unaudited [REDACTED] adjusted combined net tangible assets per Share is calculated after making the adjustments referred to in Appendix II and based on [REDACTED] Shares in issue immediately following the completion of the [REDACTED] and the [REDACTED] and does not take into account of any shares which may be issued upon the exercise of the [REDACTED].
- (3) The unaudited [REDACTED] adjusted combined net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK\$1.0 to RMB0.91175 prevailing on June 16, 2023.

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## SUMMARY

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### FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million after deducting the estimated [REDACTED], incentive fees and the estimated [REDACTED] expenses payable by us, assuming the [REDACTED] is not exercised and based on the [REDACTED] of HK\$[REDACTED] per Share, being the [REDACTED] of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per Share in this document.

We plan to use such net [REDACTED] of the [REDACTED] for the purposes and in the amounts set forth below:

- (A) Approximately [REDACTED] (approximately HK\$[REDACTED] million) is expected to be used for building and enhancing Rookie’s brand equity in the next three years.
- (B) Approximately [REDACTED] (approximately HK\$[REDACTED] million) is expected to be used for expanding our physical store fleet geographically in the next three years.
- (C) Approximately [REDACTED] (approximately HK\$[REDACTED] million) is expected to be used for improving our supply chain management capabilities, including buildout costs of self-owned smart hub, as well as procurement costs of relevant technologies and systems, in the next three years.
- (D) Approximately [REDACTED] (approximately HK\$[REDACTED] million) is expected to be used strengthen our design and innovation capabilities in the next three years.
- (E) Approximately [REDACTED] (approximately HK\$[REDACTED] million) is expected to be used for enriching our brand portfolio.
- (F) Approximately [REDACTED] (approximately HK\$[REDACTED] million) is expected to be used for working capital and general corporate purposes.

The above allocation of the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is at a higher or lower level compared to the [REDACTED] of the estimated [REDACTED] range.

### DIVIDEND POLICY

We are a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year determined according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign-invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, where appropriate. The determination to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends, and other factors that our Directors may consider relevant. We do not have a predetermined dividend payout ratio. We will continue to re-evaluate our dividend policy in light of our financial condition and the prevailing economic environment.

In 2021 and 2022, our Group declared dividends of RMB252.4 million and RMB67.0 million, respectively, to our then shareholders. We paid RMB125.5 million and RMB164.6 million in dividends to our shareholders in 2021 and 2022, respectively. Our Group also declared dividends of RMB82.1 million on March 31, 2023, RMB2.0 million of which was paid in June 2023, and the rest will be distributed before [REDACTED].