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. You should read the whole document before you decide to [**REDACTED**] *in the* [**REDACTED**]. *There are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully in full before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OVERVIEW

We are a strategy-driven, multi-brand cosmetics company in China. Since our inception in 2001, we have adeptly seized the opportunities arising from the expansion of China's cosmetics industry by accurately predicting and addressing the growing beauty demand of consumers.

We primarily offer products targeting the mass market. Being a subset of the overall cosmetics market in China, the mass-market segment — mainly referring to the market segment for products priced below RMB300.0 — accounted for 81.4% of the total cosmetics market in terms of retail sales in 2024 and is projected to grow at a CAGR of 6.8% to RMB1,054.8 billion in 2029, according to Frost & Sullivan. The mass-market segment's resilience and momentum are driven by a nationwide shift toward pragmatic spending and value-for-money products, creating a vast and expanding arena for brands that can deliver quality, efficacy and affordability at scale.

China's domestic cosmetics industry is highly fragmented, with the top five market players collectively accounting for only 10.1% of total retail sales in 2024, indicating substantial headroom for growth for established mass-market brands such as ours. According to Frost & Sullivan, by retail sales in 2024, we ranked tenth in the overall cosmetics market in China (including international brands) with a market share of 0.8%, and ranked as China's third-largest domestic cosmetics group with a market share of 1.7%.

As one of the few domestic cosmetics companies operating for over 20 years, we have remained true to our founding mission and demonstrated resilience through industry cycles. In terms of brand and product development, we have developed three defining features — Himalayan inspiration, oriental aesthetics and product innovation — which distinguish us from our peers. These features have allowed us to form key competitive advantages by achieving comprehensive industry chain deployment, digital operations and online-offline integrated sales coverage. Being a household name known in China for integrity, reliability and comprehensive capability in product innovation, we have cultivated a reputable and favorable brand image among consumers.

OUR BRANDS AND PRODUCTS

We launched our flagship brand CHANDO in 2001, establishing the cornerstone of our brand portfolio. Over the past two decades, CHANDO has grown into one of the most widely recognized brands in China's cosmetics industry, celebrated for its modern interpretation of oriental aesthetics and skincare philosophy. By retail sales in 2024, CHANDO ranked as China's second-largest domestic cosmetics brand, according to Frost & Sullivan. During the Track Record Period, CHANDO had remained as the cornerstone of our brand portfolio, contributing to 95.9%, 95.4% and 95.3% of our total revenue in 2023, 2024 and 2025, respectively.

To seize the expanding market opportunities, we have adopted a multi-brand strategy. We have developed a diversified brand portfolio comprising five major brands, including CHANDO as our flagship brand, along with Biorrier (珀芙研), MAYSU (美素), Spring Summer (春夏) and imine (己出), offering a comprehensive product portfolio encompassing skincare, color cosmetics, personal care, men's care and child and infant care. Our comprehensive product offerings are designed to address a wide spectrum of skincare needs from hydration and whitening to repair, anti-wrinkle, oil control, acne treatment, sensitive skincare and anti-aging, complemented by a range of personal care and color cosmetics products to meet the diverse needs of consumers.

As of December 31, 2025, we offered 554 Stock Keeping Unit ("SKUs") under all our major brands. From daily moisturizers and serums to sensitive skin solutions, we strive to bring consumers suitable products and enjoyable experiences. The following table sets forth our revenue breakdown by product category for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Skincare	3,892,291	87.6	4,028,683	87.6	4,573,132	86.0
Color cosmetics	188,508	4.2	179,390	3.9	208,959	3.9
Personal care	149,975	3.4	172,630	3.8	339,833	6.4
Other product categories[1]	200,996	4.6	203,256	4.3	179,551	3.4
Others[2]	9,997	0.2	16,705	0.4	16,798	0.3
Total	**4,441,767**	**100.0**	**4,600,664**	**100.0**	**5,318,273**	**100.0**

Notes: (1) Other product categories primarily consisted of men's care, and child and infant care products; (2) Others primarily refers to the revenue generated from the services fees charged to certain distributors regarding our provision of counters to support their business operations.

See "Business — Our Brands and Products."

The following table sets forth the breakdown of our sales volume and average selling price ("ASP") by product category for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	**ASP[1]**	**Sales volume**	**ASP[1]**	**Sales volume**	**ASP**
	(Sales volume in thousand units, ASP in RMB)					
Skincare	99,062	39.3	99,674	40.4	117,244	39.0
Color cosmetics	3,969	47.5	3,816	47.0	4,504	46.4
Personal care	6,189	24.2	8,475	20.4	16,382	20.7
Others	6,220	32.3	6,934	29.3	6,130	29.3
Total/Overall	**115,440**	**38.4**	**118,899**	**38.6**	**144,260**	**36.8**

Note: (1) ASP is calculated by dividing the revenue generated from each product category by the corresponding sales volume for the relevant period.

COMPETITION

We operate in the large and expanding cosmetics industry in China. Within this industry, the domestic cosmetics industry in China is fragmented, with the top five domestic cosmetics groups collectively holding a total market share of approximately 10.1% by retail sales in 2024, according to Frost & Sullivan. According to the same source, we were China's third-largest domestic cosmetics group by retail sales in 2024.

We mainly compete with a number of domestic and international brands in the cosmetics industry in China. See "Risk Factors — Risks Relating to Our Business and Industry — If we fail to compete successfully against our existing or potential competitors, our market share, prospects, business, financial condition and results of operations may be materially and adversely affected." We believe that with our strategic positioning, solid R&D capabilities and dynamic sales network, we are prepared to capture the rapidly growing market opportunities, attract and maintain consumers and increase our market share.

OUR SALES NETWORK

In response to the rapid evolution of the internet and the diversification of cosmetics purchasing channels, we have established an integrated sales network integrating both online and offline channels. Our online channels encompass (i) online directly-operated stores on third-party e-commerce platforms; and (ii) sales to online retailers. Our offline channels cover cosmetics stores, department stores, shopping centers, supermarkets, convenience stores, lifestyle stores and pharmacies, primarily through sales to (i) distributors and (ii) offline retailers. Since 2025, we have further enhanced our offline presence by launching CHANDO self-operated flagship stores in prime shopping centers. As of the Latest Practicable Date, we had opened four flagship stores in Shenzhen, Shanghai, Wuhan and Chongqing. These flagship stores are designed to showcase the full CHANDO product portfolio and place strong emphasis on in-store experiential services, offering consumers an immersive brand experience that reinforces CHANDO's brand image.

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Online channels	**2,748,762**	**61.9**	**3,162,184**	**68.8**	**3,695,464**	**69.5**
Online directly-operated stores	1,956,740	44.1	2,436,363	53.0	3,002,612	56.5
Online retailers	792,022	17.8	725,821	15.8	692,852	13.0
Offline channels	**1,683,008**	**37.9**	**1,421,775**	**30.8**	**1,606,011**	**30.2**
Distributors	1,287,093	29.0	939,068	20.4	871,546	16.4
Offline retailers	370,402	8.3	464,221	10.1	716,234	13.5
Other offline sales(1)	25,513	0.6	18,486	0.3	18,231	0.3
Others(2)	**9,997**	**0.2**	**16,705**	**0.4**	**16,798**	**0.3**
Total	**4,441,767**	**100.0**	**4,600,664**	**100.0**	**5,318,273**	**100.0**

Notes: (1) Other offline sales primarily consisted of revenue generated from our offline self-operated stores and counters, and one-off transactions with corporate clients; (2) Others primarily refer to the revenue generated from services fees charged to certain distributors regarding our provision of counters to support their business operations.

See "Business — Our Sales Network."

PRICING

In line with our brand and product positioning, we determine product pricing based on market conditions, costs, consumer behavior and comparable products. We apply a standard pricing policy across all channels, providing recommended retail prices for both distributors and retailer and monitoring implementation to ensure consistency and stability. Our pricing policies are set out in distributor agreements and are monitored by our sales department, with independent compliance inspections conducted by the audit department. From time to time, we may offer discounts through promotional activities organized by e-commerce platforms and retail sales points, and we may also provide rewards and discounts to our registered members. For details of pricing policy for distributors and retailers, see "Business — Our Sales Network."

OUR SUPPLIERS AND CUSTOMERS

During the Track Record Period, our suppliers primarily consisted of suppliers of marketing services, labor outsourcing services, logistics and warehousing services, as well as raw materials, packaging materials and equipment. Purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB954.4 million, RMB1,063.9 million and RMB1,247.9

million in 2023, 2024 and 2025, respectively, representing 29.0%, 29.1% and 30.2% of our total purchases for the same respective year. Purchases from our largest supplier in each year during the Track Record Period accounted for 11.1%, 11.7% and 14.8% of our total purchases in 2023, 2024 and 2025, respectively.

During the Track Record Period, our customers mainly consisted of distributors, retailers and individual customers. Revenue from our five largest customers in each year during the Track Record Period amounted to RMB850.0 million, RMB857.8 million and RMB881.0 million in 2023, 2024 and 2025, respectively, representing 19.1%, 18.5% and 16.6% of our total revenue for the same respective period. Revenue from our largest customer in each year during the Track Record Period accounted for 6.1%, 6.4% and 6.2% of our total revenue in 2023, 2024 and 2025, respectively. During the Track Record Period, we were not subject to any material customer concentration risk.

See "Business — Our Suppliers" and "Business — Our Customers."

PROCUREMENT AND PRODUCTION

Procurement

The raw materials we procure mainly include (i) functional raw materials, which primarily include wax-based oils and surfactants; and (ii) packaging materials, which mainly include glass products, plastic products, aluminum foil bags, non-woven products and paper products. During the Track Record Period, we primarily procured our raw materials in China.

We operate a centralized supplier management system with structured selection and evaluation procedures overseen by our procurement department. Suppliers are assessed based on factors such as R&D capabilities, quality management, production capacity, pricing and strategic fit, with ongoing performance reviews covering their product quality, delivery, after-sales service and pricing. We reserve the right to discontinue relationships with suppliers that fail to meet our standards. To mitigate supply risks, we source key raw materials from multiple suppliers and cultivate long-term partnerships to ensure a stable and reliable supply chain. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material raw materials shortages or delays which influenced our business operations. See "Business — Procurement, Inventory and Logistics Management — Procurement."

Production

We possess industry-leading production capabilities supported by four strategically located production bases, enabling us to maintain in-house production from ingredients to finished products — a capability shared by only a few leading cosmetics companies in China, according to Frost & Sullivan.

In particular, our Linzhi production base in Xizang focuses on processing locally sourced plant extracts into semi-finished products through plant extraction, cell tissue culture and advanced thermal spring water processing, preserving the natural efficacy of key raw materials. Our Shanghai cosmetics production base is responsible for the production of finished products using advanced formulation, filling and packaging technologies. The third phase of the Shanghai cosmetic production base, which commenced operation in October 2025, further expands finished product capacity and automation to meet growing demand. In addition, we opened a fermentation production base in Shanghai in August 2025 to produce high-value active ingredients through advanced fermentation technologies, strengthening upstream capabilities, reducing reliance on outsourced ingredients, improving cost visibility and planning flexibility and supporting long-term margin stability. This production base also includes the "Oriental Beauty Valley • Chando Future Beauty City," (東方美谷 • 自然堂未來美妝城) which integrates industrial production with educational and retail functions and has been recognized as one of Shanghai's Top 10 Cultural and Tourism Landmark Projects of 2025 (2025年上海十大文旅標志項目).

By maintaining the majority of our production in-house, we maintain strict control over the entire production process, ensuring product quality, safety and consistency, while enabling faster market response, quicker product launches and effective brand protection. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material or prolonged production stoppage due to equipment failure, nor did we experience any material accidents during our production process.

The following table sets forth details in relation to our production bases in operation as of the Latest Practicable Date:

No.	Production base	Location	Main production activities	Year of operation	Designed Production capacity	GFA
						(sq.m)
1 . .	Shanghai cosmetics production base	Shanghai, PRC	Finished products	2008	20,095 tons annually	65,588.2
2 . .	Linzhi production base	Linzhi, Xizang, PRC	Semi-finished products	2021	12,624 kg annually	3,048.3
3 . .	Shanghai fermentation production base	Shanghai, PRC	Ingredients	2025	1,010.5 tons annually	2,813.9
4 . .	Shanghai cosmetics production base (third phase)	Shanghai, PRC	Finished products	2025	8,007 tons annually	61,879.9

For our production base, increasing the production capacity of compounding equipment means more complicated requirements for the operation site, supporting equipment, environmental protection facilities and a longer engineering construction period of time. Therefore, we use the unit of output in compounding, tons, to calculate the production capacity and capacity utilization rate of our production base. The following table sets forth the details of our production capacity of our Shanghai cosmetics production base in operation by product category for the periods indicated:

	Year ended December 31,								
	2023			2024			2025		
Product Category[1]	**Designed Capacity**[2]	**Actual Production**[5]	**Utilization Rate**[6]	**Designed Capacity**[2]	**Actual Production**[5]	**Utilization Rate**[6]	**Designed Capacity**[2]	**Actual Production**[5]	**Utilization Rate**[6]
	tons		*(%)*	*tons*		*(%)*	*tons*		*(%)*
Skincare	14,000	12,744	91.0	14,000	12,989	92.8	18,000[4]	16,275	90.4
Personal care	1,700	1,616	95.1	3,600[3]	3,402	94.5	10,000[4]	9,265	92.7
Color cosmetics	95	58	60.9	95	67	71.1	102[4]	87	85.3
Total	**15,795**	**14,418**	**91.3**	**17,695**	**16,458**	**93.0**	**28,102**	**25,627**	**91.2**

Notes:

(1) The production lines for men's care and child and infant care products are shared with those for skincare, personal care and color cosmetics products, where relevant. Therefore, the designed capacity and actual production volumes for men's care and child and infant care products are included into the calculations for skincare, personal care and color cosmetics.

(2) The method for calculating designed capacity is as follows: designed capacity = annual operating days × daily capacity × overall production equipment efficiency. Annual operating days are calculated by excluding statutory holidays and weekends, counting only regular working days. Accordingly, our designed production capacity for each year is determined based on the following assumptions: (i) our skincare production facilities operate 12 hours per day for 240 working days per year from 2023 to 2025; (ii) from 2023 to 2025, our personal care production facilities operated 12 hours per day for 240 working days per year; (iii) our color cosmetics production facilities operate 10 hours per day for 150 working days per year from 2023 to 2025; and (iv) our overall production equipment efficiency is maintained at 85% during the Track Record Period, determined based on historical data. As advised by Frost & Sullivan, the assumptions used in determining our designed production capacity are in line with industry norms.

(3) The designed production capacity for personal care products increased in 2024 due to the addition of new equipments during that year.

(4) The designed production capacity across all product categories increased in 2025 as a result of the commencement of operations of the third phase of our Shanghai cosmetics production base.

(5) The actual production during the year is the total volume of products produced during that year.

(6) The utilization rate is calculated by dividing the actual production by the designed capacity during the same year. For color cosmetics, the utilization rate was relatively low due to strategic operational and design decisions: (i) production was planned based on actual customer demand and required safety stock levels, avoiding overproduction, and (ii) the factory was designed with excess capacity to accommodate anticipated 5 to 10 year growth of China's cosmetic market.

The ingredients manufactured at our Linzhi production base, including freeze-dried powder, cell culture extract, tea powder and purified thermal spring water, are primarily used as functional actives in our skincare formulations. Freeze-dried powder and tea powder are incorporated into products designed for purifying, soothing or targeted treatment benefits, such as clay masks and other deep-cleansing or complexion-refining products. Cell culture extract, which contains a high concentration of bioactive components, serves as a core functional ingredient in firming, repairing and anti-aging product lines, supporting skin resilience and visible improvement in texture. Purified thermal spring water is used in sensitive-skin formulations, providing calming and moisture-balancing effects in products such as repairing sprays. The following table sets forth the details of our production capacity of our Linzhi production base by ingredient category for the periods indicated:

	Year ended December 31,								
	2023			2024			2025		
Ingredient Category	**Designed Capacity**	**Actual Production**	**Utilization Rate**[(5)]	**Designed Capacity**	**Actual Production**	**Utilization Rate**[(5)]	**Designed Capacity**	**Actual Production**	**Utilization Rate**[(5)]
	(Kg)		*(%)*	*(Kg)*		*(%)*	*(Kg)*		*(%)*
Freeze-dried powder[(1)]	64	51	80.4	64	28	43.8[(5)]	64	60	93.4
Cell culture extract[(2)]	1,500	1,122	74.8	3,600	3,215	89.3	3,600	4,091	113.6[(4)]
Tea powder[(3)]	960	820	85.4	960	114	11.7[(5)]	960	310	32.2[(5)]
Purified thermal spring water	–	–	–	8,000	5,845	73.1	8,000	6,118	76.5
Total	**2,524**	**1,993**	**79.0**	**12,624**	**9,202**	**72.9**	**12,624**	**10,579**	**83.8**

Notes:

(1) The designed capacity for freeze-dried powder is calculated based on the following operational assumptions: (i) the production of one batch requires a total of three days, which includes one day for extraction solution preparation and two days for the freezing process; (ii) with minimal overtime, two batches are completed per week; (iii) each batch yields approximately 0.8 kg of powder; and (iv) the annual production schedule operates for 10 months each year.

(2) The production volume of cell culture extract is directly linked to cell yield. The cell culture cycle is typically one month, and a single incubator has a maximum monthly production capacity of only 2 kg of cells. Without additional production equipment, this output represents the maximum attainable capacity, which cannot be increased by extending the cultivation time. In 2023, additional equipment was introduced, increasing annual capacity to approximately 1,500 kg. Further expansion occurred in 2024 with more and slightly larger units, boosting annual extract output to about 3,600 kg.

(3) Tea powder is a by-product generated during the production of tea extract and freeze-dried powder; its production capacity is therefore constrained by the output of these two ingredients. The designed annual capacity is calculated under the assumption that production is based solely on tea extract, with no parallel production of freeze-dried powder. This would result in a weekly tea powder of 24 kg, which equates to a monthly output of 96 kg.

(4) The utilization rate of cell culture extract exceeded 100% in 2025, primarily because two incubators previously used for research and development were also deployed for production purposes during the year.

(5) At the beginning of each year, operation at this production base in Linzhi is typically suspended for two months due to the Chinese New Year holiday and heavy snowfall. In addition to weather-related factors, our utilization rate for freeze-dried powder and tea powder observed a more pronounced decline than other ingredients in 2024 and the utilization rate for tea powder remained relatively low in 2025 , primarily attributable to (i) our adjustments to production and sales plans for the related finished products, which influenced raw material demand and led to fluctuations in output at this base, and (ii) cost-efficiency considerations, as these production lines require a minimum batch size once operations commence, resulting in bulk manufacturing during certain years and inventory carried forward for subsequent periods.

For further details, see "Business — Production."

OUR STRENGTHS

We have many competitive strengths that have contributed to our success and distinguished us from our competitors. As China's leading cosmetics company, we benefit from highly reputable and well-recognized brands, supported by product innovation underpinned by our R&D capabilities. Our digitalized operation model ensures high operational efficiency, while our consumer-centric, integrated sales network and marketing strategy further bolster strong brand recognition. In addition, we feature industry-leading production capabilities and stringent quality control systems, and are led by a visionary and experienced management team committed to sustainable development. See "Business — Our Strengths."

OUR STRATEGIES

Our strategies are designed to pave the way for our sustained success. These strategies include optimizing our brand and product portfolio to create long-lasting value for consumers, enhancing our sales network with a strategic emphasis on Direct-to-Consumer ("DTC") capabilities and strengthening our R&D and production capabilities to offer high-quality products. At the same time, we continue to enhance our digitalization capabilities to improve operational efficiency, while further penetrating the domestic market and establishing global influence. See "Business — Our Strategies."

OUR RESEARCH AND DEVELOPMENT

We consistently prioritize the development of technologies and core ingredients. During the Track Record Period, our cumulative research and development expenses amounted to RMB291.3 million. As of December 31, 2025, our R&D team comprised 163 experienced personnel with diverse expertise in life science, material science and applied chemistry, with more than 40% holding a master's degree or above. We have also forged strategic collaborations with prestigious universities, research institutes and medical facilities in dermatology and microbiology. Notably, we have partnered with the China Arctic and Antarctic Scientific Expedition Team since 2013, providing them with skincare products featuring advanced hydration and antioxidant properties, offering effective skin care and protection under extreme environments.

Our R&D efforts have led to a number of achievements, including our self-developed core ingredients HiMurchaSin, LacSherTongba and space ginseng yeast. As of the Latest Practicable Date, we had 256 patents and had 150 pending patent applications in China and other jurisdictions, and had published over 220 scholarly articles. Additionally, we had contributed to the establishment of 159 national, industry, association and corporate standards as of the same date. In 2023, 2024 and 2025, we launched 89, 92 and 85 new SKUs under our major brands, respectively. See "Business — Our Research and Development."

OUR DIGITALIZED OPERATIONS

We have established a digitalized operation model anchored by the CMMS, enabling digitalized operations across supply chain management, inventory management, production management, sales and marketing, logistics management and consumer data analysis. In particular, the implementation of the CMMS represents an advancement in our industry, positioning us as one of the cosmetics companies with advanced digitalization capabilities.

CMMS. At the core of our digitalized operation model is our self-developed CMMS launched in July 2021, which connects warehouses, distributors and retail sales points through a centralized platform and supports end-to-end digitalized operations from order placement and settlement to logistics fulfillment. Through the CMMS, distributors and retail sales points place orders based on real-time demand, with inventory automatically checked, products dispatched directly to retail sales points or end-consumers, and logistics tracked in real time, allowing distributors to operate without holding inventory. As of December 31, 2025, substantially all distributors and retail sales points had registered on the CMMS, and as of the Latest Practicable Date, except for a limited number in remote areas, substantially all registered distributors did not hold inventory. By bypassing traditional distributor routing, this model shortens lead times and reduces channel-stuffing risks. In addition, the CMMS continuously collects sell-through and inventory data to support demand forecasting, production planning and marketing execution, and is integrated with our Cloud Store System to synchronize online and offline inventory and enable efficient omnichannel fulfillment, delivering a cohesive consumer experience.

In addition to the CMMS, we operate a suite of interconnected digital platforms that further enhance operational efficiency, including:

Digitalized Supply Chain Management. We have established a digitalized supply chain management system where the systems, applications and products ("SAP"), manufacturing execution system ("MES"), and warehouse management system ("WMS") work together to manage procurement, production, quality control and logistics with precision and efficiency. Specifically, SAP ensures accurate procurement and financial planning, MES monitors and optimizes manufacturing processes in real time, and WMS enables precise inventory tracking and automated warehouse operations.

Digitalized Consumer Management. We operate an integrated digitalized consumer management system that consolidates consumer data from multiple online and offline channels into a centralized consumer database, enabling in-depth analysis of consumer behavior and preferences. As of December 31, 2025, our membership community comprised over 42.5 million registered members. Leveraging this foundation, our marketing automation ("MA") system identifies specific consumer segments and delivers precisely targeted campaigns, enhancing marketing efficiency, driving consumer engagement and increasing conversion rates.

Digitalized Sales Management. We have also implemented a digitalized sales management system supported by the e-commerce system ("ECS") and the Cloud Store System, which together enable efficient coordination of online and offline sales channels. The ECS serves as the central platform for managing all e-commerce operations, including order processing, product listing, promotion scheduling and real-time sales tracking across major online marketplaces. The Cloud Store System connects physical retail sales points with the system's online platform, synchronizing inventory data in real time and offering consumers integrated online-offline shopping services such as online ordering, membership point accrual, drop shipping, in-store pickup and home delivery, all accessible through Weixin Mini Programs. By enabling real-time inventory visibility and fulfillment from nearby stores with warehouse support, the system optimizes inventory allocation, improves fulfillment efficiency and ensures consistent service quality across channels.

In recognition of our digitalization efforts, we have received multiple industry honors. In 2021, we received the Shanghai Digital Transformation Excellence Case award, establishing us as a benchmark enterprise for digital transformation in Shanghai's cosmetics industry. In 2023, we were named among the second batch of "Industrial Chain Masters" cultivation enterprises in Shanghai, becoming the first cosmetics company to receive this honor, according to Frost & Sullivan. In the same year, we also became the first cosmetics company in Shanghai to obtain the Triple-A Level Integration of Informationization and Industrialization Management System Certificate, according to Frost & Sullivan.

See "Business — Our Digitalized Operations."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present a summary of our consolidated historical financial information for the periods or as of the dates indicated. This summary has been derived from our Historical Financial Information set forth in the Accountant's Report in Appendix I to this document. The summary historical financial data set forth below should be read together with, and is qualified in its entirety by reference to, the Historical Financial Information included in the Accountant's Report in Appendix I to this document, including the accompanying notes, and the information set forth in "Financial Information." Our Historical Financial Information was prepared in accordance with IFRS Accounting Standards.

Summary of Consolidated Income Statements

The following table sets out a summary of our results of operations for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue	4,441,767	100.0	4,600,664	100.0	5,318,273	100.0
Cost of sales	(1,429,378)	(32.2)	(1,405,705)	(30.6)	(1,561,128)	(29.4)
Gross profit	**3,012,389**	**67.8**	**3,194,959**	**69.4**	**3,757,145**	**70.6**
Selling and marketing costs	(2,406,023)	(54.2)	(2,716,641)	(59.0)	(3,044,410)	(57.2)
Administrative expenses	(200,366)	(4.5)	(209,777)	(4.6)	(245,142)	(4.6)
Research and development expenses	(93,822)	(2.1)	(91,212)	(2.0)	(106,238)	(2.0)
Other income	35,724	0.8	20,180	0.4	69,809	1.3
Other gains - net	11,579	0.3	5,704	0.1	898	0.0
Reversal/(provision) of impairment losses on financial assets	3,253	0.1	2,810	0.1	(4,487)	(0.1)
Fair value losses of financial liabilities at fair value through profit or loss	–	–	(1,120)	(0.0)	(30,190)	(0.6)
Operating profit	**362,734**	**8.2**	**204,903**	**4.5**	**397,385**	**7.5**
Finance income	16,638	0.4	11,863	0.3	18,391	0.3
Finance costs	(7,514)	(0.2)	(5,880)	(0.1)	(4,484)	(0.1)
Finance income – net	9,124	0.2	5,983	0.1	13,907	0.3
Share of results of associates	(2,526)	(0.1)	–	–	(51)	(0.0)
Profit before income tax	**369,332**	**8.3**	**210,886**	**4.6**	**411,241**	**7.7**
Income tax expense	(67,388)	(1.5)	(21,065)	(0.5)	(60,461)	(1.1)
Profit for the year	**301,944**	**6.8**	**189,821**	**4.1**	**350,780**	**6.6**
Attributable to:						
Equity holders of the Company	302,822	6.8	190,097	4.1	350,820	6.6
Non-controlling interests	(878)	(0.0)	(276)	0.0	(40)	(0.0)

Non-IFRS Measures

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

We believe adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) provide 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 (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures have limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards. We define adjusted net profit (non-IFRS measure) as profit for the year adjusted by adding back [**REDACTED**], fair value losses of financial liabilities at fair value through profit or loss and share-based compensation and adjusted net profit margin (non-IFRS measure) as adjusted net profit (non-IFRS measure) for the year divided by revenue for the year and multiplied by 100%. We exclude such items in adjusted net profit (non-IFRS measure) primarily because (i) [**REDACTED**] are expenses related to the [**REDACTED**], (ii) fair value losses of financial liabilities at fair value through profit or loss represent changes in the fair value of the convertible preferred shares issued by us and relate to changes in our valuation, and (iii) share-based compensation represents the non-cash employee benefit expenses incurred in connection with our award to management and key employees. The adjustments have been consistently made during the Track Record Period.

The following table reconciles our adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) for the years presented in accordance with IFRS Accounting Standards, which is profit for the year:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	301,944	189,821	350,780
Add:			
[**REDACTED**][1]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Fair value losses of financial liabilities at fair value through profit or loss[2]	–	1,120	30,190
Share-based compensation[3]	–	–	16,176
Adjusted net profit (non-IFRS measure)	**312,548**	**203,404**	**412,637**
Adjusted net profit margin (%) (non-IFRS measure)	**7.0**	**4.4**	**7.8**

Note:

(1) [**REDACTED**] represent professional fees and other fees incurred in connection with the [**REDACTED**].

(2) Fair value losses of financial liabilities at fair value through profit or loss represent changes in the fair value of the convertible preferred shares issued by us and relate to changes in our valuation. We do not expect to record any further changes in fair value of our convertible preferred shares after the [**REDACTED**] as such convertible preferred shares will be re-designated from liabilities to equity as a result of the automatic conversion into ordinary shares upon the [**REDACTED**], which is expected to turn our net liabilities position into net assets position following the [**REDACTED**]. The reconciling item is non-cash and does not result in cash outflow.

(3) Share-based compensation represents the non-cash employee benefit expenses incurred in connection with our award to management and key employees. Such expenses in any specific year are not expected to result in future cash payments.

Cost of Sales

Our cost of sales mainly consisted of (i) raw materials, consumables, finished goods and work in progress used, (ii) warehousing and logistics expenses, (iii) labor costs, and (iv) others. In 2023, 2024 and 2025, our cost of sales amounted to RMB1,429.4 million, RMB1,405.7 million and RMB1,561.1 million, respectively. The following table sets forth a breakdown of our cost of sales in absolute amounts and as a percentage of our total cost of sales for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Raw materials, consumables, finished goods and work in progress used	1,118,175	78.2	1,043,371	74.2	1,159,804	74.3
– Ingredients	548,202	38.4	481,795	34.3	523,708	33.5
– Packaging materials	569,973	39.9	561,576	39.9	636,096	40.8
Warehousing and logistics expenses[1]	107,537	7.5	125,123	8.9	145,704	9.3
Labor costs	122,299	8.6	124,252	8.8	137,277	8.8
Others[2]	81,367	5.7	112,959	8.1	118,343	7.6
Total	**1,429,378**	**100.0**	**1,405,705**	**100.0**	**1,561,128**	**100.0**

Notes:

(1) Warehousing and logistics expenses primarily consisted of warehouse operation costs and logistics costs for product delivery to end-customers.

(2) Others primarily consisted of stamp duty and other taxes, depreciation and amortization, utilities, office and meeting expenses and loss allowance on inventories.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of gross profit and gross profit margin by product category for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Skincare	2,660,600	68.4	2,830,099	70.2	3,282,135	71.8
Color cosmetics	125,805	66.7	121,491	67.7	146,774	70.2
Personal care	82,046	54.7	92,795	53.8	197,223	58.0
Other product categories[1]	142,484	70.9	143,603	70.7	124,049	69.1
Others[2]	1,454	14.5	6,971	41.7	6,964	41.5
Total	**3,012,389**	**67.8**	**3,194,959**	**69.4**	**3,757,145**	**70.6**

Notes:

(1) Other product categories primarily consisted of men's care, and child and infant care products.

(2) Others primarily refer to the gross profit generated from services fees charged to certain distributors regarding our provision of counters to support their business operations.

The following table sets forth a breakdown of gross profit and gross profit margin by sales channel for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Online channels	**2,024,021**	**73.6**	**2,329,922**	**73.7**	**2,792,374**	**75.6**
Online directly-operated stores	1,465,451	74.9	1,823,466	74.8	2,305,695	76.8
Online retailers	558,570	70.5	506,456	69.8	486,679	70.2
Offline channels	**986,914**	**58.6**	**858,066**	**60.4**	**957,807**	**59.6**
Distributors	717,088	55.7	529,864	56.4	478,277	54.9
Offline retailers	268,436	72.5	324,977	70.0	477,468	66.7
Other offline sales[1]	1,390	5.4	3,225	17.4	2,062	11.3
Others[2]	**1,454**	**14.5**	**6,971**	**41.7**	**6,964**	**41.5**
Total	**3,012,389**	**67.8**	**3,194,959**	**69.4**	**3,757,145**	**70.6**

Notes:

(1) Other offline sales primarily consisted of gross profit generated from our offline self-operated stores and counters, and one-off transactions with corporate clients.

(2) Others primarily refer to the gross profit generated from services fees charged to certain distributors regarding our provision of counters to support their business operations.

Our gross profit increased by 6.1% from RMB3,012.4 million in 2023 to RMB3,195.0 million in 2024, and further increased by 17.6% to RMB3,757.1 million in 2025. Our gross profit margin increased from 67.8% in 2023 to 69.4% in 2024 and further increased to 70.6% in 2025, primarily due to (i) an increase in revenue contribution from online channels with relatively higher gross profit margin, (ii) an increase in the gross profit margin of skincare and color cosmetics products as we strategically increased the sales of products with comparatively higher gross profit margins, and (iii) decreased raw materials, consumables, finished goods and work in progress used from 2023 to 2024 driven by our cost management measures.

Selling and Marketing Costs

Our selling and marketing costs increased by 12.9% from RMB2,406.0 million in 2023 to RMB2,716.6 million in 2024, and further increased by 12.1% to RMB3,044.4 million in 2025, primarily due to an increase in marketing and promotion expenses resulting from enhanced marketing activities on our products and brands, including enhanced digital marketing activities such as publishing content about our brands and products, sharing beauty and skincare tips, engaging with consumers on major e-commerce and social media platforms, and conducting livestreaming sessions with both in-house and external KOLs, as well as outdoor advertising spending, which reflected our continuous efforts to develop and expand our sales channels and implement advertising initiatives.

Net Profit and Net Profit Margin

Our profit for the year decreased by 37.1% from RMB301.9 million in 2023 to RMB189.8 million in 2024 and our net profit margin decreased from 6.8% in 2023 to 4.1% in 2024, primarily due to an increase in selling and marketing costs resulting from enhanced marketing activities on our products and brand. Our net profit increased by 84.8% to RMB350.8 million in 2025, primarily due to the increase in revenue and gross profit as of a result of our business development cost and expense control. Our net profit margin increased from 4.1% in 2024 to 6.6% in 2025, primarily due to the improved gross margin and more effective control of selling and marketing costs.

Summary of Consolidated Balance Sheets

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total current assets	1,386,032	1,577,610	2,215,035
Total current liabilities	1,293,961	1,824,902	1,894,339
Net current (liabilities)/assets	**92,071**	**(247,292)**	**320,696**
Total non-current assets	1,160,436	1,234,945	973,919
Total non-current liabilities	31,388	60,764	35,843
Net assets	**1,221,119**	**926,889**	**1,258,772**

Net Current (Liabilities)/Assets

We recorded net current assets of RMB320.7 million as of December 31, 2025 as compared to net current liabilities of RMB247.3 million as of December 31, 2024, primarily due to (i) an increase in time deposits, (ii) an increase in financial assets at fair value through profit or loss resulting from our purchase of certain wealth management products from banks and (iii) a decrease in trade and other payables resulting from the settlement of distribution payables due to our shareholders arising from the Reorganization, partially offset by an increase in financial liabilities at fair value through profit or loss arising from redemption liabilities related to our Pre-[**REDACTED**] Investments, reflecting an increase in the valuation of our Company.

We recorded net current assets of RMB92.1 million as of December 31, 2023 and net current liabilities of RMB247.3 million as of December 31, 2024, primarily due to (i) financial liabilities at fair value through profit or loss resulting from redemption liabilities from our Pre-[**REDACTED**] Investments in 2024 and (ii) an increase in trade and other payables resulting from increased amounts due to related parties driven by an increase in deemed distribution payables due to our shareholders arising from the Reorganization, partially offset by an increase in cash and cash equivalents resulting from net cash generated from financing activities mainly due to proceeds from Pre-[**REDACTED**] Investments in 2024 and a decrease in contract liabilities resulting from decreased advances from customers resulting from our continuous optimization of CMMS in distribution model.

Net Assets

Our net assets decreased by 24.1% from RMB1,221.1 million as of December 31, 2023 to RMB926.9 million as of December 31, 2024, primarily due to deemed distributions to the shareholders of the Company of RMB485.1 million, partially offset by profit for the year of RMB189.8 million.

Our net assets increased by 35.8% from RMB926.9 million as of December 31, 2024 to RMB1,258.8 million as of December 31, 2025, primarily due to profit for the year of RMB350.8 million.

Summary of the Consolidated Statements of Cash Flows

The following table sets out a summary of our cash flow for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net cash generated from operating activities	444,182	65,203	491,267
Net cash used in investing activities	(6,504)	(44,846)	(220,038)
Net cash (used in)/generated from financing activities	(214,285)	261,288	(174,524)
Net increase in cash and cash equivalents	223,393	281,645	96,705
Effect of foreign exchange rate changes	–	1,305	(5,876)
Cash and cash equivalents at beginning of the year	351,767	575,160	858,110
Cash and cash equivalents at the end of the year	**575,160**	**858,110**	**948,939**

See "Financial Information — Liquidity and Capital Resources — Cash Flow — Net Cash Generated from/(Used in) Operating Activities."

KEY FINANCIAL RATIOS

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

	Year ended/As of December 31,		
	2023	2024	2025
Gross profit margin (%)(1)	67.8	69.4	70.6
Net profit margin (%)(2)	6.8	4.1	6.6
Adjusted net profit margin (%) (non-IFRS measure)(3)	7.0	4.4	7.8
Return on total assets (%)(4)	11.9	7.1	11.7
Current ratio(5)	1.1	0.9	1.2
Quick ratio(6)	0.7	0.6	0.9
Gearing ratio (%)(7)	4.1	5.4	–

Notes:

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

(2) Net profit margin equals profit for the year divided by revenue for the year and multiplied by 100%.

(3) Adjusted net profit margin (non-IFRS measure) equals adjusted net profit (non-IFRS measure) for the year divided by revenue for the year and multiplied by 100%. See "— Non-IFRS Measures."

(4) Return on total assets equals profit for the year divided by the average of the beginning and ending total assets multiplied by 100%.

(5) Current ratio equals total current assets divided by total current liabilities as of the end of the year.

(6) Quick ratio equals to total current assets less inventories and then divided by total current liabilities as of the end of the year.

(7) Gearing ratio equals total borrowings divided by total equity as of the end of the year and multiplied by 100%.

[REDACTED] STATISTICS

	Based on an [REDACTED] of HK$[REDACTED] per Share	Based on an [REDACTED] of HK$[REDACTED] per Share
Market Capitalization(1)	HK$[REDACTED] million	HK$[REDACTED] million
Unaudited [REDACTED] consolidated net tangible assets per Share(2)	HK$[REDACTED]	HK$[REDACTED]

Notes:

(1) The calculation of market capitalization is based on [**REDACTED**] Shares expected to be in issue immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any issuance or repurchase of Shares that we may make).

(2) The unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [**REDACTED**] Shares were in issue assuming that the Share Subdivision and the [**REDACTED**] have been completed on 31 December 2025, excluding [1,477,742] treasury shares as at 31 December 2025, equivalent to [7,388,710] Shares after the Share Subdivision, issued to certain shareholders under the Pre-[**REDACTED**] RSU Scheme and takes no account of any Shares which may be allotted and issued upon the exercise of the [**REDACTED**] and any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in the document.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**], after deducting the [**REDACTED**] and [**REDACTED**] and estimated expenses payable by us in connection with the [**REDACTED**], assuming the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range stated in this document) and assuming that the [**REDACTED**] is not exercised.

We intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be used to strengthen our DTC capabilities in our sales channels and bolster the synergy between online and offline sales networks, enabling direct engagement and interaction with consumers and improving the effectiveness of our sales and marketing activities.
- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be used to enrich our multi-brand matrix and increase brand exposure.
- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be invested in R&D and product development, enhancing our independent R&D capabilities and enabling us to continuously expand our product portfolio.
- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be used to strengthen our digitalization capabilities in membership management, supply chain management and sales management.
- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be used for the operation and upgrading of our production facilities to enhance our in-house production capabilities and further improve the consistency and controllability of product quality.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be used to expand our presence in overseas markets, establish international brand recognition and increase our penetration rate in overseas markets.
- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be used for working capital and general corporate purposes.

See "Future Plans and Use of [**REDACTED**]."

DIVIDEND AND DIVIDEND POLICY

No dividend has been paid or declared by our Company since its incorporation and the companies now comprising our Group during the Track Record Period.

We do not have any dividend policy. Our Company is a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the net profit calculated according to the PRC accounting principles. PRC laws also require foreign invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

RISK FACTORS

There are certain risks relating to an [**REDACTED**] in our Shares. These risks can be characterised as (i) risks relating to our business and industry; (ii) risks relating to doing business in the countries and regions where we operate, and (iii) risks relating to the [**REDACTED**]. We believe that the most significant risks we face include the following:

- Our business and future growth depend on industry developments and consumer demand for our products. Any failure to respond timely to fast-evolving industry trends and consumer preferences, or to expand or retain our existing customer base may materially and adversely affect our business, financial condition and results of operations;
- Our success relies on the reputation of our brands and products. Any negative publicity relating to our industry, brands, products, Company, Directors, employees or business partners may damage our reputation and cause a decline in our product sales;
- Our attempts in developing, launching and promoting new brands and products may not be successful;
- If we fail to attract, recruit and retain R&D talent, or our R&D efforts do not generate expected outcomes, our business, financial condition and results of operations may be materially and adversely affected;
- If we fail to compete successfully against our existing or potential competitors, our market share, prospects, business, financial condition and results of operations may be materially and adversely affected;

See "Risk Factors."

[REDACTED]

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 income statements in the years ended December 31, 2023, 2024 and 2025, approximately RMB[**REDACTED**] million is expected to be charged to 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**] are composed of (i) [**REDACTED**] of approximately RMB[**REDACTED**] million, and (ii) [**REDACTED**] related expenses of approximately RMB[**REDACTED**] million, which consist of fees and expenses of legal advisors and Reporting Accountant of approximately RMB[**REDACTED**] million and other fees and expenses of approximately RMB[**REDACTED**] million.

OUR CONTROLLING SHAREHOLDERS GROUP

Our Controlling Shareholders Group, Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei, Ms. Zheng Xiaodan, the Founder BVIs and the Direct Offshore Holding Companies, are entitled to exercise, in aggregate approximately [87.82]% voting rights of the Company as of the Latest Practicable Date, approximately [**REDACTED**]% voting rights of the Company immediately after completion of the [**REDACTED**] assuming the [**REDACTED**] is not exercised, and approximately [**REDACTED**]% voting rights of the Company immediately after completion of the [**REDACTED**] assuming the [**REDACTED**] is exercised. See "Relationship with Controlling Shareholders Group" for details.

As of the Latest Practicable Date, none of our Directors or any member of our Controlling Shareholders Group was interested in any business, which competes or is likely to compete, directly or indirectly, with the business of our Group or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

PRE-[REDACTED] INVESTMENTS

In 2025, we have completed several Pre-[**REDACTED**] Investments. For further details of the Pre-[**REDACTED**] Investors and the Pre-[**REDACTED**] Investments, see "History, Reorganization and Corporate Structure — Pre-[**REDACTED**] Investments."

IMPACT OF THE COVID-19 PANDEMIC

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the novel coronavirus disease 2019 (the "**COVID-19**") outbreak a public health emergency of international concern, and on March 11, 2020, the World Health Organization declared the global COVID-19 outbreak a pandemic. The COVID-19 virus continued to spread rapidly worldwide in 2022, including where we had business operations and where our customers, suppliers and business partners were located. To contain the virus spread within our office premises and protect the well-being of our employees, we adopted various mitigation measures, such as remote working, social distancing and mask wearing, and other site-specific precautionary measures. For example, the supply chain arranged for certain employees to reside at the production facilities, while the R&D center accommodated some employees on-site for both meals and lodging. Our administrative department coordinated with government authorities to open special channels to deliver essential daily supplies to work-from-home employees. Nevertheless, the COVID-19 pandemic did not impose material adverse impact on our overall operations and financial performance during the Track Record Period and up to the Latest

Practicable Date, primarily taking into consideration that (i) we had not experienced any difficulty in securing sufficient and prompt supplies, (ii) we had not experienced significant increase in our cost of sales due to the shortage of raw materials and supplies, (iii) there was no material suspension to our production bases due to the COVID-19 pandemic, and (iv) we had not experienced any material labor shortage as a result of the COVID-19 pandemic. As the COVID-19 pandemic has since subsided, our Directors do not anticipate any further material impact from COVID-19.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors 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 December 31, 2025, being the latest balance sheet date of our consolidated financial statements as set out in the Accountant's Report in Appendix I to this document, and there has been no event since December 31, 2025 that would materially affect the information shown in the Accountant's Report set out in Appendix I to this document.