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OVERVIEW

We are a well-established professional outdoor apparel brand in China. Our products cater to the needs of diverse natural environments, such as skiing, mountaineering and hiking, as well as urban scenarios like suburban walk, park leisure and commuting. According to CIC, China’s professional outdoor apparel industry is highly fragmented and we are the seventh largest professional outdoor apparel brand in China in terms of retail sales value in 2025 with a market share of 2.2%. According to the same source, we are the fourth largest domestic professional outdoor apparel brand in China in terms of retail sales value in 2025 with a market share of 5.0%.

Our product portfolio is organized into three distinct series, namely the Elite Performance Series, the Performance Outdoor Series, and the Urban Expedition Series, each designed to address different wearing scenarios. We adopt a consumer-centric approach as the foundation of our R&D, emphasizing fabric technology and product design. In particular, our products utilize enduring fabrics such as polyamide fiber fabric to improve strength, durability and breathability. Building on our fabric R&D efforts, our design approaches are tailored to meet the specific needs of each product series. We also integrate practical features with a natural pattern to develop stylish professional outdoor apparel.

Our marketing strategy combines offline strength with growing online presence to boost brand visibility and sales. We have achieved sustained growth during the Track Record Period by leveraging our established offline presence while strategically expanding into online channels. Notably, our revenue from online channels increased substantially by 79.6% from RMB348.6 million in 2023 to RMB626.2 million in 2024, and further by 100.2% from RMB626.2 million in 2024 to RMB1,253.7 million in 2025. According to CIC, we are the fastest-growing brand in terms of both total and online retail sales value in 2025 among the top ten professional outdoor apparel brands in China, with a growth of 65.8% and 75.6% respectively from 2024.

Our Brand and Products

We have developed a comprehensive product portfolio that spans diverse natural environment sports, including skiing, mountaineering and hiking, as well as urban scenarios, like suburban walk, park leisure and commuting. Our product portfolio includes professional outdoor apparel, primarily consisting of professional down apparel, hardshell jackets and softshell jackets. During the Track Record Period, our brand features three product series — Elite Performance Series, Performance Outdoor Series and Urban Expedition Series. As of December 31, 2025, our apparel product portfolio comprised 687 SKUs.



Elite Performance Series
83 SKUs as of
December 31, 2025



Performance Outdoor Series
217 SKUs as of
December 31, 2025



Urban Expedition Series
387 SKUs as of
December 31, 2025

- **Elite Performance Series.** Our Elite Performance Series is designed for high-intensity sports in extreme environments, such as skiing, high-altitude trekking, and polar exploration. It primarily targets professional athletes, seasoned adventurers and consumers seeking extreme experiences.

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- ***Performance Outdoor Series.*** Our Performance Outdoor Series is designed for moderate to high-intensity outdoor exploration activities such as mountaineering, camping, and mid-to-low altitude hiking. It targets family outdoor groups, advanced outdoor enthusiasts, and consumers who value a balance of functionality and comfort.
- ***Urban Expedition Series.*** Our Urban Expedition Series connects city life with short-distance outdoor experiences, encompassing scenarios such as suburban walks, park leisure and commuting. It caters to urban residents who cherish an outdoor lifestyle and consumers seeking simplicity and practicality.

Market Opportunities

With the growing popularity of the outdoor lifestyle and winter sports, an increasing number of consumers are embracing healthier lifestyles and actively engaging in diverse natural environments, such as skiing, mountaineering and hiking, as well as urban scenarios like suburban walk, park leisure and commuting. This trend has driven the evolution of scenario-based outdoor activities and the growth of the professional outdoor apparel industry, with consumer preferences shifting from single-function products to those designed for multiple wearing scenarios. In addition, the growing demand for quality products at an accessible price creates significant market opportunities for domestic professional outdoor apparel brands. These domestic brands have gained rising recognition for their technological advancement, deep insights into local demand, and brand value enhancement. This development not only drives the overall expansion of the professional outdoor apparel industry but also reshapes the competitive landscape, creating broader growth opportunities for these domestic enterprises.

According to CIC, the market size of China’s professional outdoor apparel industry increased from RMB71.2 billion in 2020 to RMB152.3 billion in 2025, representing a CAGR of 16.4%. It is projected to grow to RMB326.4 billion in 2030, representing a CAGR of 16.5% from 2025. Notably, the market size of domestic professional outdoor apparel brands increased from RMB28.6 billion in 2020 to RMB67.7 billion in 2025, at a CAGR of 18.8%. It is expected to reach RMB161.6 billion in 2030, with a CAGR of 19.0% from 2025. This reflects a sustained expansion of the professional outdoor apparel market and a rapid growth of domestic brands.

OUR BUSINESS MODEL

We are dedicated to providing professional outdoor apparel of consistent quality, crafted to deliver high protection and comfort. We integrate this commitment into every aspect of our business model through technology advancement and product development, extensive sales network and integrated supply chain management. This enables us to attract and retain consumers, boost product sales, increase market share, and enhance our overall operational efficiency.

Technology Advancements and Product Development

Our commitment to R&D is central to our brand, exemplified by the TANBOER Technology Park, our R&D and production facility, and guided by professional insights. We adopt a consumer-focused approach in fabric R&D and product design, utilizing high-performance fabrics and applying technologies such as thermal and moisture regulation, fiber structure optimization, and advanced coatings, to deliver enhanced functional performance.

Our fabric technology emphasizes durability, performance and sustainability, with over 90% of our products incorporating polyamide fibers. Through sustained R&D efforts, we have developed proprietary technologies such as waterproof breathable membranes and advanced fabric structures that improve moisture management, thermal regulation and durability. Our specialized fabric solutions are tailored to various product series, delivering optimal performance across diverse outdoor conditions. We proactively collaborate with leading fabric suppliers and research institutions to co-develop advanced fabric technologies, ensuring continuous advancement to meet

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evolving professional outdoor apparel needs. We have also collaborated with external institutions to advance specialized R&D projects. For example, we have established a strategic partnership with the Beijing Institute of Fashion Technology to enhance our aesthetic design capabilities and conduct advanced simulation testing. For details, please see “Business — Research and Development — Our R&D Focuses — Fabric Technology.”

Extensive MultiChannel Sales Network

Our marketing strategy integrates a strong offline foundation with expanding online channels to drive growth and enhance brand visibility, translating our enduring brand influence and strong consumer recognition into sustained sales growth.

Our offline store network, including self-operated and distributor-operated offline stores, are central to cultivating long-term consumer trust and loyalty through immersive in-store experience. As of December 31, 2025, we had 561 permanent offline stores across different regions in China, including 272 self-operated offline stores and 289 distributor-operated offline stores. Our extensive offline presence enables consumers to experience our products firsthand, conveying our brand philosophy and fostering consumer acquisition and loyalty. During the Track Record Period, we were dedicated to extending our offline network to cover more regions across China, while strategically locating most of our stores in major commercial areas and high-traffic shopping malls, which serve as critical brand touchpoints to showcase our products and technologies. We are further expanding our presence by opening more stores in premium shopping malls to target high-potential consumers in line with our product strategy, capitalizing on the growing professional outdoor apparel market.

Leveraging our established brand recognition and market presence, we strategically expanded our online presence and improve product accessibility by establishing a matrix of online stores, which target different consumer demographics and usage scenarios. As of December 31, 2023, 2024 and 2025, we have successfully established and operate 47, 89 and 167 self-operated online stores, respectively. These self-operated online stores are tailored to cater to the needs of different consumer groups, each with distinct demographic characteristics. Additionally, our comprehensive online marketing strategies, such as livestreaming initiatives and strategic KOL collaborations have been instrumental in driving substantial and consistent growth in our online sales.

Integrated Supply Chain Management

Our supply chain management is fortified through the strategic integration of premium fabric and material sourcing with efficient contractual manufacturing partnerships.

We maintain long-term partnerships with leading international and domestic raw material suppliers to ensure a reliable supply. We incorporate functional fabrics that provide wind and waterproofing and durability, along with high volume down materials that maximize thermal efficiency while minimizing weight, which together contribute to the high quality of our products. Notably, we have established deep strategic partnerships with the world’s leading fabric suppliers such as eVent and Dermizax.

In addition, we primarily collaborate with qualified contractual manufacturers to produce our products as it enables us to efficiently allocate resources and adjust production orders in accordance with market demand. Our commitment to quality is demonstrated through the implementation of stringent quality control measures for our contractual manufacturers. We established long-term partnerships with our Major Contractual Manufacturers, whom have collaborated with us for an average length of seven years as of December 31, 2025. Our supply chain management extends to warehousing, logistics, and inventory management. With regionally operated warehouses, we ensure prompt and efficient delivery to consumers. Additionally, our digital logistics center enhances transparency and accuracy throughout the supply chain, ensuring timely and high-quality order fulfillment.

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OUR COMPETITIVE STRENGTHS

We believe that our business success is built upon a set of key strengths. These strengths are deeply interconnected and complement each other, driving our sustained core competency and resilience in a highly competitive market.

Dedication to consistent quality that strengthens our leadership in the professional outdoor apparel market.

The professional outdoor apparel market in China is intensely competitive, and our unwavering focus on consistent quality has established a strong competitive advantage within this landscape. This pursuit of consistent quality has solidified our leadership position in the professional outdoor apparel market. According to CIC, we are fourth largest domestic professional outdoor apparel brand in China in terms of retail sales value in 2025 with a market share of 2.2%. Notably, our online channels have demonstrated strong revenue growth from 2023 to 2025 with a CAGR of 89.6%. According to CIC, we are the fastest-growing brand in terms of both total and online retail sales value in 2025 among the top ten professional outdoor apparel brands in China.

Our commitment to consistent quality serves as the cornerstone of our growth. This commitment is reflected in the carefully selected premium fabrics along with suitable technologies that seamlessly integrate functionality and design with a holistic focus on delivering a differentiated consumer experience. Regarding fabrics, we prioritize high-performance fabrics that offer higher level of protection, skin-friendly comfort, and lasting durability. These selections enhance product quality and longevity, ensuring consistent performance in extreme weather conditions and challenging environments, thereby providing consumers with reliable, all-weather protection. For example, over 90% of our products utilize polyamide fiber fabrics, which outperform polyester in moisture absorption, breathability, abrasion resistance, and low-temperature resilience, while also enhancing environmental sustainability through eco-friendly dyeing and sourcing. We select premium down materials that are lightweight and high-loft, maximizing insulation without adding bulk. Our down is carefully sourced for its high fill power and cleanliness, and certified by the RDS to guarantee ethical and sustainable sourcing. In terms of technology, we incorporate features such as waterproof and breathable membranes, and ergonomic support into our products. Through our continuous technical advancements and process optimizations, we enhance both the functional adaptability and wearing comfort to meet diverse professional requirements. From the moment consumers engage with our brand, we provide an integrated experience through precise visual communication, integrated online and offline shopping, knowledgeable sales support, efficient logistics, and reliable after-sales service. This approach allows our products to be infused with warmth and care, thereby fostering deep trust and ensuring long-term brand loyalty. Moreover, we implement rigorous quality control throughout our supply chain, utilizing multi-stage inspections and standardized manufacturing processes to ensure consistent and stable product quality. This persistence on quality and advance technologies reinforces our competitive differentiation and underpins sustainable growth for our brand.

An effective product development system supporting a diverse and dynamic product portfolio.

We have established a highly efficient product development system, led by a team of experienced professionals, enabling the development of a diverse and dynamic product portfolio. Our product portfolio not only meets the stringent professional protection requirements under extreme environments but also aligns with the functional and aesthetic needs of everyday urban lifestyles. These product offerings serve as a crucial pillar supporting our differentiated competitive advantage.

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As of December 31, 2025, we have established a dedicated development team of 143 professionals bringing deep expertise by combining market insights with strong product development capabilities. Leveraging big data analytics from online and offline sales, consumer review, and in-time feedbacks from our after-sales team and retail platforms, we collaborate with leading global fashion data analysis institutions, combining our understanding of Asian body pattern, to accurately analyze and forecast trending colors and styles. This enables us to shape our aesthetic design direction, ensuring alignment with the latest fashion trends. Through years of development, we have independently established a modular pattern platform, enabling the creation of foundational pattern prototypes and identifying critical control points in apparel design. Utilizing parametric design software and a comprehensive design system, we perform virtual fittings and dynamic simulations, precisely predicting fabric deformation, wrinkle distribution, and spatial allowance during movements such as walking, running, bending, and raising arms. This process generates optimal solutions tailored to target demographics and functional requirements, enhancing customization efficiency and accelerating product development. At the same time, our pattern platform synergizes with fabric technology and production processes, enabling precise optimization of functionality and comfort for various outdoor activities. This approach delivers promising products with situational adaptability and dynamic comfort, making our outdoor apparel an extension of the wearer’s body.

Our efficient product development system enables us to accurately identify market trends and rapidly develop them into new products, continuously expanding and enhancing our product portfolio. Our product portfolio includes professional outdoor apparel, primarily consisting of professional down apparel, hardshell jackets and softshell jackets. We have established three distinct and complementary product series, namely the Elite Performance Series, Performance Outdoor Series and Urban Expedition Series, each with different market positioning.

- The Elite Performance Series is designed for extreme environments including skiing, high-altitude hiking, and polar exploration. Since its launch in 2022, this series has gained increasing popularity and recognition for its functionality and protective features. It serves as the most advanced series with the highest level of protections among our offerings, primarily professional athletes, seasoned adventurers and consumers seeking extreme experiences.
- The Performance Outdoor series focuses on meeting essential functional needs for moderate to high-intensity outdoor activities such as mountaineering, camping, and mid-to-low altitude hiking, ensuring warmth and breathability while prioritizing comfort and ease of movement. This series focuses on meeting everyday functional needs, ensuring warmth and breathability while prioritizing comfort and ease of movement.
- The Urban Expedition Series is designed for a broad range of consumers, emphasizing light activities and commuting within general outdoor scenarios. With its minimalist design and practical functionality, this series strikes a balance between everyday wear and essential protection. It serves as the primary series for attracting the broadest consumer segment, thereby enabling us to establish a strong and expansive consumer base.

Expertise in material technologies and production processes driving reliable product performance.

Consumers place a strong emphasis on functionality and consistent quality in professional outdoor apparel, prioritizing features, such as warmth and wind resistance in extreme conditions, breathability and durability during intense activities, and long-lasting performance in complex environments. These requirements drive us to constantly enhance the technological attributes of our products by integrating material science and production standard, making every product an integration of technology and function.

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Our longstanding focus on R&D has yielded a well-developed portfolio of proprietary technologies, primarily including microporous membrane technology offering dual waterproof and breathable functionality, thermal reflective linings utilizing heat retention principles, and mid-air aerogel nylon fibers with nanoscale porous structures balancing lightweight and insulation performance. We also partnered with Beijing Institute of Fashion Technology to establish the “Extreme Cold Technology Laboratory (極寒實驗室),” equipped with advanced low-temperature environmental simulation system. This lab can simulate extreme climate conditions ranging from -60°C to 50°C, providing scientific assurance for the testing and validation of professional outdoor apparel performance, including warmth, wind resistance, and waterproofing.

While we primarily partner with qualified contractual manufacturers to enhance operational efficiency and maintain the flexibility to adapt quickly to evolving market trends, we operate our TANBOER Technology Park production facility to manufacture specific product series and improve quality control. By exploring production management within our self-built production facilities, we produce latest products adopting new technologies and materials, and develop inspection protocols tailored to large-scale production based on specific product categories. We then replicate these quality control measures with our trusted third-party contractual manufacturers. This approach enables comprehensive quality management throughout the entire production cycle, fundamentally ensuring stability and consistency in product quality, particularly for complex techniques.

Strategic brand building and multichannel sales network enhancing brand awareness.

Our brand embodies a deep connection to nature and a vibrant passion for life. Through target brand-building strategies that deeply resonate with our target consumers, combined with a comprehensive multichannel sales network, we have cultivated a distinctive brand identity, which continuously fuels our sustained business growth.

Our brand philosophy reflects the growing demand of our consumers to find inner balance through outdoor exploration and to embrace environmental awareness amid the fast pace of modern life. We have embedded this core philosophy into a unique brand image. We partner with the Narwhal Ocean Research Center to sponsor the Polar Exploration Collection, advancing exploration of the North Pole’s unique environment. During the Track Record Period, we have also formed strategic partnerships with five well-known ski resorts in China. By integrating ski events and snow landscape into our product experience, we enable consumers to experience the professional-grade performance of our product while immersing themselves in the enchanting harmony between humanity and nature. To further elevate our brand awareness within the professional snow sport athlete field, we established strategic partnerships with the Austrian Snowboarding National Team and the Chinese Nordic Combined Team (中國國家北歐兩項隊), providing both competition uniforms and training apparels. Leveraging our effective brand building approach, TANBOER-related videos have garnered over 2.0 billion views on Douyin, and brand discussions on certain social media platforms have exceeded 250 thousand as of the Latest Practicable Date. This reflects our ability to transform our brand spirit into a shared value that actively engages consumers, in turn establishing a distinctive and enduring brand recognition.

Based on our brand philosophy, we have developed an integrated multichannel sales network that combines immersive offline experiences with online penetration, ensuring a consistent and engaging consumer purchase experience across all touchpoints. Since inception, we have expanded our offline sales presence nationwide through self-operated offline stores and distributor-operated offline stores. As of December 31, 2025, we had 561 permanent offline stores across China, demonstrating our extensive penetration into offline sales channels. Building on this offline network foundation, we have established our experiential stores based on the “Alpine Aesthetics” design concept, incorporating immersive and scenographic displays to further enhance consumer experience. Our sixth-generation outdoor concept flagship store, inspired by Qingzhou landscape and outdoor heritage, was honored with the American Muse Design Award. During the Track Record

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Period, we continuously refined our offline store network to prioritize locations within premium shopping malls, enhancing our brand image and market positioning. By concentrating on high-traffic and upscale venues, we aim to strengthen our market presence and drive sustainable growth.

At the same time, we have consistently increased our investment in online channels, establishing a strong brand presence through official flagship stores and a comprehensive store matrix across major e-commerce platforms. We have also developed two proprietary live-streaming centers in Hangzhou and Qingzhou in China, supported by a professional team of over 100 employees. Complementing these efforts, we collaborate closely and selectively with MCN agencies and KOLs to amplify brand influence and drive sales conversion, making digital engagement a key driver of our rapid growth. In 2023, 2024 and 2025, our revenue generated from online channels amounted to RMB348.6 million, RMB626.2 million and RMB1,253.7 million, respectively, accounting for 34.1%, 48.1% and 57.3% of our total revenue for each year indicated, respectively.

Integrated supply chain management ensuring product quality and operational efficiency.

We have built a comprehensive and fully integrated supply chain management system that serves as a cornerstone of our competitive strength. This system encompasses every stage of the process, including product development, global supplier resource integration, full life cycle quality control, and digital operations and logistics. By achieving streamlined end-to-end management — from market forecasting and material sourcing to production and final product delivery — we ensure stability and consistency in product quality and order fulfillment, particularly during high-volume promotional events. Furthermore, our supply chain system enhances operational efficiency, reduces costs, and bolsters our brand’s pricing competitiveness, enabling us to deliver premium products to consumers while maintaining market leadership.

We have established a comprehensive fabric and components supply pool, forming strategic partnerships with core suppliers who demonstrate long-term collaboration potential, stable production capacity, and reliable quality. We have partnered with renowned international raw materials suppliers, including CORDURA[®], Dermizax, eVent, YKK and COATS. Our long-term partnerships with core suppliers enable us to secure consistent and reliable supplies of fabrics and accessories. This approach ensures the consistent quality of our products while securing a resilient and responsive supply chain capable of supporting our growth. Our supply chain team is deeply involved in the product R&D and development process, contributing to the selection of materials and fabrics by defining performance requirements based on needs of consumers and wearing scenarios. By integrating multidimensional data, our supply chain team achieves accurate demand forecasting, enabling informed decision-making at every stage of the supply chain management process. We maintain close relationships with raw material suppliers, contractual manufacturers and logistics providers to arrange production and delivery products based on market demand forecasts. By leveraging a regionalized layout of contractual manufactures paired with customized production line designs, we efficiently address diverse manufacturing demands with greater accuracy and speed. This strategic approach not only enhances our operational efficiency but also ensures the timely and high-quality fulfillment of orders.

We have established a highly efficient digital logistics center that leverages smart devices for real-time data collection. Utilizing advanced algorithmic models, the center optimizes routing, forecasts storage locations, and automates resource scheduling. Furthermore, the application of RFID technology enables inventory visibility and traceability, significantly enhancing transparency and accuracy across the supply chain.

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An experienced and dedicated management team driving sustainable growth.

Our success is underpinned by an experienced, dedicated, and pragmatic management team with deep expertise in the apparel industries.

Our founders have over 30 years of experience in the apparel industry. Having witnessed the trajectory of China’s professional outdoor apparel market, they possess deep insight into industry trends. Our founders led the expansion into full-scenario professional outdoor apparel market, seized opportunities in the winter sports industry, and initiated collaboration with professional sport teams including the Austrian Snowboarding National Team. They also made a strategic decision to transform our sales model from focusing on offline retail to a multichannel model. In 2024, we completed the construction of the TANBOER Technology Park under the leadership of our founders. The park integrates smart manufacturing, a digital supply chain, and R&D resources, laying a solid foundation for our scalable expansion. These strategic decisions not only align with market trends but also strengthen our brand’s differentiated positioning.

Our core management and key operational personnel have an average of over ten years of industry experience, with expertise spanning strategic planning, technology R&D, supply chain management, and market expansion. Their diverse expertise has driven our growth towards a well-established professional outdoor apparel brand. We emphasize building a strong talent development system to foster cultural alignment among our core management, ensuring sustainable development and effective strategy implementation. Through the implementation of strategic recruitment plans, we ensure the streamlined and efficient management of daily operations while establishing a strong foundation for sustained future growth.

OUR GROWTH STRATEGIES

Pursuing consistent quality through enhanced R&D investment.

We believe that by continuously advancing our R&D capabilities, our products are able to meet the consistent quality standard in the professional outdoor apparel market. This dedication fosters lasting consumer trust and reinforces a professional and dependable reputation. We plan to increase our R&D investment, focusing on the development of advanced outdoor functional materials and fabrics. This includes developing new lightweight, waterproof, breathable, and environmentally sustainable fabrics. At the same time, we will optimize production processes and pattern design, continuously improving our modular pattern platform to enhance the durability and comfort of our products in extreme environments.

We plan to upgrade our labs by equipping them with more advanced testing instruments and simulation systems. Additionally, we plan to deepen industry-academia-research collaborations with universities to jointly build R&D labs and cultivate versatile technical talent. We will continue to expand our materials science and functional fabric R&D teams, proactively recruiting top talent with expertise in bio-based materials, temperature control, and ergonomics. This commitment demonstrates our dedication to consistent quality as the foundation of our brand development philosophy.

We plan to establish R&D center in leading fashion and technology hubs of Paris or London to ensure we remain at the forefront of the professional outdoor apparel industry. By attracting top international design teams and materials science experts, we will gain direct access to the latest global technology trends and breakthroughs specific to professional outdoor apparel. These centers will enable us to accelerate the development and application of advanced materials and technologies, such as temperature-regulating fabrics, sustainable textiles and wearable electronics, that enhance product performance, comfort, and sustainability. Furthermore, having dedicated R&D hubs in these strategic locations fosters collaboration with key industry peers, research institutions, and technology partners, facilitating rapid knowledge transfer and commercialization. This investment in R&D infrastructure will help us develop products with differentiating features, meeting consumers’ demands in international markets.

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Enhancing precision-driven brand building combined with optimized multichannel sales strategies.

Our brand philosophy and the extensive coverage of our sales network serve as fundamental pillars supporting business growth. Moving forward, we will enhance targeted brand building strategies and optimize multichannel sales network across online and offline platforms. This will strengthen the perception of our professional identity, promote synergy between digital and physical sales channels, and progressively enhance market penetration and brand awareness.

We plan to adopt diverse marketing strategies to continually deepen our brand’s core values and broaden our consumer base. By precisely targeting on outdoor enthusiasts, we aim to promote the sustainable philosophy of harmony between humans and nature. Our efforts will target experienced and advanced players engaged in activities such as skiing, mountaineering, hiking, and camping. To support this, we intend to collaborate with more brand ambassadors who embody our brand image and sponsor esteemed outdoor sports events and teams, leveraging their influence to showcase the professional quality of our products. We aim to maintain long-term partnerships with major ski resorts to allow consumers to experience our products in real-world environments, as well as sponsoring renowned snow sports competitions. In line with our online promotion strategies, we will continue to spread our brand engagement within the outdoor community through collaborations with key influencers and targeted content.

We plan to further expand our self-operated offline stores network across key provinces and municipalities in China, adopting a tiered city expansion strategy. For example, we plan to open more experiential self-operated offline stores in prime shopping malls in certain first tier and new first-tier cities, as well as second tier and new second-tier cities. These experiential stores will feature immersive experience design to showcase our products and convey our brand’s value, in turn strengthening our brand image. In particular, we believe there remain under penetrated prime commercial areas in certain first and new first tier, as well as second and new second tier cities where our offline presence is relatively limited, presenting significant room for further expansion. Based on our online sales data, our products have achieved increased sales volumes and repeat purchase rates in these cities, suggesting substantial consumer demand that has not yet been fully realized through our offline channels. Expanding our footprint in such higher-tier cities is also expected to enhance our brand visibility and positioning, reinforce our premium brand image. In addition, first and new first tier and second and new second tier cities typically benefit from higher disposable income levels, mature retail infrastructure and strong trend-setting capabilities, which may accelerate new product launches and facilitate deeper consumer engagement. At the same time, we will also continue to expand regular stores in these cities to increase our market penetration, broaden our consumer reach and capture growing demand from an expanding consumer base. In addition, we intend to selectively enter third tier and other cities where we identify favorable demographic trends and sufficient consumer purchasing power, thereby extending our geographic coverage and further diversifying our revenue sources. Furthermore, we plan to select cities for new stores in newly entered geographic markets with reference to online sales data and consumer demographics. We will strategically expand our offline-distributor operated store network in southern regions and untapped markets in northern China. For details, please see “Future Plans and [REDACTED].” At the same time, we will continue to invest in online channels by strengthening our presence on key domestic e-commerce platforms, such as Douyin, Tmall and JD.com, and expanding into international media platforms, such as Tiktok. We plan to expand our in-house live streaming team and implement a region- or country-based KOL collaboration strategy. This approach will broaden and deepen our brand marketing efforts, ultimately driving higher consumer repurchase rates and loyalty.

Strengthening supply chain development and digitalization.

We will continue to optimize our supply chain base located in the TANBOER Technology Park in Qingzhou, Shandong province. We plan to build our own warehouses and determine optimal locations based on accumulated sales data, geographic reach and logistics capabilities. Meanwhile, we intend to lease warehouses in major cities based on consumer demand as a supplement to our self-owned warehouses. This allows us to reduce the turnaround time and enhance delivery responsiveness across the entire country.

We are ramping up our investment in digitalization and smart transformation initiatives. By leveraging big data analytics, we gain deeper insights into consumer behavior and market trends, allowing for more accurate market demand forecasts that optimize production planning and inventory management. Utilizing Internet of Things (IoT) technology, we plan to connect devices and items across every supply chain stage to monitor raw material transport, production progress, and inventory levels in real time. This in turn will enhance operational transparency and management efficiency.

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We aim to enhance collaboration between upstream and downstream supply chain partners. This includes shortening product development cycles through joint initiatives with raw material suppliers and market trend analysts, and improving manufacturing efficiency and delivery accuracy by strengthening cooperation between contractual manufacturers and logistics providers. To support these goals, we plan to establish a supply chain visualization platform to facilitate seamless information sharing with raw material suppliers and manufacturers, including demand forecasts and production plans. This platform also ensures real-time synchronization of production, inventory, and logistics data to enable parties within the supply chain to responses to market fluctuations and risks more effectively.

Expanding product portfolio and brand matrix.

Building on our technical expertise and commitment to consistent quality, we focus on developing and expanding scenario-based professional outdoor apparel portfolio. We plan to grow the Elite Performance Series by adding product categories tailored to niche and specialized advanced outdoor sports, strengthening our professional perception. Our Performance Outdoor Series will emphasis on diverse wearing scenarios as a core driver of our overall revenue growth. For example, we plan to expand product categories within this series to address various extreme weather conditions, providing specialized apparel tailored to different challenging environments. The Urban Expedition Series will highlight practical daily functions, aiming to attract potential consumers and drive interest in other product series. By expanding our product series and categories, we aim to further enhance brand awareness and drive sustainable business performance.

We aim to expand our brand matrix to target high-potential consumers in the growing professional outdoor apparel market. Specifically, we plan to strengthen our brand portfolio by acquiring and launching sub-brands positioned in the premium professional outdoor segment. We believe that such acquisition will allow us to offer high performance apparel designed for seasoned outdoor enthusiasts and professionals, effectively expanding our market reach while maintaining brand differentiation. Our sub-brand will maintain an independent position while collaborating synergistically by sharing supply chain systems and channel resources, thereby reducing operational costs and effectively covering diverse consumer segments and usage scenarios.

Executing globalization strategies through strategic acquisitions.

To maintain our leadership in the professional outdoor apparel market, we plan to strategically explore opportunities for globalization through strategic acquisition.

Strategic acquisitions will serve as a critical mechanism to transcend our growth and enhance market penetration. We intend to acquire overseas outdoor brands and design firms with substantial heritage. For details, please see “Future Plans and [REDACTED].” We will integrate their proven brand management practices to strengthen our operational capabilities. We will focus on partnering with companies that specialize in ski equipment and outdoor accessories. This will enable us to offer a full range of outdoor products, such as snowboard and ski boots, enhancing our overall product pipeline for outdoor enthusiasts. Acquisition targets must align closely with and fully embody the philosophy of our professional outdoor brand. As of the Latest Practicable Date, we do not have any identified acquisition targets. For risks relating to our future acquisition, please see “Risk Factors — Risks Relating to Our Business and Industry — Investment in new business strategies, acquisitions and other forms of business integration could disrupt our ongoing business and present risks not originally contemplated, and we may be unable to realize the anticipated benefits, synergies, cost savings or efficiencies from acquisitions.”

Globalization is a central focus of our growth strategies. Along with the planned overseas R&D centers, we intend to form localized market research teams in analyzing regional demand, including climate data and consumer habits. This will involve incorporating ergonomic parameters from other regions worldwide into our fit database, which enable us to develop customized and scenario-specialized pattern for overseas consumers. We will also expand our overseas presence by

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developing both online and offline sales channels. Our focus will be on building partnerships with online platforms, increasing the number of offline stores, and creating a distributor network that aligns with local consumer preferences and demand. Additionally, we will evaluate potential sites for establishing overseas raw material warehouses, while collaborating with localized production resources to ensure efficient product supply and consistent quality in international markets.

Advancing and improving of our ESG system.

Guided by our brand philosophy of coexistence with nature, we plan to enhance our R&D capabilities in terms of the application of sustainable materials and eco-friendly production methods, fulfill social responsibilities and drive synergistic growth of business and social value. We will integrate ESG standards into supply chain management by setting clear criteria for our suppliers. In addition, we intend to establish evaluation mechanisms to protect employees’ rights and promote responsible industry practices. Concurrently, we plan to enhance social responsibility awareness through outdoor environmental charity events.

OUR BRAND AND PRODUCTS

Overview

Over more than two decades, TANBOER (坦博爾) is driven by a brand spirit of dedication to consistent quality. This commitment ensures that every piece of apparel is crafted to deliver the functional performance and comfort, while achieving an average durability of more than five years. The extensive product portfolio transcends our heritage in down apparel, offering a comprehensive selection of professional outdoor apparel that designed to meet the evolving needs of various outdoor activities.

Our product portfolio spans a broad category of professional outdoor apparel, primarily including professional down apparel, hardshell jackets and softshell jackets. These products cater to the needs of diverse natural environments, such as skiing, mountaineering and hiking, as well as urban scenarios like suburban walk, park leisure and commuting.

Our design philosophy is a balance of functionality and aesthetics. Notably, more than 90% of our products utilize polyamide fiber, known for its advanced moisture absorption, breathability, abrasion resistance and low-temperature resistance, offering consumers extensive protection. Our product harmoniously merges product design with the aesthetics of nature, drawing inspiration from the sense of biodiversity to create a range of patterns.



Our Extensive Product Portfolio of Apparel

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Products by Series

Building on our commitment to technology advancement and aesthetic design, our product portfolio is crafted into three distinguished series, namely the Elite Performance Series, Performance Outdoor Series and Urban Expedition Series. These series are designed for all terrains, scenarios, and weather, covering activities from skiing and mountaineering to hiking and urban scenarios like suburban walks, park leisure and commuting. This strategic segmentation enables TANBOER to cater to a wide consumer base, uniting elite athletes with outdoor enthusiasts. As of December 31, 2025, our apparel product portfolio comprised 687 SKUs. The following table sets forth the breakdown of our revenue by product series, both in absolute amounts and as percentages of total revenue for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Elite Performance Series.	6,782	0.7	50,902	3.9	122,497	5.6
Performance Outdoor Series.	257,886	25.3	330,907	25.4	697,330	31.9
Urban Expedition Series.	751,316	73.6	915,185	70.3	1,362,801	62.2
Accessories ⁽¹⁾	5,058	0.5	5,485	0.4	6,836	0.3
Total	1,021,042	100.0	1,302,479	100.0	2,189,464	100.0

Note:

- (1) We also offers a range of complementary outdoor accessories to meet diverse consumer needs, including scarf, socks and backpacks. As of December 31, 2025, our accessories have 115 SKUs, have a suggested retail price ranging from RMB10 to RMB100.

The following table sets forth the breakdown of our sales volume by product series for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(unit '000)	(RMB)	(unit '000)	(RMB)	(unit '000)	(RMB)
Elite Performance Series.	6.6	1,028.0	54.7	931.0	164.0	747.0
Performance Outdoor series	516.9	498.9	649.5	509.5	1,277.2	546.0
Urban Expedition Series.	2,666.8	281.7	2,555.0	358.2	3,283.8	415.0
Total	3,190.3	318.5	3,259.2	397.9	4,725.0	463.4

We achieved a continued revenue growth across all product series during the Track Record Period. The overall sales volume growth across all product series was primarily due to our enhanced brand recognition attributable to the launch of new products tailored to a wide range of scenarios and activities, which appealed to a broader consumer base. In addition, the average selling prices of our Performance Outdoor series and Urban Expedition Series increased during the Track Record Period as we priced our products at a higher range, benefiting from consumers' growing recognition of our products' quality and functionality. The average selling price of our Elite Performance Series decreased during the Track Record Period, primarily due to our effort to diversify our product portfolio under this series and reach a broader customer base by introducing the Ski Collection, which includes products with relatively lower prices such as ski pants.

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Elite Performance Series

Our Elite Performance Series, launched in 2022, is designed for extreme environments including skiing, high-altitude hiking, and polar exploration. It primarily targets professional athletes, seasoned adventurers and consumers seeking extreme experiences. As of December 31, 2025, we offered 83 SKUs under this series. Since its launch, this series has gained increasing popularity and recognition for its functionality and protective features. We sold 225.3 thousand pieces of apparel during the Track Record Period under the Elite Performance Series. Our Elite Performance Series primarily features three major collections, namely the Apex Shield Collection, the Ski Collection and the Polar Exploration Collection, crafted to support consumers undertaking adventures in the most demanding natural environments.

Apex Shield Collection



Apex Shield Collection — Ultimate Protection in Harsh Conditions

The Apex Shield Collection comprised professional-grade hardshell jackets and pants designed to provide all-weather and all-scenario protection for high-intensity outdoor activities. This collection primarily targets outdoor explorers who prioritize performance and functionality and possess strong knowledge in apparel technologies. The major products’ suggested retail price is between RMB999 to RMB2,399.

The Apex Shield Collection features a dynamic protection system using leading high-performance, eco-friendly outdoor fabrics that are waterproof, breathable, and sustainable. Its specialized tailoring techniques reduces underarm movement restrictions, while the elevated hood, extended hem, waterproof taping, and over-gluing techniques enhance protection, wind resistance, and functionality for outdoor adventures.

Ski Collection



Ski Collection — Providing Advanced Protection in Extreme Environments

The most representative collection under the Elite Performance Series is our Ski Collection. In light of the surging enthusiasm and increasing allure of snow sports, we have enthusiastically embraced this trend by curating an extensive and vibrant collection of ski jackets and pants. Our Ski Collection showcases technical innovations designed for advanced protection and performance in extreme environments, typically with a suggested retail price of major products between RMB999 to RMB3,299.

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These products adopt TSD’s Dermizax professional protective fabric, water-repellent down, and tape bonding technology. We have entered into a long-term procurement agreement with TSD, which covers joint R&D projects of fabrics, professionally optimized for specific scenarios. In 2025, we introduced advanced adaptive tailoring for enhanced comfort and mobility by dynamically adjusting garment shape and fit to movement or environment. The collection also features the patented HEAT FLOW airflow shield for better breathability and heat dissipation during intense activity, plus an AIR BAG backpack for spine protection and ventilation.

Polar Exploration Collection

Our Polar Exploration Collection delivers high-level protection in extreme weather conditions, specifically designed for the expertise of scientific expeditions and advanced outdoor enthusiasts. The products we offered under this collection primarily include down jackets designed to withstand extreme cold and harsh weather conditions encountered in polar environments. The suggested retail prices for this collection’s major products range from RMB1,599 to RMB2,999.



Polar Exploration Collection for Icy Adventures

This Polar Exploration Collection incorporates CORDURA®, a globally recognized fabric known for its solid strength, abrasion resistance, and durability. Combined with a windproof outer shell and a graphene thermal-locking mid-layer, this design effectively blocks cold winds and snow, providing reliable insulation. Designed for extreme outdoor conditions, this collection reliably performs in temperatures as low as -35°C. It is ideal for harsh weather activities such as snow mountain climbing, high-altitude hiking, extreme weather travel, and Arctic scientific expeditions.

Performance Outdoor Series

Launched in 2014, our Performance Outdoor Series offers diverse range of collections tailored for various consumer needs, including the Urban Sport Collection, Stylish Sport Collection and Premium Sport Collection. This series focuses on meeting everyday functional needs, ensuring warmth and breathability while prioritizing comfort and ease of movement. Our Performance Outdoor Series comprised 217 SKUs as of December 31, 2025. This series is suitable for moderate to high-intensity outdoor activities such as mountaineering, camping, and mid-to-low altitude hiking. We sold an aggregated of 2.4 million pieces of apparel under the Performance Outdoor Series during the Track Record Period.

Urban Sport Collection



The Urban Sport Collection — Sporty Patterns with Urban Lifestyle

Our Urban Sport Collection as one of our core collections, has been top sellers for years and is especially popular among young, active consumers who embrace a vibrant lifestyle. This series embodies our core brand philosophy of bringing the joy of outdoor exploration to urban lifestyles, connecting city dwellers with nature’s adventures while providing moderate to high levels of protection tailored to such outdoor activities. The suggested retail prices for this collection’s major products range from RMB599 to RMB1,799.

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We launch differentiated colors and patterns each year under the Urban Sport Collection, featuring designs that energize sportswear. We primarily use polyamide fiber fabric and incorporate protective technologies such as water repellency and wind resistance to enhance durability and warmth. Our use of patchwork design enhances the overall style, resulting in sportswear that fits better, lasts longer, and performs stronger — perfectly balancing functionality with fashion.

Stylish Sport Collection

Stylish Sport Collection is one of our iconic collections, reflecting our pursuit of outdoor sports functionality while perfectly blending fashionable style. It merges precisely tailoring with trendy colors to create a distinct and, vibrant winter fashion trend. It is primarily designed for style-conscious consumers seeking a moderate level of protection. The suggested retail prices for this collection’s major products range from RMB699 to RMB1,999.



The Stylish Sports Collection — Sleek Styles Blending Functionality

We utilize high-quality polyamide fiber fabric containing 56% N66 fibers, which offers a high level of toughness, enhanced abrasion resistance, and reduced weight, making it highly durable and lightweight. This ensures that the surface of the apparel remains soft and resists stiffening even under low-temperature conditions. The insulation comprises premium 90% goose down fill, elevating the product under this collection to a level of refined luxury level.

Premium Sport Collection



The Premium Sports Collection — Elegant Gear for Discerning Athletic Enthusiasts

The Premium Sports Collection has been developed to meet the specialized outdoor sports activities who seek premium, performance-driven professional outdoor apparel. It uses trusted outdoor technology fabrics, premium goose down, and distinct weaving techniques to cater to outdoor sports enthusiasts who continuously pursue a higher quality of life. The suggested retail prices for this collection’s major products ranges from RMB899 to RMB2,999.

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Backed by TORAYDELPHY — a high-end outdoor water-resistant and moisture-permeable technology independently developed by TSD — the product has undergone optimization of multiple processing techniques, boasting professional-grade performance. It features a soft texture and comfortable fit, effectively reducing stuffiness after physical activities. The color palette incorporates the latest fashionable tones, blending technologies and high-quality fabrics with current trends.

Urban Expedition Series

Our Urban Expedition Series blends city living and outdoor exploration, covering scenarios such as suburban walks, park leisure and commuting. It is designed for urban commuters who seek high-level comfort and refined style in their everyday winter wear. This series excels in retaining consumer attention and building brand loyalty through its strong product appeal and value-for-money, aiming to become the preferred professional outdoor apparel brand for urban activities. As one of our enduring series, it includes 387 SKUs as of December 31, 2025. We sold an aggregated of 8.5 million pieces of apparels under the Urban Expedition Series during the Track Record Period.

Classic Collection



The Classic Collection — Refined Tailored Fits for Daily Warmth and Fashion

Our Classic Collection embodies timeless versatility, designed to meet basic warmth and fashion needs across all age groups. The suggested retail price for this collection’s major products ranges from RMB699 to RMB1,699.

With a design heritage over two decades, our refined silhouette is tailored across multiple dimensions to fit the majority of Asian body types. This collection achieves the ideal balance between ergonomic fit and comfort, emphasizing premium materials and expert craftsmanship.

Modern Collection

Our Modern Collection embodies youthful versatility and style, designed primarily for fashion-conscious consumer for commuting and outdoor excursions. The suggested retail prices for this collection’s major products ranges from RMB899 to RMB1,799.

The design of this collection breaks from tradition with spacious, relaxed tailoring that offers both ease and flexibility. The quilted lines create a three-dimensional silhouette, while the generous cut expresses a comfortable aesthetic. This series utilizes polyamide fiber fabric with a soft, cotton-like stretch, featuring a certain degree of windproof and water-repellent.



The Modern Collection — Youthful, Versatile Styles for Daily Outings

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Notably, approximately 80% of the products in each series are filled with goose or duck down. The following table sets forth a summary of key information of our product series:

Product Series	Year of Launch	Wearing Scenarios	Target Consumers	SKUs as of December 31, 2025	% of Goose and Duck Down-filled SKUs as of December 31, 2025	Signature Collection
Elite Performance Series	2022	Extreme environments including skiing, high-altitude hiking, and polar exploration	Professional athletes, scientific expedition experts and extreme outdoor enthusiasts	83	81.9	Apex Shield Collection Ski Collection Polar Exploration Collection
Performance Outdoor Series. .	2014	Moderate to high-intensity outdoor activities such as mountaineering, camping, and mid-to-low altitude hiking	Families, outdoor enthusiasts, and consumers who value a balance of functionality and comfort	217	85.3	Urban Sport Collection Stylish Sport Collection Premium Sport Collection
Urban Expedition Series	2004	Suburban walks, park leisure and commuting	Urban dwellers who value a natural lifestyle, as well as for those seeking simple, practical everyday clothing that offers both high-level comfort and refined style	387	84.2	Classic Collection Modern Collection

RESEARCH, DEVELOPMENT AND PRODUCT DESIGN

Our brand is grounded in an ongoing commitment to research and development, consistently delivering functionality and protective features that align with the needs of our consumers. Our strong R&D capabilities is exemplified by our TANBOER Technology Park, bolstered by the insights and guidance of our seasoned experts and consultants. We adopt a consumer-centric approach as the foundation of our R&D, emphasizing fabric technology and product design. Our fabric development focuses on enduring materials, such as polyamide fiber, to improve strength, durability, and breathability. Through structural development, our fabrics deliver reliable moisture management, waterproofing and thermal regulation. Furthermore, our design approach is focused on addressing the needs of diverse outdoor activities scenarios. We integrate practical functionality with a clean, natural aesthetic to create professional outdoor apparel that is both useful and visually appealing.

Our R&D Capabilities

Our TANBOER Technology Park is a comprehensive R&D and production facility, featuring laboratories, testing centers, automated logistics and dedicated production lines. Our TANBOER Technology Park is located within our headquarter in Qingzhou, Shandong province, encompasses an area of 169,041 square meters. Leveraging the latest digital design tools, such as sophisticated 2D and 3D modeling software, virtual showrooms and AI-driven trend analysis, we drive functionality and creativity in apparel design and development.

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Our design and R&D team is crucial to product development. As of December 31, 2025, the team consists of 143 professionals, bringing deep expertise by combining market insights with strong product development capabilities. Their main focus is on advancing fabric technologies, refining design processes, and developing proprietary raw material formulations. We also actively collaborate with academic institutions to continually validate and advance our aesthetic design and fabric development. For example, we have partnered with the Beijing Institute of Fashion Technology, engaging their experts as external advisors on aesthetic design. We have also jointly established an Extreme Cold Technology Laboratory with them to simulate extreme environmental conditions from -60°C to 50°C. Under this arrangement, Beijing Institute of Fashion Technology provides us with extreme cold testing research services, including the construction of an extreme environment testing platform, the upgrading of relevant testing equipment, the testing and data analysis of our products, as well as jointly conducting innovative research and development of technological achievements and formulating relevant standards. In consideration of these services, we pay them a service fee. The intellectual property arising from the project is jointly owned by both parties, and any authorization to a third party requires mutual consent and revenue sharing. Through this arrangement, Beijing Institute of Fashion Technology benefits from dedicated research funding, enhanced laboratory infrastructure, strengthened industry-academia collaboration, expanded applied research capabilities, and increased opportunities for technology commercialization, thereby supporting its long-term academic development and reputation in functional apparel innovation. This in turn enables us to test and validate the thermal insulation, wind resistance, and waterproof performance of our professional outdoor apparel.

Our R&D Focuses

Fabric Technology

In selecting fabrics, we focus on meeting the needs of our consumers and aligning with the specific positioning of each product series. We consider sustainability and functional technology as important factors when choosing fabrics.

We have rigorously tested and proved that polyamide fiber fabric is ideally suited for professional outdoor apparel. Its reliable moisture absorption and breathability significantly enhance comfort across various environments. Furthermore, it demonstrates good durability under prolonged use while effectively regulating surface moisture, ensuring a consistently protections and comfortable wearing experience. As of December 31, 2025, we utilized polyamide fibers in more than 90% of our products. In addition, to meet the needs for professional athletes and extreme outdoor activities adventures, we utilized Dermizax laminated fabric developed by TSD and eVent storm bio-based waterproof and breathable membrane composite fabric in our Elite Performance Series. These fabrics provide all-weather professional protection, delivering a long-lasting dry and comfortable outdoor wearing experience.

We also remain dedicated to advancing proprietary fabric development through a combination of internal development efforts and strategic partnerships. For example, to address the challenge of balancing breathability and waterproofness in membrane fabrics for professional outdoor apparel, we have successfully developed a proprietary membrane with a microporous structure, which was mainly used in our Elite Performance Series. This iteration overcomes technical limitations while also enhancing thermal insulation. Additionally, we utilize in-fabric level technologies and treatments, such as laminated or composite layering, as well as specialized surface modifications like brushing or sanding to enhance thermal properties or tactile sensation. We strengthen our R&D efforts through strategic partnerships with fabric suppliers and renowned textile institutes, providing us with access to distinct fabrics and technologies. Under the strategic partnership, we define material performance requirements and technical pathways for our professional outdoor apparel, while our partnered suppliers provide R&D equipment, facilities, and testing equipment to conduct material research. In addition, our partnered suppliers must deliver test reports, and we may require further material optimization based on our specifications. Our partnered suppliers bear all R&D costs, while we are only responsible for intellectual property registration fees and related

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annual fees until patent expiry. All R&D results generated under the strategic partnership with suppliers will be jointly owned, and neither party may unilaterally use such IP without the other party’s prior consent. See “— Supply Chain Management — Our Raw Material Suppliers Management — Collaborative R&D with Raw Materials Suppliers.” During the Track Record Period, we partnered with 12 fabric suppliers to jointly develop new fabrics that effectively meet the needs of outdoor enthusiasts.

Performance-Oriented Design Techniques

Our design objectives are tailored for each product series, aimed at addressing specific functional requirements while meeting the expectations of our consumers. The following sets forth our primary design techniques utilized in our designs:

- *Thermal engineering and heat retention:* Thermal engineering in down jackets traps air within down feathers, forming insulating pockets that reduce heat transfer via conduction, convection, and radiation, keeping body heat in while blocking cold out. Lightweight and high volume down materials maximize insulation without adding bulk. Effective thermal insulation balances these factors to retain body heat.
- *Waterproofing and moisture management:* Our products’ waterproof and moisture performance comes from densely woven polyester or nylon fibers with micron-scale gaps that block rain, prism shaped or serrated surfaces that reduce water adhesion, and a hydrophobic, eco-friendly coating. This coating lowers surface tension so water beads up and rolls off, while preserving breathable channels for moisture permeability, keeping down dry and fluffy.
- *Wind protection and structural reinforcement:* For wind resistance, we use high-density woven fabrics with tight fibers to block airflow and reduce wind chill. Key areas like collars and cuffs have elastic closures. High-wear zones feature double-layer overlays and abrasion-resistant edging for tear resistance, while double-needle stitching and seam taping reinforce seams against loosening and ensure durability.
- *Mobility and fit optimization:* To enhance flexibility, we use highly elastic fabrics that stretch freely with body movements without causing restriction. Additionally, 3D tailoring at joints such as elbows and shoulders increases mobility, allowing wearers to move comfortably. For fit optimization, we design patterns based on extensive body data analysis, offering multiple size options to accommodate different body types.
- *Pattern design integrates functionality and ergonomics:* We have iterated apparel design by utilizing 3D tailoring, dynamic adaptive structures, and modular platforms. To reduce bulkiness, we developed a modular waist adjustment system with a secure wedge-lock mechanism, enabling seamless size adjustments and withstanding high tension for active outdoor use. Additionally, our zoned thermal insulation system fills the core torso with high-loft goose down for optimal warmth while using breathable fabrics in areas like the underarms and sides to improve ventilation. This design reduces overall jacket weight and significantly enhances comfort.

Aesthetic Designs

We continuously explore and advance in design aesthetics. Our approach to style and color design in professional outdoor apparel embodies bold creativity. Specifically, our Ski Collection extends beyond traditional color choices by featuring vibrant tones such as yellow-orange and pink-purple. These striking colors break away from conventional standards, boosting the recognition of our brand. In addition, our newly launched product developed in partnership with Altay region, utilizes cold transfer printing technology for the patterns on our apparel. This method ensures precise pattern clarity and vibrant colors while preserving the fabric’s integrity, resulting in a soft and comfortable texture.

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Environmental and Sustainable R&D

We exemplify a deep commitment to sustainable development through the advanced application of environmentally responsible fabrics. For example, we utilized fabrics recycled from automotive airbags in our professional outdoor apparel. These fabrics possess performance characteristics equivalent to those of the original N66 fabrics. The fabric exhibits high strength, abrasion resistance, tear resistance, as well as advanced stretch and recovery properties. It maintains softness and flexibility even under harsh conditions at temperatures as low as -30°C. Notably, this fabric, along with apparel produced from it, was awarded the 2024 ISPO Award.

OUR SALES NETWORK

We sell our products through a comprehensive sales network that integrates both online and offline channels. Our online channels primarily cover e-commerce and social commerce platforms such as Douyin, Tmall, Kuaishou, JD.com and WeChat stores through direct sales via self-operated online stores and sales to e-commerce platforms. Our offline channels comprise (i) our self-operated offline stores; and (ii) distributor-operated offline stores.

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

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Online channels	348,605	34.1	626,171	48.1	1,253,669	57.3
Self-operated online stores	234,475	23.0	480,154	36.9	1,013,057	46.3
Sales to e-commerce platforms	114,130	11.2	144,456	11.1	214,460	9.8
Online distributors	—	—	1,561	0.1	26,152	1.2
Offline channels	638,572	62.5	635,365	48.8	875,442	40.0
Self-operated offline stores	405,664	39.7	389,667	29.9	475,048	21.7
Distributor-operated offline stores	232,908	22.8	245,698	18.9	400,394	18.3
Others⁽¹⁾	33,865	3.3	40,943	3.1	60,353	2.7
Total	1,021,042	100.0	1,302,479	100.0	2,189,464	100.0

Note:

- (1) Others mainly include sales to enterprise customers. Our enterprise customers primarily include two main categories: (a) large organizations such as airlines and rail operators who procure professional outdoor apparel and benefit from our strong quality-to-price value proposition, and (b) downstream customers for whom we serve as an OEM and produce products to their specifications. Such downstream customers are primarily large-scale retail enterprises in the Chinese mainland principally engaged in supermarket and department store operations. These partnerships drive scale, strengthen our association with recognized enterprises, and enhance our brand visibility.

Building on our established offline market presence and brand recognition, we are strategically expanding our online sales presence. This enables us to access a broader and more diverse consumer base. Concurrently, we are proactively optimize our offline distributor networks to achieve precise and effective market penetration, ensuring sustained brand growth and heightened consumer engagement across all channels.

Online Channels

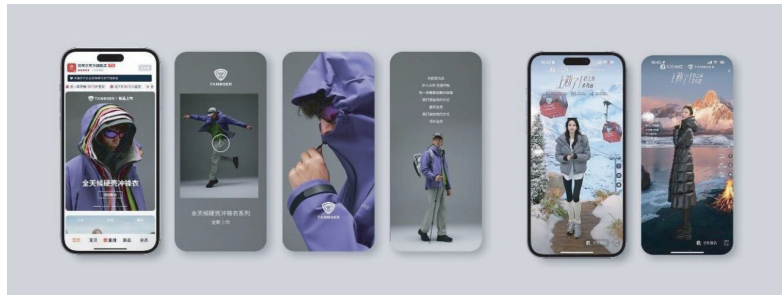
During the Track Record Period, we are actively expanding our online presence to meet the evolving needs of a broader and more diverse consumer base. Our online channels are designed to offer convenience and easy access, comprising primarily of self-operated online stores, sales to e-commerce platform and online distributors. We have committed significant resources to strengthening our online capabilities, successfully establishing a broad presence across China's leading e-commerce platforms, including Tmall and JD.com, as well as prominent social commerce

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platforms such as Douyin, Kuaishou and WeChat stores. This multichannel strategy, commonly adopted within our industry, enables us to address the diverse needs of consumers and deliver a more seamless and personalized online shopping experience. In 2023, 2024 and 2025, our revenue generated from online channels amounted to RMB348.6 million, RMB626.2 million and RMB1,253.7 million, respectively, accounting for 34.1%, 48.1% and 57.3% of our total revenue for each year indicated, respectively.

Self-Operated Online Stores

Our self-operated online stores function as vital hubs for engaging consumers and strengthening brand presence, which enable us to gain timely and accurate consumer insights, thus facilitating our iteration of products and sales strategies. We directly sell our products through self-operated online stores on major domestic e-commerce platforms. As of December 31, 2023, 2024 and 2025, we operated 47, 89 and 167 self-operated online stores, respectively. We operate multiple storefronts on each e-commerce platform to serve diverse shopping preferences. These stores are differentiated by gender, style preferences or use cases, with featured products and scenario positioning tailored to specific segments. For instance, we operate a specialized skiing-themed livestream store on Douyin that exclusively offers skiing-related products and provides comprehensive solutions for winter sports apparel requirements. We coordinate these stores through differentiated matrix management and promotional activities to the target audience’s needs. In 2023, 2024 and 2025, our revenue generated from self-operated online stores amounted to RMB234.5 million, RMB480.2 million and RMB1,013.1 million, respectively, accounting for 23.0%, 36.9% and 46.3% of our total revenue for the corresponding year, respectively.



*Self-Operated Online Stores: Easy Navigation
and User-Friendly Design*

We have organized our online operations team into specialized departments based on the unique features of each digital platform. This structure enables focused expertise and tailored management, improving overall online efficiency. As of December 31, 2025, our online operation team comprised approximately 405 members. Their primary responsibilities include managing online store operations, coordinating with e-commerce platform partners, conducting in-house livestreaming sales, and optimizing traffic acquisition strategies. We allocate personnel based on the sales volume of each type of platform, ensuring effective management of our online business operations. We have established an in-house livestreaming team to capitalize on the growing popularity. This enables us to increase product exposure, showcase product advantages, and boost online sales.

Loss Making Self-Operated Online Stores

A loss-making self-operated online store is defined as a store that records an operating loss at the store level during the specific financial year under review. In 2023, 2024 and 2025, we had nil, four and nil loss-making self-operated online stores, respectively. As one of our marketing strategies, we established self-operated online stores featuring our newly launched product categories and series in 2024. These stores primarily offer hardshell jackets and ski apparel, acting

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as crucial channels to enhance our image as a professional outdoor apparel brand. Throughout 2024, they continue to incur higher expenses related to marketing initiatives and consumer acquisition activities. All of our loss-making self-operated online stores in 2024 have achieved profitability in 2025.

Sales to E-Commerce Platforms

During the Track Record Period, we sell our products to e-commerce platforms, primarily consisting of VIP.com and JD.com. Under this model, these e-commerce platforms directly sell our products to consumers. In 2023, 2024 and 2025, our revenue generated from sales to e-commerce platforms amounted to RMB114.1 million, RMB144.5 million and RMB214.5 million, respectively.

In line with market practice, we primarily enter into consignment arrangements with e-commerce platforms, include VIP.com and JD.com. During the Track Record Period, all of our sales to e-commerce platforms were under consignment arrangements. Under this model, we recognize revenue when consumers confirm acceptance of our products on the relevant e-commerce platform. These e-commerce platforms settle with us on a regular basis following the agreed billing period. The key terms of the agreements primarily include:

Duration:	Generally one year, subject to annual renewal
Pricing Policy:	We generally sell our products through e-commerce platforms at a mutually agreed price after considering the suggested price provided by us.
Payment and Credit Terms:	Consumers make payment directly to the e-commerce platforms which settle accounts with us on a regular basis. We typically grant credit terms of five to seven days upon confirmation of the statement.
Product Returns/ Exchanges:	E-commerce platforms can only return consumer-returned products to us. Consumers may return products in instances of product defects, pricing adjustments*, or other mutually agreed-upon reasons, and we evaluate such returns on a case-by-case basis.
Logistics:	Our products are either delivered to the platform’s warehouse by third-party logistics providers, or directly from our own warehouses to consumers according to consumers’ orders.
Minimum purchase requirements:	We generally do not set a minimum purchase requirement for e-commerce platforms.
Termination:	The agreements will be terminated upon the expiration or by other means as set forth in the relevant agreements.

* Pricing adjustment refers to adjustments arising from differences in promotional discount rates across various e-commerce platforms. As individual platforms may implement distinct promotional campaigns or subsidy policies during the same period, the effective selling price of identical products may vary, resulting in corresponding price differences and related return or adjustment requests. According to CIC, it is common in the apparel industry for online platforms to accept returns arising from promotional pricing adjustments on online sales channels.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of these e-commerce platforms were Independent Third Parties, with no employment, financial, or familial relationships with us.

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Online Distributors

From 2024, we started to engage online distributors to expand our online sales coverage. Under this model, we sell our products to online distributors and they operate their own stores on the e-commerce platforms to sell our products to consumers. As of December 31, 2024 and 2025, we engaged one and five online distributors, respectively. As of the same dates, our online distributors operated two and eight online stores, respectively. Our revenue generated from sales to online distributors amounted to RMB1.6 million and RMB26.2 million in 2024 and 2025, respectively, accounting for an insignificant amount of our revenue, respectively.

We enter into our standardized framework distribution agreements with our online distributors, which are consignment agreements in nature. Under such arrangements, online distributors sell our products to consumers through online stores operated by them. We recognize revenue when consumers confirm acceptance of our products on the relevant online platform and maintain a principal-agent relationship with them. For select high-performing products, we may employ a buyer-seller model to assist our online distributors in securing popular products in advance and optimizing supply chain planning. The key terms of the distributorship agreements with the online distributor primarily include:

Duration:	Generally one year, subject to annual renewal.
Designated Distribution Channel:	Online distributors are generally not allowed to sell our products outside of their designated distribution channel without our written consent.
Pricing Policy:	We generally sell products to online distributors at a discount from the retail prices of our products, and provide online distributors with pricing guidelines that set a recommended retail price for each product. We are entitled to adjust the pricing guidelines.
Payment and Credit Terms:	Online distributors generally cooperate by making advance payments for goods.
Delivery of Production: . .	We engage logistics companies to deliver products to locations designated by distributors. The logistics cost is borne by us.
Product Returns/ Exchanges:	Online distributors can only return consumer returned products to us. Consumers may return products in instances of product defects, pricing adjustments*, or other mutually agreed-upon reasons, and we evaluate such returns on a case-by-case basis.
Termination:	The agreements will be terminated upon expiration or by other means as set forth in the relevant agreements, including the underperformance of distributors (in which case we can unilaterally terminate the agreement) and breach of the agreement (in which case the non-breaching party can terminate the agreement), among others.

* Pricing adjustment refers to adjustments arising from differences in promotional discount rates across various e-commerce platforms. As individual platforms may implement distinct promotional campaigns or subsidy policies during the same period, the effective selling price of identical products may vary, resulting in corresponding price differences and related return or adjustment requests. According to CIC, it is common in the apparel industry for online platforms to accept returns arising from promotional pricing adjustments on online sales channels.

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To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our online distributors were Independent Third Parties, with no employment, financial, or familial relationships with us. During the Track Record Period and up to the Latest Practicable Date, we had not terminated any online distributors due to material breach of the terms of distribution agreements. During the same period and up to same date, we did not have any material dispute with our online distributors.

Offline Channels

Offline channels play a crucial role in cultivating long-term consumer trust and loyalty, as providing an immersive in-person experience is indispensable for a professional outdoor apparel brand. Our offline sales channels consist of self-operated offline stores and distributor-operated offline stores.

Our Stores Network

Our offline stores offer immersive environments where consumers can engage directly with our professional outdoor apparel, fostering genuine connections and reinforcing trust through a hands-on, authentic experience. Most of our stores are strategically located in major commercial areas and popular shopping malls, serving as critical brand touchpoints where we reinforce our premium market positioning. In addition, selected stores feature in-store displays showcasing our fabrics and raw materials, underscoring our commitment to delivering an enhanced consumer experience and demonstrating the premium quality of our products. In 2023, 2024 and 2025, our revenue generated through offline channels amounted to RMB638.6 million, RMB635.4 million and RMB875.4 million, respectively, accounting for 62.5%, 48.8% and 40.0% of our total revenue for each year indicated, respectively.

We operate our offline stores through two distinct models, with a predominant focus on high-traffic locations in order to maximize market presence and adapt to consumer demands. Our permanent stores provide consistent brand presence in prime retail locations, offering our full product range throughout the year. In contrast, our seasonal offline stores are strategically opened during peak sales periods, primarily in the first and fourth quarters of each year. The following table sets forth the number of our permanent stores under offline channels as of the dates indicated:

	As of December 31,		
	2023	2024	2025
Self-operated offline stores	250	278	272
Distributor-operated offline stores	312	330	289
Total	562	608	561

Our permanent offline stores amounted to 562, 608 and 561 as of December 31, 2023, 2024 and 2025, respectively. From 2023 to 2024, we focused on maintaining and expanding our offline channel network to boost brand visibility, leveraging our longstanding brand recognition and well-established market presence. In 2025, we refined our offline expansion strategy by selectively closing permanent self-operated offline stores with lower operational efficiency and those located in low-potential shopping malls. This strategic adjustment enables us to focus our resources on expanding permanent self-operated offline stores within popular shopping malls, thereby significantly enhancing our brand image and market positioning. By targeting high-traffic and upscale locations, we aim to strengthen our market presence, attract discerning consumers, and drive sustainable long-term growth. We also terminated with offline distributors who had lower operating margins, which enables us to enhance overall profitability and strengthen collaboration with higher-performing distributors.

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Our seasonal stores are designed to capitalize on heightened consumer demand during specific times, offering flexibility to meet fluctuating consumer needs while optimizing operational costs. These stores typically operate for three to five months, during the peak season from September to March of the following year, and strategically capitalize on the heightened consumer demand for our professional outdoor apparel throughout the winter months. They are typically positioned in high operating costs locations with high foot traffic or in proximity to our existing permanent stores to enhance brand presence. Typically, our seasonal stores are located around the central atrium or outdoor plazas near shopping malls, featuring gross floor areas ranging from 60 to 120 square meters. The gross profit margin of our seasonal stores is similar to our permanent stores during the peak season. The higher operating costs associated with our seasonal stores are primarily attributable to their prime positioning in high-traffic areas, such as the central atrium or outdoor plazas near shopping malls, where short-term lease premiums and temporary setup costs contribute to elevated operating expenses. Notwithstanding the foregoing, the strategic positioning of such seasonal stores in prime locations attracts a higher volume of consumer traffic. In addition, the product mix offered at these seasonal stores is predominantly similar to those offered in the permanent offline stores. As of December 31, 2023, 2024 and 2025, we had 197, 136 and 119 seasonal offline stores, respectively, operated by our distributors and us.

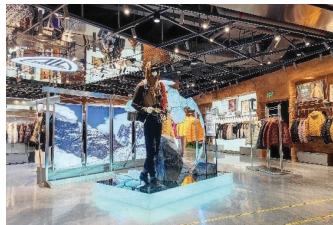
Our store network in China is strategically dispersed across various cities. While maintaining a solid foundation in cities of eastern and northern China to strengthen our brand identity and stay attuned to market trends, we have strategically expanded our focus to actively penetrate key cities of central and southwestern China, exhibiting strong consumption growth potential. This balanced approach allows us to engage a diverse range of consumers and enhance brand visibility across all cities nationwide. The following table sets forth a breakdown of our offline stores by type across different regions in Chinese Mainland as of the dates indicated.

	As of December 31,					
	2023		2024		2025	
	Self-operated offline stores	Distributor- operated offline stores	Self-operated offline stores	Distributor- operated offline stores	Self-operated offline stores	Distributor- operated offline stores
East China	176	228	178	219	175	192
Shandong Province	167	223	168	211	162	190
Jiangsu Province	9	5	9	8	11	2
An'hui Province	–	–	1	–	1	–
Zhejiang Province	–	–	–	–	1	–
North China	46	40	51	38	51	36
Hebei Province	39	38	44	32	43	30
Shanxi Province	4	–	6	1	7	1
Tianjin	3	1	1	1	1	1
Inner Mongolia Autonomous Region	–	–	–	3	–	3
Beijing	–	1	–	1	–	1
Central China	26	19	36	31	33	31
Henan Province	24	19	26	26	22	25
Hunan Province	1	–	5	5	5	5
Hubei Province	1	–	5	–	6	1
Southwestern China	1	15	7	21	5	17
Sichuan Province	1	13	4	17	2	11
Chongqing	–	2	3	4	3	6
Others	1	10	6	21	8	13
Heilongjiang Province	–	1	–	11	1	6
Xinjiang Uygur Autonomous Region	–	–	1	4	–	5
Shaanxi Province	1	–	4	–	5	–
Liaoning Province	–	9	–	1	–	–
Jilin Province	–	–	1	5	2	2
Total	250	312	278	330	272	289

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During the Track Record Period, the GFA of our stores typically ranged from approximately 120 sq.m. to 500 sq.m. When opening stores, we carefully assess key factors, including store location, anticipated consumer traffic, and the brand image we wish to convey to determine the appropriate store size, thereby ensuring a consistent consumer experience and brand identity. We strategically select store sites, focusing on the best locations within target areas. Our priority is high-traffic, premium spots like commercial areas and shopping malls with strong consumer spending and interest in outdoor activities. We evaluate multiple factors when selecting store locations, including local demographics, buying habits, competition, foot traffic, and store visibility. We also take into account accessibility, mall reputation, and the distance from our existing stores to ensure the location is a good fit and supports our overall success. Previously, our focus centered on the profitability potential and the economic viability of each offline store. Our main focus then shifts to establish more TANBOER experiential stores in first- and second-tier cities aiming to enhance brand visibility, while deepening market penetration in all-tier cities at the same time. We also plan to leverage in-store live streaming to integrate our online and offline sales channels, thereby boosting brand awareness. As a general policy, we maintain a minimum physical distance of two to three kilometers between our offline store locations in order to optimize market coverage and minimize the risk of sales cannibalization across our store network. Furthermore, the site selection process for our distributor-operated stores is typically initiated and approved by us to maintain alignment with our strategic objectives. Through thorough research, we choose sites that support growth and maximize returns. We also ensure compliance with local regulations and zoning rules to ensure smooth operations.

With respect to store aesthetics and environment, we uphold a consistent design, layout, and service standard across our offline stores to deliver a cohesive atmosphere and integrated consumer experience. Our store design philosophy centers on the harmony of nature, athleticism, and outdoor vitality, seamlessly integrating organic elements with technology to create a dynamic yet calming environment that revitalizes visitors and delivers an immersive experience. The following pictures showcase our store designs:



A simple and bright design that represents the hallmark of our stores.

During the Track Record Period, we also launched TANBOER experiential store that transforms how consumers engage with our professional outdoor apparels. This immersive environment replicates various outdoor scenarios, allowing consumers to interact with our products through hands-on testing, expert consultations, and interactive demonstrations. These experiential stores set a new standard for consumer experience.



Our Experiential Stores

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Store Management and Operation Mechanism

We have implemented a comprehensive management system and operation mechanism to ensure consistent brand representation and effective channel coordination across our self-operated offline stores and distributor-operated offline stores:

- To ensure pricing consistency, we offer recommended retail prices to our offline distributors as guidelines, supported by a dedicated team that monitors and enforces pricing practices.
- To prevent store competition and market overlap, we enforce protective distance policies that generally require a minimum physical separation between stores. Exceptions to this rule, such as in areas with high consumer demand or more favorable commercial conditions, require prior review and approval from our team.
- All store site selections must be supported by a comprehensive site selection report, which includes photographs, videos and relevant market research data for the proposed location.
- We have clear and comprehensive policies to guide daily operations for our stores. All stores follow a consistent set of standards covering inventory management, consumer service, and after-sales procedures. These easy-to-understand guidelines help our offline distributors operate their stores smoothly and maintain consistent quality across locations.
- We have implemented a standardized in-store consumer service standard for all stores, ensuring consistent high quality of services across all locations. For example, we provide regular training to in-store sales personnel on the features and wearing scenarios for newly launched products. We also require our sales personnel to have some experience with outdoor activities that align with our brand image, so they can offer personalized advice to our consumers on selecting appropriate professional outdoor apparel.

These management measures allow us to safeguard brand consistency, enhance consumer experience and support the sustainable expansion of our offline store network.

Same Store Sales

Same store sales for a given period refers to retail sales value from all of our offline permanent stores that qualified as same stores during that period. We define our same-store base to be those offline permanent stores that were continuously in operation throughout the entire comparable periods, in particular, the offline stores opened for at least 360 days and had the same operating locations in both 2023 and 2024, and in both 2024 and 2025. The following table sets forth details of our same-store sales in Chinese Mainland during the Track Record Period.

	For the year ended December 31,			
	2023	2024	2024	2025
Number of same stores				
Self-operated offline stores	195		226	
Distributor-operated offline stores	211		223	
Total	406		449	

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	For the year ended December 31,			
	2023	2024	2024	2025
Same store sales (RMB'000)				
Self-operated offline stores	329,535	279,520	339,311	345,969
Distributor-operated offline stores	397,876	375,943	352,220	421,162
Total.	727,410	655,462	691,531	767,131
Same store sales growth/(decline) (%)				
Self-operated offline stores	(15.2)%		2.0%	
Distributor-operated offline stores	(5.5)%		19.6%	
Total.	(9.9)%		10.9%	

Our same-store sales decline rate from 2023 to 2024 was 9.9%, primarily because consumer spending surged in 2023 as foot traffic in malls and commercial areas rebounded after the lifting of COVID-19 restrictions in late 2022. The market began normalizing in 2024 with consumers showing more cautious and rational spending behavior. The same-store sales reflects this macro adjustment in post-pandemic consumption patterns.

Our same-store sales growth rate from 2024 to 2025 was 10.9%, primarily because we implemented a comprehensive store optimization strategy by closing a number of underperforming self-operated offline stores and reallocating resources to those with stronger operational efficiency in 2024. We also undertook renovation projects to attract higher foot traffic, enhanced the integration of online and offline product offerings, and increased in-store sales through targeted local marketing initiatives, including digital advertising and distributing vouchers to use in our offline stores. Our same-store sales growth rate from 2024 to 2025 was higher for distributor-operated offline stores compared to self-operated stores, primarily because distributors can tailor orders to local consumer preferences by prioritizing best-selling professional outdoor apparel items, thereby driving stronger sales performance.

Self-Operated Offline Stores

Our self-operated offline stores stand as a testament to our rich heritage and enduring brand prestige, embodying a legacy built on trust, quality, and deep market recognition. They are directly managed by our dedicated retail operations team, ensuring consistent brand image and high-quality service across all locations. In 2023, 2024 and 2025, our revenue generated from self-operated offline stores amounted to RMB405.7 million, RMB389.7 million and RMB475.0 million, respectively, accounting for 39.7%, 29.9% and 21.7% of our total revenue for each year indicated, respectively.

To maintain consistent quality at our self-operated offline stores, we have set up a clear management structure with three levels: sales and marketing management team, regional managers, and store managers. This structure ensures every store follows standardized store operation procedures. Our sales and marketing management team holds control over critical store management functions to ensure standardization across our multi-regional operations. Leveraging regional know-how, our regional managers act as bridges between our management team and individual stores. They provide oversight and support across multiple stores and also play key roles in spotting suitable sites to expand our regional store network. Our experienced store managers handle daily operations, inventory control, and team performance.

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We are committed to the continuous optimization of our self-operated offline stores and the streamlining of operational processes. The following table sets forth the movement in the number of our permanent self-operated offline stores for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
Number at the beginning of the year	204	250	278
Number of newly opened self-operated offline stores	55	56	22
Number of closed self-operated offline stores	10	32	28
Number at the end of the year⁽¹⁾	<u>250</u>	<u>278</u>	<u>272</u>

Note:

- (1) As of December 31, 2023, 2024 and 2025, we had 93, 74 and 61 seasonal self-operated offline stores, respectively.

In 2023, 2024 and 2025, we opened 55, 56 and 22 permanent self-operated offline stores, respectively. The relatively lower number of newly opened permanent self-operated offline stores in 2025 was primarily attributable to our strategic adjustments in site selection for self-operated offline stores. We prioritize securing premium locations within core commercial districts, specifically targeting outdoor sports floors in shopping malls with areas exceeding 150m².

In 2023, 2024 and 2025, we terminated 10, 32 and 28 permanent self-operated offline stores, respectively. This was primarily due to the implementation of our brand upgrade strategy. Historically, we opened a number of cost-effective, limited-space stores in certain emerging markets to test market receptiveness and build local brand recognition. We then optimized our store portfolio by closing stores that no longer fit our brand positioning, which were typically in areas with lower-quality foot traffic by then or had insufficient space to display full product offerings. We believe that closing these underperforming locations allows us to focus resources on stores that fully embody our brand vision.

We primarily operate our permanent self-operated offline stores under the lease model and the commission model, under both of which we are responsible for the daily management of our stores, such as staffing, inventory management and product sales. The following sets forth the difference between the lease model and the commission model:

- Under the lease model, we lease retail premises from the shopping malls and pay rent in accordance with the terms of the lease agreement. We collect payments from consumers directly under this model. In addition, we are responsible for obtaining all necessary licenses, permits and approvals required for the store’s operation.
- Under the commission model, we collaborate with shopping malls to operate stores. Shopping malls designate specific spaces within their premises for the sale of our products. Under this arrangement, consumers remit payments directly to the shopping mall, which then deducts a commission — determined according to a pre-agreed rate based on actual sales within the designated areas — before forwarding the remaining balance to us. Payments from the shopping malls are generally made on a monthly basis. The shopping malls are responsible for obtaining and maintaining all requisite licenses, permits and approvals for stores operated under the commission model.

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The following table sets forth a summary of the salient terms of our typical agreements with shopping malls under the lease and commission model:

Duration:	One to three years
Rent/Commission Fee: . . .	Under the lease model, we are generally responsible for a monthly rental fee. Under the commission model, the commission fee is generally calculated as the higher of a fixed minimum fees or a percentage of gross sales generated from the premises.
Settlement Arrangement and Other Fees and Charges:	Under the lease model, customers typically remit payment for their purchases directly to our Company. We generally pay a fixed amount of property management fee, utilities fee and other miscellaneous fees to shopping malls on a monthly basis. Under the commission model, customers typically remit payment for their purchases directly to the shopping malls, which subsequently pay the sales proceeds to us, net of commission fees and other applicable fees and charges, such as property management fee, utilities fee, transaction service fee and promotion fee, in accordance with our contractual arrangements.
Termination:	Arrangements can be terminated upon contract expiration, by mutual agreement, or due to significant breach by counterparties.

Initial Breakeven Period

During the Track Record Period, the initial breakeven periods of our self-operated offline stores opened during the Track Record Period were generally within 2.4 months of opening. Most of the self-operated offline stores that were opened during the Track Record Period and were in operation as of the Latest Practicable Date had achieved initial breakeven as of the Latest Practicable Date. Only one self-operated offline store that was opened during the Track Record Period and was in operation as of the Latest Practicable Date had not achieved initial breakeven as of the Latest Practicable Date, primarily due to a decline in foot traffic resulting from a shift in the surrounding commercial landscape, which has led to underperformance relative to initial sales expectations.

Investment Payback Period

Among the self-operated offline stores which were opened during the Track Record Period, the average investment payback period was approximately 19.7 months. According to CIC, our investment payback period is in line with industry standard.

Loss Making Self-Operated Offline Stores

A loss-making self-operated offline store is defined as a store that records an operating loss at the store level during the specific financial year under review. In 2023, 2024 and 2025, the number of loss-making self-operated offline stores were 31, 83 and 71, respectively. These loss-making self-operated offline stores were primarily because we strategically opened self-operated offline stores as “local first stores” in new and emerging markets during the Track Record Period. These self-operated offline stores, primarily located in upscale shopping malls, required significant upfront investments and operating costs to establish our brand presence and build stable consumer traffic, which takes time to achieve profitability. This contributed to temporary losses in their early stages. As we refined our offline store strategy, we became more selective in site selection and gained stronger bargaining power with shopping malls due to our growing brand strength. Notably, in 2023, 2024 and 2025, we had 9, 30 and one loss-making self-operated offline stores that were newly opened in the same year, exemplifying the effectiveness of our refined strategy.

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Distributor-Operated Offline Stores

For the sustained growth and commercial success of our business, it is essential to expand our market presence and increase the accessibility of our products. To this end, we strategically collaborate with offline distributors who operate retail stores to sell our products to consumers as a market practice. Our offline distributors are typically regional distributors primarily engaged in the sales of professional outdoor apparel with local distribution network resources. This approach effectively extends our presence into remote regions where coverage is difficult and management expenses tend to be high. By leveraging the expertise and local knowledge of our offline distributors, we can effectively expand our reach and enhance our market penetration. As of December 31, 2023, 2024 and 2025, we engaged 307, 269 and 245 offline distributors, and had 312, 330 and 289 offline stores operated by them, respectively. In 2023, 2024 and 2025, our revenue generated through distributor-operated offline stores amounted to RMB232.9 million, RMB245.7 million and RMB400.4 million, respectively, accounting for 22.8%, 18.9% and 18.3% of our total revenue for each year indicated, respectively.

We carefully select offline distributors to represent our brands based on a stringent set of criteria, including their reputation, regional resources, managerial expertise, and financial stability. This rigorous selection process ensures that only distributors possessing the necessary capabilities and comprehensive market knowledge are entrusted with operating our brand counters. We generally enter into sales and purchase agreements with these offline distributors. These offline distributors are establishing the offline stores and covering the associated set-up costs. They are also responsible for operating stores within the designated area and promoting and selling our products with loyalty, diligence, and due care. To ensure control over the distribution network, our distributors are prohibited from reselling to sub-distributors.

To maintain a uniform standard of brand presentation and service, we have established a formalized and rigorous management framework for our offline distributors. We have implemented strict guidelines for store design and layout, which is included in the standardized agreement to preserve brand consistency and deliver a holistic focus on delivering a reliable consumer experience. We send our employees to oversee the operation of our distributor-operated offline stores. For details, please see “— Our Sales Network — Offline Channels — Offline Distribution Agreement.” Our standardized agreement also incorporates the deployment of advanced digital systems that enable real-time monitoring of inventory levels, sales performance, and promotional activities, ensuring data-driven oversight and responsive management. Furthermore, we conduct regular audits and performance evaluations using comprehensive data analytics to identify compliance gaps and facilitate continuous improvement. This systematic approach ensures that distributor-operated offline stores maintain exemplary standards align with our quality standard, protecting brand integrity and enhancing market competitiveness. For details, please see “— Our Sales Network — Selection and Management of Distributors.”

The following table outlines the total number of our offline distributors and their movements for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
Number at the beginning of the year	282	307	269
First tier and new first tier cities	22	25	23
Second tier and new second tier cities	64	53	45
Third tier cities	136	174	150
Others	60	55	51

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	For the Year Ended December 31,		
	2023	2024	2025
Number at the offline distributors newly engaged	52	45	22
First tier and new first tier cities	7	9	3
Second tier and new second tier cities	10	5	5
Third tier cities	18	11	5
Others	17	20	9
Number of offline distributors terminated	27	83	46
First tier and new first tier cities	4	11	8
Second tier and new second tier cities	7	13	6
Third tier cities	6	35	16
Others	10	24	16
Number at the end of the year⁽¹⁾	307	269	245

Note:

- (1) We engaged distributors to operate both permanent and seasonal stores during the Track Record Period. Seasonal stores may serve as testing grounds for product performance and distributor capabilities prior to expanding our partnership arrangements.

We engaged 52, 45, and 22 offline distributors in 2023, 2024 and 2025, respectively. Since 2023, we have enhanced our distributor collaboration strategy by adopting more stringent selection criteria. With our brand recognition and sales continuing to grow, we focus on partnering with offline distributors who demonstrate strong sales capabilities and consistent channel development. This elevated standard has led to a more selective approach, which is reflected in a reduction in the number of newly engaged offline distributors, aligning our distributor network closely with our long-term strategic growth goals.

We terminated with 27, 83 and 46 offline distributors in 2023, 2024 and 2025, respectively. These terminations were strategically aligned with our overall business objectives, targeting distributors with lower operational efficiency and those located in lower-tier cities. We typically set sales target for our offline distributors. Pursuant to our internal policy, the sales target for our existing offline distributors are determined based on a reasonable growth rate over their historical sales performance. For our newly engaged offline distributors, sales targets are established with reference to a range of factors, including regional market conditions, competitive benchmarks, and the distributor’s operational capacity. In 2023, 2024 and 2025, the fulfilment ratio of our offline distributors was 90%, 78% and 89%, respectively. We believe these actions were necessary to foster more effective and aligned distribution partnerships, better positioned to support our evolving business goals and drive sustained growth.

The following table outlines the total number of our permanent distributor-operated offline stores and their movements for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
Number at the beginning of the year	282	312	330
Number of distributor-operated offline stores newly engaged	59	78	21
Number of distributor-operated offline stores terminated	27	59	62
Number at the end of the year⁽¹⁾	312	330	289

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Note:

- (1) As of December 31, 2023, 2024 and 2025, we had 104, 62 and 58 seasonal distributor-operated offline stores, respectively.

In 2023, 2024 and 2025, we opened 59, 78 and 21 permanent distributor-operated offline stores, respectively. These numbers are primarily in line with the change in our partnered offline distributors.

In 2023, 2024 and 2025, we terminated 27, 59 and 62 permanent distributor-operated offline stores, respectively. To our best knowledge, of these terminations, one, two and one were attributable to the relevant distributors having operated loss-making offline stores during the corresponding periods while other terminations were mainly initiated by us to align with our ultimate business objectives. During the Track Record Period, we had an increase in the number of terminated permanent distributor-operated offline stores, primarily because we discontinued cooperation with certain distributors who failed to meet our business strategies. These permanent distributor-operated offline stores typically have lower sales volumes and are located in remote areas. In particular, their annual sales fell below our prescribed performance thresholds and did not reach 60% of their annual targets. The closure criteria were based on city tier and the size of the distributor-operated offline stores, with minimum annual sales benchmarks varying according to the applicable city classification.

Offline Distribution Agreement

We enter into our standardized framework distribution agreements with our distributor-operated offline stores, which are sales and purchase agreements in nature. Under sales and purchase agreements, we primarily have a buyer-seller relationship with offline distributors and recognize revenue when they accept our products upon delivery. We also have consignment arrangements with certain offline distributors during the Track Record Period. Under consignment agreements, we recognize revenue when products are sold to consumers. The key terms of the distributorship agreements primarily include:

	Buyer-seller relationship	Consignment arrangements
Duration:	Generally, one year, subject to annual renewal.	
Upfront Payment/Deposit: . . .	Distributors typically pay an upfront amount 15% of the total contract price upon entering into the contract, which partially serves as deposit and the remainder as advance payment for goods.	
Designated Distribution Area:	The offline distributors are generally not allowed to sell our products outside of their designated distribution area. During the Track Record Period and up to the Latest Practicable Date, there is no overlap among the designated distribution areas of our offline distributors.	
Pricing Policy:	We generally sell products to offline distributors at a discount from the retail prices of our products, and provide them with pricing guidelines that set a recommended retail price for each product. Offline distributors must obtain our prior written confirmation before implementing any retail price changes. We are entitled to adjust the pricing guidelines.	
Payment and Settlement:	For sales and purchase agreements, our distributors are generally required to make a pre-shipment payment prior to shipment. The sales proceeds are settled on a semi-monthly basis.	For consignment agreements, our distributors are generally required to make a pre-shipment payment, with sales proceeds settled on a monthly basis and the remaining balance settled upon annual reconciliation.

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	Buyer-seller relationship	Consignment arrangements
Delivery of Products: . .	Distributors are responsible for arranging and bearing all costs for the pickup and transportation of goods from our warehouse.	
Transfer of Risk:	For sales and purchase agreements, the distributor generally bears the risk of loss or destruction of the product after acceptance.	For consignment agreements, we generally retain ownership of the products until products are sold to consumers.
Product Returns/ Exchanges:	Offline distributors are generally granted a return and exchange allowance of a certain percentage of sales within three specified return windows. The cumulative return rate caps 30% for adult down-filled apparel (previously 35% in 2023), and 20% for other products (previously 25% in 2023), of total sales generated during each annual sales cycle running from April 1 of the current year through March 31 of the following year. Returns beyond the prescribed limits or deadlines are not accepted, and distributors are responsible for the transportation costs associated with any returns. It is also required that the returned or exchanged products must be in their original packaging and in an undamaged condition.	We only allow returns or exchanges for defective products after sale to the consumer. We generally do not prescribe a time limitation for such returns but examine the request on a case-by-case basis.
Store Renovation and Operation:	Any store renovation or use of display must receive our prior approval, and the distributors bear all the costs.	
Incentives/Rebates:	Distributors are entitled to annual rebates based on their total sales performance, with higher rebate rates granted for achieving higher sales tiers. The rebates are calculated and settled after the end of the rebate year, and may be offset against outstanding balances.	
Termination:	The agreements will be terminated upon expiration or by other means as set forth in the relevant agreements, including the underperformance of distributors (in which case we can unilaterally terminate the agreement) and breach of the agreement (in which case the non-breaching party can terminate the agreement), among others.	

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all our offline distributors were Independent Third Parties, with no employment, financial, or familial relationships with us. During the Track Record Period and up to the Latest Practicable Date, we had not terminated any distributors due to material breach of the terms of distribution agreements. During the same period and up to same date, we did not have any material dispute with our distributors.

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Selection and Management of Distributors

We have established clear criteria and policies to select and manage our distributors. When engaging distributors, we consider factors such as geographic reach, operational scale, qualifications, customer base, and market reputation. We require them to have proper storage facilities, sufficient quality management staff, and adequate sales channel resources. Our distributor policies cover key operations like sales performance, inventory level, aged inventory management, balanced pickup execution and coordination of promotional activities. We regularly assess their operation through selection processes and annual reviews. Renewal of agreements depends on their qualifications, sales and marketing abilities, network, financial strength, customer resources, and how well they align with our brand.

Channel Stuffing Risk Management

In 2023, 2024 and 2025, revenue generated from online and offline distributorship accounted for 22.8%, 19.0% and 19.5% of our revenue, respectively. We strive to minimize the channel stuffing risks with our distributors through the following measures (i) requiring deposit prior to product delivery. This strategy mitigates the risk of inventory obsolescence by enabling the timely release of stock during certain periods, thereby reducing the incentive for our distributors to overstock, which facilitates dynamic inventory optimization by allowing adjustments to the product mix through returns, which in turn increases the proportion of higher-margin categories within the inventory; (ii) only accepting a certain amount of product returns; and (iii) refraining from setting minimum purchase requirements. Together, these policies encourage distributors to maintain appropriate inventory levels while preventing overstocking and supporting a balanced, healthy distribution network.

Anti-Cannibalization Risk Management

We have implemented a comprehensive set of measures to prevent cannibalization among our distributors, including: (i) enforcing a uniform pricing policy across all our products and providing our distributors with recommended retail prices as guidance. We also closely monitor the pricing of our products across different channels to ensure compliance with this policy; (ii) assigning specific geographic distribution territories to each offline distributor through specific agreements; (iii) establishing a product tracing system that assigns a unique code to each product, enhancing traceability throughout its lifecycle; and (iv) offering a return policy that permits distributors to return a specified percentage of unsold inventory, thus discouraging them from liquidating products at steep discounts that could undermine market pricing. We believe these measures enables us to effectively identify and address material cannibalization issues across channels promptly.

Coordination Between Sales Channels

We usually take a holistic approach to manage our operation and optimize our resource investments in different sales channels. Any sales conducted outside the authorized channels, or any cross-channel sales executed without our prior authorization, shall be regarded as channel cannibalization. To mitigate the risk of cannibalization among our various sales channels, we strategically implement the following measures:

- We maintain rigorous oversight and facilitate consistent communication with e-commerce platforms and distributors. We also track products accurately throughout storage, transportation, and distribution, ensuring precise monitoring of product movement at every stage utilizing our RFID system. This system allows for the prompt identification and resolution of issues such as channel stuffing or unauthorized cross-regional sales.

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- We maintain a consistent pricing approach across all sales channels to ensure pricing uniformity. Our product pricing strategy is influenced by multiple factors, including our brand positioning, long-term strategic objectives, market dynamics, prevailing market prices, production and operational costs, and our targeted profit margins. We also consider prevailing market sales trends, the product lifecycle, and seasonal demand fluctuations. All of our business partners from different channels are required to adhere strictly to our recommended retail prices, with any promotional campaigns or discount initiatives subject to our prior approval.
- We utilized advanced inventory and order management systems to limit channel overstock or unauthorized sales that could cause cannibalization. For example, our digitalized inventory management system enables real-time tracking of stock levels and sales across multiple channels, ensuring up-to-date visibility and efficient inventory control.
- We designate stores and/or sales channels for each distributor through expressed terms as in the agreements. We reserve the right to unilaterally terminate the agreement and claim liquidated damages if any distributor breaches such terms.
- Our product lines are designed to be versatile and suitable for distribution across all sales channels. However, we offer differentiated products tailored by price, design, and functionality to meet the specific needs of various sales channels and target consumer segments. We operate a segmented store strategy across our online stores, requiring precise coordination and timing of product launches. For example, we operate dedicated online stores tailored to different consumer segments, including women’s, men’s, outdoor sports, and kids’ stores. We also refine our online stores by offering warm down coats or more fashion-oriented coats according to consumer needs. This matrixed online channel approach enables us to effectively cater to the distinct regional demand patterns that vary over time, thereby fulfilling the diverse consumption scenarios and preferences of our broad consumer base. We tailor our product offerings at offline stores to align with the specific demographics of local consumers. For example, in northern regions, we generally allocate a higher proportion of insulated down coats and heavier professional outdoor apparel while maintaining a selection of lighter alternatives, and in lower-tier cities, we tend to offer a greater proportion of affordable daily professional outdoor apparel rather than high-performance product series, such as Urban Expedition Series, to meet the local spending patterns and consumer needs. For instance, in locations near ski resorts, we offer our full Ski Collection to meet local demand effectively.
- We designed different marketing themes for online and offline channels. We proactively participated in promotional activities customized for each channel to boost overall sales effectiveness. For example, our online marketing efforts primarily focus on single-item discounts, gift-with-purchase and coupons, leveraging social media and live streaming channels to engage consumers nationwide. Our online promotional activities enable us to capture more traffic and enhance consumers’ perception of value for money. Conversely, our offline promotions emphasize limited-time discounts and threshold-based promotions to encourage multiple item purchases, with offline stores offering experiential benefits such as fitting services and professional consultations to enhance overall consumer experience.

During the Track Record Period and up to the Latest Practicable Date, we did not identify any material incidents of cross-regional or cross-channel sales that breach our policies, underscoring the effectiveness of our approach to minimize cannibalization among different sales channels and different geographical regions.

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PRICING

We implement an effective pricing strategy. The retail prices of our products are determined based on various factors, including cost of production, the price of comparable products in the market, market conditions and sales strategy. We adopt a uniform pricing system for our sales channels and provide recommended retail prices for each of our series. Our major products of Elite Performance Series has a suggested retail price between RMB999 to RMB3,299. Our major products of Performance Outdoor Series has a suggested retail price from RMB599 to RMB2,999. Our major products of Urban Expedition Series has a suggested retail price between RMB699 to RMB1,799. We may, from time to time, offer discounts and participate in promotional events hosted by third-party e-commerce platforms and shopping malls. With respect to sales to e-commerce platforms and distributors, our products are generally sold at a discount off the suggested retail prices of our products, taking into account the volume of products purchased by them, the profit margins, the prices of our products across the market, marketing and promotion costs for the sales channels, designated sales channels, as well as the number consumers they can reach. See “— Our Sales Network.”

SUPPLY CHAIN MANAGEMENT

We integrate strategic fabric and material sourcing with contractual manufacturers and have also established a standardized self-production process that combines strict quality control with efficient resource management to ensure consistent product standard. We have established a centralized supplier management system and implemented a rigorous selection and evaluation process. A dedicated department is responsible for reviewing supplier qualifications, conducting regular performance evaluations, and maintaining an updated approved supplier list.

Raw Materials

Procurement of Raw Materials

We implement a comprehensive supply chain management system for raw materials, partnering with leading global and domestic suppliers who meet our rigorous quality and reliability standards. The major raw materials used in the production of our products are down and fabric, while the remaining raw materials comprise ancillary materials such as linings, buttons and zippers. During the Track Record Period, we primarily purchased our raw materials from China. We focus on selecting fabrics that delivers high quality and performance to meet the needs of professional outdoor apparel, while aligning with the positioning of each product series. Notably, most of our apparels feature polyamide fiber fabric, which is known for being lightweight and highly durable. See “— Research and Development — Our R&D Focuses” for details. We use premium down that is lightweight and highly lofted to maximize insulation. Our down is carefully selected for its high loft and cleanliness, sterilized for full global traceability, and certified by the RDS to ensure ethical and sustainable sourcing. During the Track Record Period and as of the Latest Practicable Date, we had not encountered any disruption of business as a result of a shortage of raw materials or any delay in the procurement of raw materials.

In addition, to effectively manage the procurement costs, we maintain strong connections with our upstream fabric and down suppliers. Certain of the raw materials we procure, such as duck and goose down, are inherently susceptible to price fluctuations. To manage our procurement costs effectively, we primarily employ the following measures: (i) diversifying our procurement sources, (ii) establishing long-term partnerships with key upstream suppliers, and (iii) negotiating fixed prices or price ranges in advance with certain suppliers to secure stable supplies at reasonable costs.

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Our Raw Material Suppliers Management

We maintain a structured supplier classification system designed to optimize supply chain resilience and operational efficiency. We categorize suppliers into three groups: (i) strategic suppliers, with whom we maintain long-term collaborations; (ii) tactical suppliers, whose order volumes are adjusted quarterly according to market demand; and (iii) contingency suppliers, reserved for emergency procurement to handle market fluctuations.

We have a dedicated department responsible for rigorously reviewing the qualifications of suppliers, conducting periodic evaluations of their performance, and updating the approved supplier list accordingly. Our supplier selection process incorporates multiple quantitative and qualitative factors to ensure alignment with our standards and business goals. Key criteria include possessing valid licenses that ensure compliance with legal and regulatory standards, meeting comprehensive product quality and performance metrics that guarantee consistency, safety, and efficacy, and having a proven track record of reliability, ethical conduct, and timely fulfillment of past contracts. We also evaluate their production facility conditions, ensuring that production environments adhere to industry standards for cleanliness, equipment maintenance, and operation scalability. We also evaluate warehouse management capabilities of our suppliers to ensure effective inventory control, careful product handling, and timely order fulfillment, minimizing the risk of delays or damage.

In particular, we have established our internal supplier quality measures and criteria. We require suppliers to submit product samples for rigorous testing against both our internal quality benchmarks and relevant industry standards before granting production approval. Internal benchmarks cover parameters such as defect rate thresholds, durability, and compliance with safety regulations. We require our suppliers to maintain a defect rate below 2% based on rolling quarterly reviews and meet our on-time delivery targets.

Our supplier management department continuously reviews and evaluates our supplier list, applying performance metrics that include product quality scores, delivery timeliness and responsiveness. We may choose to terminate contracts with suppliers who fail to meet these standards. At the same time, we continuously evaluate new suppliers while maintaining strategic partnerships with key suppliers to ensure supply continuity. This ongoing evaluation allows us to optimize quality, cost efficiency, innovation, and supply chain stability, with a focus on improving key performance indicators such as production efficiency, inventory turnover, and sample approval rates.

Collaborative R&D with Raw Materials Suppliers

Our R&D strategy combines our internal expertise with strategic partnerships with suppliers to drive material advancement. Our dedicated in-house team drives fundamental research on raw materials enhancements, focusing on quality improvement, performance breakthroughs and sustainable solutions. This is complemented by deep collaboration with specialized material suppliers, where we combine our product expertise with their technical know-how to co-develop materials to be used in our professional outdoor apparel. Under the strategic partnership, we define material performance requirements and technical pathways for our professional outdoor apparel, while our partnered suppliers provide R&D equipment, facilities, and testing equipment to conduct material research. In addition, our partnered suppliers must deliver test reports, and we may require further material optimization based on our specifications. Our partnered suppliers bear all R&D costs, while we are only responsible for intellectual property registration fees and related annual fees until patent expiry. All R&D results generated under the strategic partnership with suppliers will be jointly owned, with the parties jointly enjoying the ownership and related rights therein. There is no revenue-sharing arrangement between us and the suppliers in respect of the commercialization of such R&D results. Upon successful completion and approval of the relevant R&D results, we may place purchase orders with the suppliers at prices to be negotiated on normal commercial terms, and we settle payments in accordance with the agreed procurement terms. In accordance with the contract, neither party may independently implement, assign or license such

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jointly developed IP to any third party without the other party’s prior consent. We retain exclusive sales and commercialization rights as the sole sales entity, and the suppliers may not authorize any third party to commercialize the jointly developed IP without our consents. Accordingly, we do not believe that such joint ownership arrangement gives rise to any potential competition risk. If a supplier ceases to pay the relevant annual patent fees, it will be deemed to have waived its rights, and we may elect to continue payment and exclusively own the relevant IP. Through these synergistic partnerships, we create customized material solutions that address specific product requirements while maintaining agility to respond to evolving market demands. During the Track Record Period, we collaborated with 12 fabric material suppliers to jointly develop new fabrics to address the limitations in professional outdoor apparel. For instance, our ultra-fine high-density feather fabric (超細丹高F輕羽面料) was developed through strategic technical partnerships, resulting in a fabric that combines superior strength, durability, and breathability to meet the highest standards of performance and comfort. See “— Research and Development — Our R&D Focuses — Fabric Technology” for details.

Contract Terms with Raw Materials Suppliers

We enter into standardized framework agreements with our major raw materials suppliers. We may place orders from time to time under the framework agreements. The key terms of the agreements primarily include:

Duration:	Generally one year, subject to annual renewal.
Quality:	The raw materials shall meet either our corporate quality standards or approved sample specifications. For sample-based deliveries, raw materials delivered must match the sealed reference samples jointly signed and retained by both parties.
Inspection and Acceptance:	Upon receipt, we will verify the quantity and inspect for any visible defects. If any quality issues are reported within seven days, suppliers must resolve them within three days. Non-compliant raw materials must be replaced immediately at the supplier’s expense, and late deliveries will be subject to penalties. For latent defects found during production, suppliers shall provide remedies such as refund or replacement within three days of notice, plus 30% liquidated damages for resulting delays or regulatory impacts.
Payment Terms:	Payments are typically made in installments according to agreed upon schedules.
Anti-corruption:	All parties shall strictly comply with anti-corruption laws. Suppliers shall promptly report any solicitation of improper benefits by our employees.
Termination:	The agreement will be terminated upon its expiration or by other means as set forth in the relevant agreements.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material breach of the agreements.

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Product Development and Production

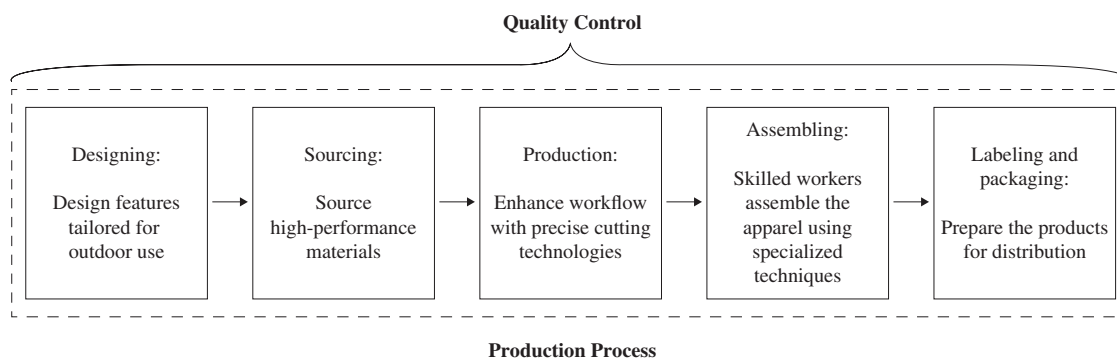
Our success is built on our solid development capabilities, driven by an approach to designing high-quality professional outdoor apparel through iterative pattern refinement and the integration of functionality and protective features. Complementing this development process, we have also established optimized production workflows that enable us to maximize efficiency while delivering consistent quality in our outdoor apparel offerings. The production lead time for our professional outdoor apparel typically spans approximately 45 days from ordering raw materials to product delivery to us.

Our product development methodologies are carefully structured to ensure quality, effectiveness, and market readiness. Each season, we develop product launch plans aligned with consumer preferences, market opportunities, and brand strategy. This cross-departmental process involves management setting direction, design leading creativity, commodity ensuring commercial viability, sales providing market insights, and supply chain confirming production feasibility. This collaboration enables the delivery of successful seasonal collections that resonate with customers and strengthen our market position.

- **Product Planning.** The initiation stage includes defining market positioning, target consumers, and business goals. Cross-functional collaboration among designers, merchandisers, marketing, and production refines product concepts to align with our brand and market needs. Concurrently, comprehensive market research and competitive analysis are conducted to discern prevailing trends and consumers preferences, thereby facilitating the development of well-informed and market-ready products.
- **Product Development.** Our product development process rigorously adheres to international and industry-specific quality control standards, covering fabric quality, dimensions, fit, sewing, and finishing to minimize defects and ensure product reliability. Raw materials and fabrics are carefully sourced from qualified suppliers with proper certifications, undergoing thorough testing and quality checks to comply with our strict material and fabric standards and uphold product standard.
- **Product Launch.** The marketing and product pilot sales stage involves initial market testing through selected channels to gather authentic consumer feedback and assess early market response. This insight drives our upgrade and iteration process, which incorporates consumer input, sales performance data, and technological advancements to continuously refine and optimize our products. Through this approach, we ensure our offerings remain competitive and well-aligned with evolving market demands.

Following the completion of our comprehensive product development phase, we seamlessly transitioned into the production stage, where meticulous craftsmanship and precise execution bring our designs to life. It starts with designing features tailored for outdoor use, followed by sourcing high-performance fabrics like waterproof and insulating fabrics. The next stage is production planning, where we determine the most suitable technology for each specific apparel item to enhance workflow efficiency. We implement rigorous quality control measures throughout the production process to ensure all products meet industry standards. Finally, finishing steps, including labeling and packaging, prepare the products for distribution. This systematic approach combines innovation, quality, and efficiency to deliver premium outdoor apparel.

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During the Track Record Period, we operated a hybrid production model combining contractual manufacturers with self-production. We work with carefully selected contractual manufacturers who produce our apparel according to our detailed specifications and strict quality standards. At the same time, we operate two self-built production facilities to manufacture certain products, namely our Qingzhou Facility and TANBOER Technology Park. Our Qingzhou Facility serves as a supplementary product facility that handles urgent restocking needs. Our TANBOER Technology Park focuses on producing newly launched product categories or series to establish series-specific product quality standards and production methods. These in-house standards will then be disseminated to third-party manufacturers to enhance efficiency and quality control, strengthening collaborations and supporting a stable and high-quality supply chain.

Contractual Manufacturers

We primarily adopt an asset-light business model by partnering with carefully selected third-party contractual manufacturers who manufacture our products according to our designs and specifications. During the Track Record Period, over 90.0% of our products were manufactured under this model. This approach allows us to focus our resources on core competencies in product design, development, and brand building while maintaining operational flexibility. We are also able to negotiate some favorable pricing terms with our contractual manufacturers. These include negotiating transparent pricing structures, securing long-term contracts to stabilize costs and leveraging economies of scale through high volume purchasing.

To mitigate the inherent risks associated with this business model, we maintain strategic relationships with multiple qualified contractual manufacturers, implement comprehensive quality assurance systems, establish explicit contractual safeguards, and conduct regular performance evaluations of our contractual manufacturers. This diversification strategy, coupled with our rigorous supplier management protocols, serves to ensure production continuity and uphold product quality standards while minimizing dependence on any single contractual manufacturer.

During the Track Record Period and up to the Latest Practicable Date, there are no past or present relationships or dealings (including, without limitation, other than the business relationships as disclosed above, employment, family, trust, financing, shareholding, fund flow or otherwise) between our Group (including our subsidiaries, shareholders, directors, supervisors or senior management, or any of our respective associates) and each of our contractual manufacturers and their ultimate beneficial owners.

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Relationship with Contractual Manufacturers

We select contractual manufacturers based on a comprehensive set of criteria, including workforce size, production capacity, storage conditions, and compliance with standards. Our quality control team regularly conducts on-site inspections and assesses performance against key metrics such as product quality, delivery punctuality, and adherence to our requirements. Contractual manufacturers who fail to meet our requirements or receive consecutive unsatisfactory evaluations may be suspended or removed from our approved supplier list, ensuring we maintain high-quality standards across our production network.

Our partnered contractual manufacturers distributed across Northeast, Northern, Eastern and Southwest China, with specialized facilities handling different product categories. In 2023, 2024 and 2025, we collaborated with 32, 72 and 67 contractual manufacturers, respectively. We have engaged an increased number of contractual manufacturers to support our diversified product portfolio and sustain continuous revenue growth. The following table sets forth the total number of contractual manufactures and their movement for the years indicated.

	Year ended December 31,		
	2023	2024	2025
Number at the beginning of year	31	32	73
Number of contractual manufactures newly engaged	13	49	31
Number of contractual manufactures terminated	12	9	37
Number at the end of the year	32	72	67

We foster long-term and stable relationships with renowned contractual manufacturers. A significant portion of our production activities is entrusted to contractual manufacturers with whom we maintain long-term collaborations. This strategic approach enables us to secure reliable production capacity, ensuring consistency in production processes and thereby enhancing our overall product quality control. In 2023, 2024 and 2025, the total purchase amount from our top five contractual manufacturers for each year during the Track Record Period (together, the “**Major Contractual Manufacturers**”) amounted to RMB66.8 million, RMB122.4 million and RMB105.7 million, respectively, accounting for 78.0%, 50.5% and 38.8% of our contractual manufacturing costs for the same year. Our Major Contractual Manufacturers are established privately owned China-based companies, primarily engaged in garment manufacturing and sales, as well as general equipment productions. As of December 31, 2025, we cooperate with our Major Contractual Manufacturers for an average length of seven years.

Along with the expansion of our business, we engaged new contractual manufacturers on short-term basis to supplement production capacity. In 2023, 2024 and 2025, we engaged 13, 49 and 36 new contractual manufacturers, respectively. These newly engaged contractual manufacturers are typically mid-size textile and apparel production companies in China. These contractual manufacturers provide greater flexibility for scaling production to meet seasonal demands and urgent orders. They offer cost efficiency through regional supply chain clusters while maintaining high attention to quality and customization for premium outdoor fabrics. In 2023, 2024 and 2025, we terminated with 12, 9 and 37 contractual manufacturers to align with our strategic development needs. In 2025, we conducted a comprehensive review and optimization of our existing contractual manufacturers, assessing them against specific criteria, including defect rates below 5%, on-time delivery above 95%, and production flexibility for urgent orders. We decided to terminate with contractual manufacturers that do not meet these requirements and introduce new partners, laying a solid foundation for precise execution of future production plans.

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During the Track Record Period and as of the Latest Practicable Date, we had not experienced any business disruptions resulting from a shortage of capacity dedicated to us by our contractual manufacturers.

Production Supervision

We maintain strict oversight throughout the entire production process of our contractual manufactures. We provide them with detailed product specifications, comprehensive technical documentation, and sample references to ensure consistent quality and adherence to our standards. Our quality control personnel conduct systematic on-site inspections at critical production phases, including fabric preparation, sample validation, production initiation and final quality evaluation. Through the enforcement of standardized production protocols, rigorous quality control measures and continuous communication with contractual manufacturers, we ensure uniform product quality and strict adherence to production standards across our production network. For details, please see “— Quality Control — Third-Party Production Oversight.”

Contract Terms with Contractual Manufacturers

We engage contractual manufacturers on an order-by-order basis, executing individual standardized contracts for each specific production project to preserve operational flexibility. The key terms of the standardized agreements primarily include:

- Contractual Manufacturing: We engage contractual manufacturers to produce our products, primarily including professional outdoor apparel, among others, in accordance with the requirements specified in our purchase orders. All raw materials required for production, including down and zippers, are provided by us. Subcontracting in whole or in part is strictly forbidden by us except for our written consent after thorough assessment.
- Product Quality: The products delivered by the contractual manufacturers shall meet the quality standards set by us and the applicable laws, regulations and national and industry standards. In the event of defective products, we reserve the right to (i) request returns or exchanges; (ii) claim damages; or (iii) require contractual manufacturers to remove and return our branding logo and purchase the corresponding products at the suggested retail price.
- Delivery: All risks of damage or loss to raw materials, finished products during transportation shall be borne by the party contractually designated as responsible party for transportation.
- Intellectual Properties: . . . Under all circumstances, ownership of all materials, labels, finished and semi-finished products shall remain exclusively with us and the contractual manufacturers are expressly prohibited from retaining any of them. Furthermore, all technical documentation, production processes and related information provided to the contractual manufacturers remain our exclusive property, including all associated technical ownership rights and intellectual property.

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Confidentiality:	Contractual manufacturers are strictly prohibited from disclosing, utilizing, or permitting third-party use of any confidential information obtained during the execution this agreement. Such information includes production methods and unreleased apparel designs. All fabrics and materials must be returned to us upon completion of production. The contractual manufacturers shall not retain any originals, copies or reproductions of our proprietary design.
Liability:	Contractual manufacturers bear all expenses for defects caused by non-compliance with our standards, including rework and shipping. Rework must be completed within two days of inspection. We may deduct fees from payments if we perform rework. A one-year post-production warranty applies, covering all defect-related liabilities, including reputational damages.
Payment Terms:	We will pay 60% of production fees upon monthly delivery acceptance, with the balance paid within 30 days after completion of the agreement.
Termination:	The agreement will be terminated upon its expiration or by other means as set forth in the relevant agreements.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material breach of the agreements and we have not experienced any significant delay in delivery of our orders from our contractual manufacturers.

Self-Production

Our Production Facilities

As of the Latest Practicable Date, we operate two production facilities in Qingzhou, Shandong province. Our TANBOER Technology Park production facility is equipped with advanced automated machinery, including automatic down-filling machines, automated pattern machines, and hanging systems. Leveraging our experience in managing in-house production facilities, we have developed customized inspection protocols tailored to different product categories. We then applied these quality control standards with our contractual manufacturers, leading to improved product quality, greater efficiency, and enhanced cost-effectiveness across our contractual manufacturing partners.

The following table sets forth the details of the designed production capacity, actual production volume and utilization rate of our production facilities during the Track Record Period:

Production Facility	Production Line	Designed Production Capacity ⁽¹⁾	Production Volume	Utilization Rate ⁽²⁾
		(units)	(units)	(%)
For the Year Ended December 31, 2023				
Qingzhou Facility	3	67,590	62,058	91.8
For the Year Ended December 31, 2024				
Qingzhou Facility	3	72,870	67,733	93.0
For the Year Ended December 31, 2025				
TANBOER Technology Park ⁽³⁾ .	2	56,454	55,982	99.2%
Qingzhou Facility	3	119,915	113,240	94.4%

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Notes:

- (1) Designed production capacity is calculated based on the hourly capacity and working hours. Our designed production capacity mainly depends on the estimated production time required for different products, which is influenced by the techniques and categories of these products. The designed production capacity at our Qingzhou Facility fluctuated during the Track Record Period, primarily due to variations in product complexity.
- (2) Utilization rate is calculated by dividing the production volume of a given year by the production capacity of the same year.
- (3) Our TANBOER Technology Park commenced production in July 2025.

Our Production Expansion Plan

We adopt a balanced strategy for expanding production capacity, steadily growing our self-operated bases in line with consistent business growth. Rather than making large investments in new production lines, we focus on optimizing operations through partnerships with reliable, high-quality contractual manufacturers. We believe our current balance of in-house production testing and contractual manufacturer production optimizes both flexibility and quality control. Moving forward, while we may implement measured and orderly capacity expansions when justified by market conditions, we currently anticipate no substantial increases in production-related capital expenditures.

BRANDING AND MARKETING

We reinforce our brand philosophy by building a strong image centered on quality and innovation. Our marketing initiatives encompass comprehensive online and offline promotional campaigns, strategic partnerships with outdoor communities, the engagement of celebrities and KOLs, and collaborations with professional sport teams.

Our Branding Concept

Rooted in our ethos of “With Love and Warmth (有愛有溫暖)”, this dedication reflects our commitment to upholding consistent quality and the spirit of heartfelt devotion. To ensure quality and build our brand, we established the “Extreme Cold Technology Laboratory” with Beijing Institute of Fashion Technology to test materials and products. Our Qingzhou, Shandong headquarters hosts a flagship museum as the primary brand experience center, showcasing our history and expertise in functional materials, craftsmanship, and design. We embrace a philosophy of love and compassion for communities and individuals. We partner with the Narwhal Ocean Research Center on the Polar Exploration Collection to advance North Pole research, reflecting innovation and social responsibility. In 2024, we collaborated with UNICEF on China’s “Quality and Inclusive Education” program to promote safe, equitable education for vulnerable children, underscoring our commitment to community welfare.

Online Marketing Initiatives

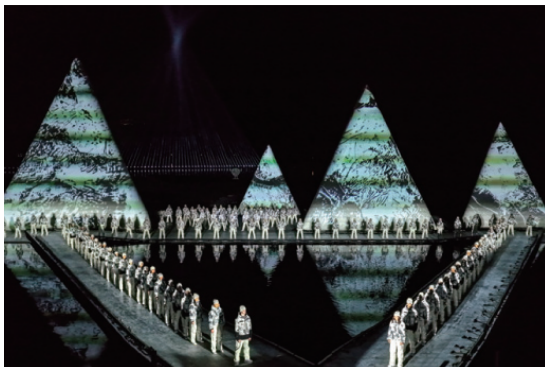
Our extensive online marketing activities are a key part of our overall marketing and branding strategy, allowing us to engage consumers and strengthen brand awareness through social media platforms. We leverage popular media platforms, such as Douyin, to create captivating content that highlights our products and engages outdoor enthusiasts. By producing tailored content and working closely with MCN agencies and KOLs, we effectively build an engaged community and expand our brand influence. As of the Latest Practicable Date, our TANBOER-related videos have garnered over 2.0 billion views on Douyin, and brand discussions on a social media platform have exceeded 250 thousand, reflecting our strong online presence and visibility. In addition to our marketing efforts on these media platforms, we also proactively leverage livestreaming to expand our consumer base and present our products through an engaging visual experience.

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Offline Marketing Activities and Events

During the Track Record Period, we organized a series of offline marketing activities across major cities in China, which served as key drivers of brand awareness and contributed to our sales growth. These events were strategically designed to create immersive consumer experiences, strengthen brand loyalty, and generate significant sales conversions following each event. In 2024, we hosted “The Down of China (中國好羽絨)” event through Douyin, showcasing the quality, functionality, and advanced design of our products. This enables use to significantly enhances our brand visibility and presence. At the 25th brand anniversary event in 2024 themed “Embrace with Nature (與自然為友),” we organized a refreshing fashion and light show at our headquarters. The event celebrates the craftsmanship and design of outdoor living. In September 2025, we held our “Snow Dance on the Mountain Peak” outdoor ice and snow show at Hangzhou’s West Lake. This event marked a significant milestone, highlighting our over two decades of heritage. In particular, our brand-related searches for “Tanboer” experienced a significant increase, with WeChat search volume rising by over four times and Baidu search volume increasing by more than 23 times on a day-on-day basis within 10 days of the event.

We also enhance our marketing efforts by partnering with carefully selected venues located in high-traffic outdoor destinations frequented by quality consumers, particularly at ski resorts. During the Track Record Period, we focused our ski resort sponsorships on key winter sports destinations in China with high concentrations of target consumers, covering five major ski resorts in Hebei Province and Xinjiang. Such partnerships are typically carried out on a seasonal basis throughout the ski season, featuring long-duration, high-visibility brand placements at core touchpoints, such as cable cars and prominent mountainside billboards. These activities enable us to maintain sustained presence in relevant consumption scenarios and enhance our reach among winter sports and winter outdoor apparel consumers. In addition, at the commencement of the 2025 snow season, we hosted on-site new product launch events at select major partnered ski resorts across Hebei Province and Xinjiang, showcasing our latest offerings to ski enthusiasts and strengthening our brand presence in key winter sports destinations. Our sales performance during such periods demonstrated meaningful growth, with sales in regions of our partner ski resorts recording substantial growth in 2025 compared to 2024. Collectively, our “Snow Dance on the Mountain Peak” showcase and strategic partnerships with ski resorts with on-site product launch events have served to enhance our new product sales and reinforce our position as a professional outdoor apparel brand. We sponsor professional athletic competitions and community events, while integrating industry influencer content to enhance expertise and credibility in outdoor apparel. Additionally, we build close connections with local cultures. In September 2025, we launched a co-branded collaboration with the Xinjiang Altay Mountain Ice Snow Tourism Co., Ltd., the primary operator for sports and tourism services in China’s Altay region, to deepen consumer engagement with our Ski Collection.



The “Snow Dance on the Mountain Peak” Show at Hangzhou’s West Lake



TANBOER Logo Presented at Altay Ski Resort

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Celebrity Endorsement and KOL Engagement

Our endorsements with outdoor sporty celebrities and influential KOLs who embody a positive image and share a passion for outdoor activities have increased our brand visibility.

Our celebrity endorsement expertise is evident in our celebrity matrix. In September 2025, we announced Ms. Zhong Chuxi, a renowned Chinese actress known for her vibrant and active lifestyle, as our brand ambassador. This strategic collaboration has successfully broadened our consumer reach, engaging not only our existing consumer base but also attracting her extensive followers, with a particular emphasis on resonating with the younger demographic. By leveraging our sustained efforts in celebrity endorsements, we successfully achieved a substantial growth in brand visibility, achieving more than a 20-fold increase in fan interactions on Weibo. These high-profile endorsements not only amplified our brand’s reach but also enhanced its brand recognition and positive perception within the outdoor and active lifestyle communities.



Our Ambassador, Ms. Zhong Chuxi

By delivering targeted content and leveraging data insights, we have strengthened connections with our audience and built long-term brand loyalty. In 2025, we proactively and selectively partnered with a total of 322 KOLs to conduct product recommendation and live-streaming promotion to build consumer interest and spread brand awareness. Our KOL partners are carefully selected based on their expertise, influence, and alignment with our brand values. By leveraging their marketing perspectives and creative content, we can reach a wider audience and foster a deeper connection with our target consumers. We engage KOLs across two principal categories, namely, outdoor sports influencers and live-stream shopping hosts. To reinforce our brand’s professional positioning, we collaborate with outdoor sports influencers who have credible outdoor expertise, such as professional athletes and seasoned outdoor enthusiasts (for example, Li Tianle — the captain of the Chinese National Team at the FISU Winter World University Games, and Feizhou Dagege (非洲大格格) — an outdoor enthusiast and sponsored athlete of several skiing brands), whose use of our professional outdoor apparel in demanding environments underscores its performance and reliability. To drive conversions on major e-commerce platforms, we partner with creative lifestyle and live-stream shopping hosts (for example, Sun Jingyi (孫怡靜 cristine) — a fashion stylist and product review influencer, and Chai Biyun — a Chinese actress who has also become a popular livestream shopping host) with strong presentation skills and consumer appeal. This dual-track approach enables us to cultivate both professional brand credibility and consumer purchasing intent. Pursuant to the standard partnership agreement with KOLs, they are primarily responsible for conduct marketing campaigns through livestreaming sessions, short videos, or social media posts to promote our brand and products. KOLs must submit all materials and requirements for video production to us for review. Shooting may commence only upon our approval of the finalized script. We retain approval rights over completed footage and promotional posts prior to any online publication. For outdoor sports influencers, fees are typically fixed, payable in milestone-based installments upon contract execution and satisfactory of their completed footage or promotional posts, subject to adjustment based on actual influencer engagement metrics. For live-stream shopping hosts, fee are typically structured a promotional service fee in a fixed amount or as a percentage of sales generate. In 2023, 2024 and 2025, our fees and commissions paid to KOLs amounted to RMB20.4 million, RMB21.2 million and RMB82.9 million respectively.

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Our KOLs’ authentic influence with high-quality targeted content played a key role in expanding our brand presence. This collaboration contributed to a two-fold increase in keyword searches on certain social media platform in 2024 compared to 2023, reflecting growing consumer interests in our brand. To maximize marketing effectiveness, we select KOLs based on the unique characteristics of each platform, ensuring that our strategies align closely with platform-specific consumers. To ensure compliance with all applicable PRC laws and regulations, our agreements with celebrities and KOLs include provisions requiring them to present product information that is accurate and not misleading. Additionally, we (i) evaluate the reputation of KOLs before engagement, (ii) provide them with guidelines on product promotion, and (iii) conduct sample monitoring of their livestreams on a regular basis. They are also required to protect our brand image by refraining from any negative or defamatory remarks about our brand or products both during and after the contract period. According to our PRC Legal Advisors, we had not been subject to any material fines or other material administrative penalties by regulatory authorities due to non-compliance with relevant online advertising laws and regulations during the Track Record Period.

Collaborations with Professional Sport Teams

Our collaborations with professional sports teams is built on mutual trust and shared success. In 2024, we established partnerships with the Austrian Snowboarding National Team and the Chinese Nordic Combined Team (中國國家北歐兩項隊), providing both competition uniforms and training apparel. Both teams competed at the 2026 Winter Olympics and achieved reliable performance, which further enhanced our brand visibility. In addition, we have partnered with Li Fanghui — a member of China’s National Freestyle Skiing Halfpipe Team, Asian Winter Games champion, and World Championship — as a sponsored athlete, reinforcing our presence within the winter sports community. This enables us to rigorously test our professional outdoor apparel under demanding conditions and ensure our products meet the consistent quality standards of performance and comfort.

INVENTORY MANAGEMENT AND LOGISTICS

Inventory Management

Our inventory primarily consisted of raw materials and finished goods. Our inventory control system relies on real-time sales data, seasonal predictions, and historical trends to guide procurement planning and inventory distribution. We integrate historical sales performance with market trends and cost analysis to generate accurate demand forecasts, enabling differentiated inventory planning and dynamic production scheduling that adapts to market fluctuations, thereby optimizing capacity utilization while preventing overproduction and inventory buildup. In addition, we deploy an inventory clearance program to accelerate turnover of seasonal products through targeted promotions, strategic channel redistribution and dynamic pricing adjustments in clearance channels. Our RFID System allows inventory tracking and enhanced cross-department collaboration to maximize supply chain management efficiency. We require our distributors to promptly report inventory movements and conduct regular and ad hoc inventory checks to monitor and manage their inventory levels. This approach to inventory management ensures operational efficiency and reduces the risks of obsolescence and inventory write-downs.

Throughout the Track Record Period, our inventories aged one year or above remained relatively low. To clear such inventories, we adopt a tiered discounting policy under which higher price discounts are offered for inventories that have been held for longer periods.

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Inventory Build-up Strategy

We build up our inventories starting from the first quarter based on the following considerations:

- *Production planning.* We typically formulate a month-by-month production and sales plan for the following year toward the end of each year and build up inventories strictly in accordance with such plan. We develop our production plans based on historical sales data, consumer purchasing patterns and market trends. Drawing on years of experience in the professional outdoor apparel industry, we have built a data-driven approach to sales planning. Each year, we review sales performance across all product series, including sales volume trends, sales channel mix, seasonal patterns, regional characteristics and customer feedback. Based on these findings, together with market outlook, we prepare a monthly production plan for the following year, covering raw material sourcing and production schedules for contractual manufacturers. Throughout the year, we track production progress and inventory levels on an ongoing basis to ensure they remain in line with the production plan, and make real-time adjustments as needed in response to changes in market demand. This practice of advance planning and early production is widely adopted across the industry.
- *Product quality and cost management.* We build up inventories starting from the first quarter of each year with the objective of delivering promising products to consumers while maintaining effective cost control. Based on years of accumulated experience and data, down quality tends to be at its highest during the first quarter, as the down clusters harvested during this period are large, soft and lightweight, exhibiting superior fill power and cleanliness. In addition, the first quarter is traditionally a slower season for contract manufacturers, meaning production scheduling is more orderly and production quality is better assured. By aligning our procurement cycle with these seasonal dynamics, we are able to optimize both product quality and cost efficiency.
- *Year-round product demand.* Demand for our products has remained consistently strong. By initiating inventory build-up in the first quarter, we are able to build sufficient safety stock to respond promptly to ongoing replenishment orders that emerge as early as the beginning of the year, as well as other unpredictable demand hikes. During this period, we prioritize the production of best-selling products that are characterized by stable demand, strong historical sales and proven designs. In addition, spring/summer products also require advance procurement and production during this period to ensure a stable supply.

Warehousing

Our integrated warehousing system operates on a “hub-and-spoke” model, featuring a central distribution warehouse supplemented by regional fulfillment warehouses. We operate both self-built and leased warehousing facilities in Shandong, Jiangsu, Tianjin, Henan and Sichuan to effectively manage our supply chain and distribution network. Our warehouses function as central hubs within our logistics system, primarily handling the storage of finished products from contractual manufacturers and distributing products to various sales channels. From these warehouses, we coordinate shipments to retail outlets, distributors, e-commerce platforms and directly to consumers for certain online orders. As of the Latest Practicable Date, we owned four self-built warehouses in our headquarters in Qingzhou, Shandong province and five leased warehouses across China.

We established comprehensive policies and procedures for procurement and inventory management, reflecting a proactive and systematic approach to overseeing our supply chain. Typically, we maintain a minimum inventory of raw materials informed by our historical sales data, current market demands, and future sales forecasts. Our integrated IT platforms facilitate centralized, inventory management across all sales channels. These systems allow us to

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continuously track stock levels, generate detailed inventory reports, and ensure consistent product availability while maintaining operational efficiency. During the Track Record Period, we did not encounter any significant shortages of inventory nor did we face substantial obsolescence of raw materials.

Logistics

Our smart logistics system is a logistics ecosystem formed by the integration of digital technologies. This system not only accurately matches supply and demand to reduce idle rates and increase load factors but also enhances operational efficiency through technologies such as automated sorting and conveying. It ensures inventory and order accuracy with a high shipping accuracy rate, improves order processing speed, reduces warehousing costs, and shortens delivery time.

We utilize third-party logistics providers for the delivery of our products. Our engagement with these providers enable us to maintain a low capital expenditure on developing and managing an in-house logistics fleet system. Selection of logistics partners is based on their regulatory compliance record and certifications, proven operational capability, operation scale with network coverage, financial health, digital infrastructure and competitive pricing. Typically, we establish long-term collaboration with these providers, governed by standardized logistics contracts. The logistics providers assume risks related to product delivery, including liability for damages that occur during transportation, and are required to carry appropriate insurance coverage. We evaluate our logistics partners based on their delivery performance, transportation capabilities, and overall service quality. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any significant disruptions in product delivery nor incurred material losses due to delays or mishandling by our logistics providers.

INFORMATION TECHNOLOGY

Information technology systems play a crucial role in maintaining competitiveness and ensuring operational efficiency. We have implemented a comprehensive IT system that encompasses all significant facets of our operations, such as product sales, procurement and production, membership administration, financial reporting, and e-commerce activities through third-party platforms and logistics.

The essential components of our information technology systems are outlined below:

- *Comprehensive Business Management.* Our business middle platform integrates core modules for production, procurement, distribution, retail, inventory, multichannel warehousing, financial settlement, and cost governance. Our BI system collects, cleans, analyzes, and visualizes data for insights into store operations, management, and consumer demand.
- *Product Management.* Our Product Lifecycle Management (“**PLM**”) system optimizes product development from planning and prototyping to final confirmation, enabling real-time tracking and efficient technology transfer via a digitized knowledge base of key data (samples, BOM, specifications). Our RFID system provides end-to-end digital management — including tagging, lifecycle control, packing, shipping, anti-counterfeiting, and store inventory — for full traceability, precise checks, and supply chain transparency. We launched an integrated digital supply chain collaboration system (SCM) system in 2026 to balance quality, cost, and delivery for sustainable competitive advantages.
- *Order and Logistic Management.* Our Order Management System (“**OMS**”) centralizes online orders for allocation, inventory sync, processing, after-sales, and data flow to the business platform for end-to-end control. Our Warehouse Management and Storage System (“**WMS**”) optimizes warehouse operations (inbound, inspection, bin

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management, picking, outbound, cycle counts). Our inventory system manages store replenishment, transfers, redistribution, balancing, and consolidation, powering Transportation Management System (“TMS”) for distribution, logistics, freight reconciliation, and an integrated “order-warehouse-distribution” loop.

- *Customer Relationship Management.* Our Social Customer Relationship Management (“SCRM”) System enables unified membership management and data-driven store operations by integrating customer profiles, loyalty metrics and multichannel retail transaction data for actionable insights.

Data Privacy and Security

We invest significant effort into risk management in information technology systems, as we take the privacy of our consumers as a top priority. During the ordinary course of our business, we collect consumers’ personal information with their prior consent to the extent necessary for the sales and delivery of our products and provision of services. Specifically, with respect to online operations, we collect consumers’ personal information (mainly including names, mobile phone numbers, birthdays, gender, order information, and shipping information. Among these, consumer information collected through stores on e-commerce platforms primarily consists of order information and shipping information) through the WeChat mini program we operate and stores established on domestic third-party e-commerce platforms. For personal information collected through our WeChat mini program, we obtain prior consent directly from the consumers. For personal information collected through our stores on third-party e-commerce platforms, prior consent for such collection has been obtained from the consumers through the relevant platforms. With respect to offline operations, we sell products through our physical stores. For consumers who register as members of our WeChat mini program through guidance by in-store sales staff, the types of personal information we collect are consistent with those collected online as described above. For consumers who only make purchases at physical stores without registering as members, we do not collect their personal information. The aforementioned consumer data collected during our business operations in China is stored within the PRC. Although we are in possession of the personal information of over one million users, according to the inquiry of China Cybersecurity Review, Certification and Market Regulation Big Data Center (the “CCRC”), the scope of “foreign listing” does not include listing in Hong Kong. Therefore, we are not required to apply for a cybersecurity review by the Cybersecurity Review Office for the [REDACTED]. During the Track Record Period and as of the Latest Practicable Date: (i) we have not received any notice from any relevant government authority identifying us as a critical information infrastructure operator (the “CII”), nor have any of our network facilities or information systems been designated as critical information infrastructure (the “CII”), and (ii) none of our network products and services or our data processing activities have been determined by any regulatory authority to affect or potentially affect national security, and we have not received any notification from any regulatory authority initiating a cybersecurity review against us or requiring us to undergo a cybersecurity review. Based on the foregoing and the aforementioned consultation with the CCRC, our PRC Legal Advisors are of the view that we are not required to apply for a cybersecurity review in connection with the [REDACTED] in Hong Kong.

During the Track Record Period and as of the Latest Practicable Date, in the course of conducting international trade, we may transfer personal information of a limited number of our employees who act as contacts (mainly including names and email addresses) in order to communicate with our overseas partners. We may also view consumers’ shipping information (mainly including buyer names, address information (limited to region/state/city and postal code)) and order information through overseas third-party e-commerce platforms. The aforementioned data viewed through overseas third-party e-commerce platforms is stored on such platforms. In addition, we store information of our merchandise within the PRC to arrange shipment to the centralized warehouses of overseas e-commerce platforms, which does not involve storing consumers’ personal information within the PRC.

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Additionally, regarding the provision of data to third parties, in order to fulfill order delivery obligations, we provide recipient information associated with orders to logistics service providers. To offer membership services, we provide membership information to the sales staff of offline distributor stores who assist members in registration, enabling them to deliver services to the members. During the course of our business, we provide consumers with product browsing, order placement, order status management, delivery, after-sales service, and membership management. These services are supported by our WeChat mini program, OMS system, and TMS System for the display of products, services, and data processing.

As for the specific mechanisms, we enforce strict control over the access of data to ensure privacy protection. We also implement comprehensive approval and operational procedures for data storage and processing as part of our integrated data protection scheme. We maintain strict internal requirements regarding the use, disclosure, and transmission of confidential information involved in our business operations. We have implemented the following measures in our daily operations:

- We have formed a cybersecurity leadership team, data security leadership team, and personal information protection leadership team that exercises general oversight of cybersecurity data security and personal information protection matters.
- We have established comprehensive internal data security and protection protocols, encompassing information security management system, security management organization, personnel security management, system operation and maintenance, information security incident emergency response plan, data classification and grading system, among others.
- We have implemented detailed measures for personal information and privacy protection, including notifying consumers and securing their consent for the collection and use of their personal information.
- We have taken a series of technical measures, such as data encryption, data backup, access control, and firewall protection, to prevent harmful acts that endanger network information security. We also clarify data usage permissions based on data scope of use.
- We provide information security training for all personnel, including security awareness training, technical training and management training.

During the Track Record Period and up to the Latest Practicable Date, given that: (i) we had not experienced any significant or major cybersecurity incidents, nor had we experienced material information leakage or loss of our data in China, and (ii) we had not been subject to any administrative penalties in the areas of cybersecurity, data security, or personal information protection (including cross-border data transfer), nor had we been involved in any related arbitration or litigation arising from disputes in China, our PRC Legal Advisors are of the view that, during the Track Record Period and up to the Latest Practicable Date, we have complied with all applicable PRC laws and regulations on cybersecurity, data security and personal information protection (including cross-border data transfer) in all material respects. That is, no fundamental issues in the areas of cybersecurity, data security, or personal information protection (including cross-border data transfer) have been identified that would prevent the continuous operation of our business and cannot be rectified due to violations of relevant PRC laws and regulations. We will closely monitor further regulatory developments and take appropriate measures in a timely manner.

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QUALITY CONTROL

At the heart of our business lies an unwavering commitment to quality. We recognize that maintaining consistent quality is essential to our success and the satisfaction of our consumers. To uphold this commitment, we implement a closed-loop quality management system spanning the entire product lifecycle, which covers product research and design, supply chain and incoming material inspection, production process monitoring, final products testing and after-sales quality tracking. Through rigorous standards, we ensure products consistently meet consumer requirements. Each product is embedded with an RFID tag to enable full-chain quality traceability and accountability. Although most of our production is outsourced to third-party contractual manufacturers, we maintain full oversight under this mature and comprehensive quality management framework. By embedding strict quality control measures throughout these steps, we not only protect and enhance the reputation of our brand but also ensure consistent product standard across all sales channels.

As of December 31, 2025, we had established a dedicated quality control and assurance team consisting of 98 employees. With their extensive experience and professional expertise, the team oversees the entire product development and production process, ensuring strict quality control across all stages, including product design, R&D, procurement, production, and after-sales service. Our standardized quality control and testing center operates at a high standard. It has participated in the drafting of multiple national and industry standards, including “Guidelines for Outdoor Sportswear Jackets”, “Guidelines for Down Jackets” and “Guidelines for Quality Grading of Consumer Products Garments.” The center has established several of internal control standards and testing methods, possessing the capability to conduct comprehensive inspections on various types of garment raw materials, semi-finished products, and finished goods. Equipped with over 50 advanced testing instruments and sets, it carries out more than 100 testing items, including down cluster analysis, color fastness testing, physical performance testing, and detection of harmful chemical substances.

As a result of our rigorous quality control measures, during the Track Record Period and up to the Latest Practicable Date, we had not received any material product return requests from consumers, nor have we encountered any material product recalls or defects, major consumer complaints or been subject to any significant penalties from government authorities due to product quality issues.

Product Design and Development

During the design and development phase, we establish stringent quality specifications that prioritize product performance and refined aesthetics. We implement technical specifications for green product design evaluation, which detail precise criteria for material selection, eco-design, functional performance, and visual appeal, establishing a consistent framework for quality control. Serving as key benchmarks for our contractual manufacturers, these standards ensure that each product delivers not only functional protection but also trendy style.

To achieve these objectives, we conduct comprehensive testing on raw materials, prototype samples, and product specimens throughout the development process. This thorough validation process allows for the early identification and resolution of any potential performance or aesthetic issues, ensuring that the final product possesses both advanced functionality and polished appearance before full-scale production.

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Third-Party Production Oversight

While we partially rely on contractual manufacturers for production, we maintain strict oversight and enforce rigorous quality control protocols at their facilities to ensure compliance with our quality standards. These protocols include: (i) Pre-production material inspections. We have established internal material inspection control standards (significantly higher than national industry standards) and testing methods. All fabrics and raw materials are inspected before production begins to ensure they meet our specifications and are free of defects; (ii) In-process quality checks. Quality control personnel inspect throughout production, using detailed Standard Operating Procedures (SOPs) and precise process parameter cards for each step and product category. Advanced automated equipment — like automatic down filling, template, and snap-fastening machines — reduces human errors and ensures parameter consistency. CPK monitoring with over 10 real-time indicators at key processes enables immediate adjustments, keeping variations within $\pm 1\%$ and defect rates below 3%, minimizing final product risks; and (iii) Final product inspections. Before products are shipped from the contractual manufacturers, we typically perform thorough inspections to verify that they meet our specifications, including checks for appearance, functionality, durability, and packaging.

We work closely with our contractual manufacturers to ensure they understand and adhere to our quality requirements. To maintain consistency, our quality control team regularly conducts factory audits to assess their compliance with our standards, evaluate their production capabilities, and ensure their operational processes align with our expectations. Comprehensive records of inspections, test results, and corrective actions are maintained to ensure traceability and continuous improvement.

Logistics, Warehousing and Retail Inspections

Our quality control extends well beyond production, encompassing logistics and retail stages to ensure product standard throughout the entire supply chain. Upon arrival at our warehouses, each shipment undergoes a thorough inspection to confirm it has remained undamaged during transit. Additionally, we perform regular quality audits at both our warehouses and retail locations to ensure products are stored, handled, and displayed under optimal conditions that maintain their integrity.

Key practices include vigilant monitoring of packaging and storage environments to prevent damage or degradation, as well as random sampling and inspection of inventory. These proactive measures help us detect and address any defects that might have been missed earlier, ensuring consistent quality throughout the product’s lifecycle until it reaches the consumer.

Consumer Feedback and After-Sales Service

We place significant emphasis on addressing quality concerns and feedback from consumers. Our national consumer service hotline is clearly displayed on product tags and our official website, ensuring we listen to consumer feedback. When consumer report quality issues, we respond within 24 hours and assign dedicated personnel for follow-up, providing a solution within 48 hours. At the same time, we promptly relay consumer feedback to our R&D and production teams, using it as vital input to drive product improvements and enhance quality. Delivering prompt and effective solutions to consumer to ensure satisfaction and foster long-term trust. By integrating consumer feedback into our quality control system, we continuously refine our processes and strengthen the overall quality of our products.

Product Returns and Recalls

We have implemented a comprehensive product return and recall policy in compliance with applicable PRC laws and regulations and relevant e-commerce and social commerce platform policies.

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Online Channels

We maintain stringent product return policies for our online sales channels:

- For products sold via our self-operated online stores, we generally allow consumers to return or exchange products in a condition suitable for a second sale within seven days of delivery according to the relevant laws and regulations. For product returns or exchanges beyond the seven-day period, we may from time to time allow limited cases that involve product defects, pricing adjustments or other mutually agreed circumstances, and any such requests are subject to case-by-case review and approval.
- For our sales to e-commerce platforms and online distributors, we have primarily adopted a consignment sales model, under which we recognize revenue upon confirmation of receipt by the end consumer. E-commerce platforms and online distributors can only return consumer-returned products to us. Consumers may return products in instances of product defects, pricing adjustments, or other mutually agreed-upon reasons, and we evaluate such returns on a case-by-case basis.

During the Track Record Period, our product returns from online channels were primarily due to the following reasons: (i) consumer preferences regarding appearance, design, color, size, fit, or perceived suitability. According to CIC, product returns in online apparel retail are primarily driven by the nature of online shopping, where consumers cannot inspect or try on products prior to purchase. In addition, apparel products are highly personal in nature, and consumers’ subjective preferences significantly influence their purchasing and returning decisions; (ii) pricing adjustments, referring to adjustments arising from differences in promotional discount rates across various e-commerce platforms. As individual e-commerce platforms may implement distinct promotional campaigns or subsidy policies during the same period, the effective selling price of identical products may vary, resulting in corresponding price differences and related return or adjustment requests. According to CIC, it is common in the apparel industry for online platforms to accept returns arising from promotional pricing adjustments on online sales channels; and (iii) product condition-related reasons, which, to our best knowledge, primarily resulted from damage to products or packaging incurred in transit or other factors beyond our control, consumers’ perception of workmanship and appearance details, and condition changes potentially attributable to consumers’ use, handling or care after delivery.

The following table sets forth a breakdown of product returns from online channels by reason for each period during the Track Record Period, and the amount of product return as a percentage of the revenue generated from respective online sales channels:

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Self-operated Online Stores			
Consumer preference	20	7,301	14,888
Pricing adjustment	–	165	761
Product condition-related reasons and others	3	949	2,210
Total	23	8,415	17,859
Product returns from self-operated online stores in terms of revenue generated from respective sales channel (%)	0.01%	1.8%	1.8%

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	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Sales to E-commerce Platforms			
Consumer preference	934	2,017	5,200
Pricing adjustment	8	73	130
Product condition-related reasons and others	121	164	367
Total	1,063	2,254	5,697
Product returns from sales to e-commerce platform in terms of revenue generated from respective sales channel (%)	0.9%	1.6%	2.7%
Online Distributors			
Consumer preference	–	11	700
Product condition-related reasons and others	–	3	80
Total	–	14	780
Product returns from online distributors in terms of revenue generated from respective sales channel (%)	–	0.9%	3.0%

Offline Channels

Offline Self-operated Stores

For products sold via our offline self-operated stores, we generally allow returns for product defects. In 2023, 2024 and 2025, our product returns from self-operated offline stores amounted to RMB12 thousand, RMB30 thousand and RMB97 thousand, accounting for less than 0.1% of our revenue derived from self-operated offline stores for each period during the Track Record Period. During the Track Record Period, to our best knowledge, our product returns from our offline self-operated stores were primarily arising from improper handling or use by consumers, including failure to follow care instructions, which in certain cases resulted in issues such as color variation.

Offline Distributors

Our offline distributors are generally granted a return and exchange allowance of a certain percentage of their purchase amount. Our return framework for offline distributors is designed as an inventory management mechanism to support distributor sustainability. Due to the seasonal nature of our business, distributors typically stock up ahead of peak selling seasons to secure product availability and ensure timely market coverage. To help distributors manage inventory and working capital through the peak season, we permit returns of eligible unsold inventory within three specified return windows that are strategically scheduled around peak season milestones, with two windows during mid-peak season and one window at the end of the annual sales cycle. At each return window, distributors may return products up to a prescribed percentage (typically in the range of 5%-10%) of the sales generated during the relevant period. For adult winter down-filled apparel, the aggregate cap across the three windows is 30% (previously 35% in 2023), and for other products, the aggregate cap is 20% (previously 25% in 2023), in each annual sales cycle running from April 1 of the current year through March 31 of the following year. Importantly, each window’s return quota is available only for that specific window and does not roll over or accumulate for use in subsequent windows; accordingly, the overall cap represents the sum of the three discrete window-specific allowances, rather than a single pool that can be carried forward.

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Operationally, these return windows are designed to facilitate timely and efficient redeployment of inventory, enabling us to respond dynamically to regional and channel-level demand conditions. Returned products are not retained as dormant inventory; instead, we seek to maximize resource utilization by reallocating returned goods to alternative channels or regions where demand conditions may be more favorable. Such reallocation may include redeployment to other offline markets, alternative sales channels or off-season programs, depending on product mix and demand signals, and does not necessarily require discounting. We do not maintain a separate or automatic markdown policy specifically tied to returned inventory as we do not regard such products as inherently unsellable or requiring clearance at reduced prices. Instead, returns are permitted as part of disciplined inventory balancing and channel sustainability, allowing distributors to convert certain slower-moving stock back into liquidity and reinvest in higher-velocity products. In particular, the final return window closes at the end of the first quarter, which allows us to consolidate returned inventory and proactively deploy it for appropriate off-season sales initiatives or other suitable channels, rather than leaving a large amount of inventory stranded at the distributor level.

Our product returns from offline distributors amounted to RMB105.0 million, RMB100.9 million and RMB147.3 million in 2023, 2024 and 2025, accounting for 31.0%, 29.1%, and 26.9% in the same period in terms of total sales by offline distributors, respectively, calculated by dividing product returns by the sum of revenue generated from offline distributors and such product returns. During the Track Record Period, all of our product returns from our offline distributors were primarily attributable to the contractual return arrangements implemented under our return policies with offline distributors. The aforementioned product return requests were made pursuant to our pre-agreed arrangements with offline distributors each year during the Track Record Period, and primarily related to adjustment of inventory rather than product quality issues or end-consumer returns. During the Track Record Period, the return rate from offline distributors remained below the cap then in effect. According to CIC, it is common in the industry to allow offline distributors to return unsold inventory within specific return windows to support distributors’ sustainability. Within each annual sales cycle, the industry cumulative return rate allowance is capped at 20% to 50% of total sales, while the actual return rate typically ranges from 20% to 35%, remaining within the permitted allowance. For this purpose, the return rate is calculated by dividing the value of product returns by the sum of revenue generated from distributor and such product returns.

Management of Product Return

We believe that implementing differentiated return policies across sales channels allows us to better align return mechanisms with each channel’s operational model and risk profile. In 2023, 2024 and 2025, our total product returns amounted to RMB106.1 million, RMB111.6 million and RMB171.7 million, accounting for 10.4%, 8.6% and 7.8% of our total revenue, respectively. This trend in the product returns was mainly attributable to returns from offline distributors, which was in line with the growth in revenue from offline distributors. During the Track Record Period and up to the Latest Practicable Date, there were no material product returns and exchanges adversely affect our business operation.

For contracts providing a customer with a right to return the goods within a specified period, we recognize revenue based on the goods we expect will not be returned by the customer, as estimated using the expected value method. Specifically, all goods that were expected to be returned by our offline distributors were provided for by recognizing refund liabilities at the time of sale. When such returns subsequently occurred, they were settled by utilizing those refund liabilities, rather than by recording an additional reduction of revenue. Accordingly, our year-end balance of refund liabilities mainly relates to eligible goods that could still be returned by our offline distributors in the final specified return window, amounting to RMB8.8 million, RMB13.1 million and RMB34.0 million as of December 31, 2023, 2024 and 2025, respectively. For details, please see Note 24 to the Accountants’ Report in Appendix I to this document. Our Directors are of the view that the revenue recognized during the Track Record Period was appropriate, and that the refund liabilities recognized for each year of the Track Record Period were sufficient, on the basis of the

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above-mentioned accounting treatments, and taking into consideration that (i) the refund liabilities were estimated based on historical data of subsequent returns and the return rate caps agreed in the relevant contracts; and (ii) our Company has reviewed the relevant distributor contracts (including the agreed return caps and the batches that had not been returned for each year of the Track Record Period) as well as the historical data of subsequent returns, and compared actual subsequent returns with the estimated refund liabilities, with no material differences noted. Having considered the representations and confirmations from the Company, the discussions with the Reporting Accountants on the basis of its above-mentioned accounting treatments and the independent due diligence work performed by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would cause them to cast reasonable doubt on the Directors’ view as set out above in any material respects.

Furthermore, our Directors are of the view that the product returns did not have a material adverse impact on our business operations or financial performance during the Track Record Period and up to the Latest Practicable Date, considering (i) product returns from online channels were primarily made under our established return policies, and were consistent with the operational characteristics of the relevant sales channels; (ii) returns from offline distributors were contractually provided for and managed through structured arrangements, and were in line with industry norm; (iii) return rates from each sales channel remained within the industry’s customary allowance range; and (iv) our current accounting treatment reasonably reflects expected returns through the corresponding adjustments to revenue, accounts receivable, and the recognition of refund liabilities. Having considered the representations and confirmations from the Company and the due diligence work performed by the Sole Sponsor, including (i) discussed with the Company to understand the Group’s product returns policy and the impact of product returns on the Group’s business operations and financial performance during the Track Record Period and up to the Latest Practicable Date; (ii) discussed with the Reporting Accountants to understand the audit procedures they performed in relation to the Group’s product returns; (iii) conducted independent due diligence interviews with the Group’s major offline distributors during the Track Record Period to understand the Group’s product returns policies; (iv) discussed with the industry consultant of the Company to understand if the Group’s product returns policy and return rates are in line with the industry norm; and (v) reviewed the internal control report and discussed with the internal control consultant of the Company to understand the internal control measures adopted by the Group to monitor and manage its product returns, nothing has come to the Sole Sponsor’s attention that would cause them to cast reasonable doubt on the Directors’ view as set out above in any material respects.

In addition, we have implemented comprehensive internal control measures to monitor, assess and mitigate product returns across different sales channels.

- *Upstream quality control:* We adopt stringent raw material inspection procedures, combining full inspection and sample testing based on risk levels, with enhanced scrutiny for new products and new suppliers. We also conduct pre-production sample confirmation and small-batch trial production to identify and rectify potential quality or workmanship issues before mass production.
- *Production and inventory quality assurance:* We establish standardized process documentation for each product and apply graded quality inspection measures, including stricter inspection standards for new products and full inspection of returned products prior to re-warehousing to ensure consistent product quality.
- *Product information and sales channel controls:* We maintain strict controls over the accuracy of product labeling, promotional content and product images, regulate livestream scripts to prevent exaggerated claims, and reduce price competition across different platforms and stores.

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- *Ongoing monitoring and accountability:* We conduct monthly return rate analyses by sales channels and product types, closely monitor high-return products, identify systemic causes of returns and implement corrective measures. In addition, we have established clear internal accountability mechanisms to investigate non-customer-related returns and drive continuous improvement in product quality and operational processes.

OUR CUSTOMERS

Our customers mainly include individual consumers, as well as e-commerce platform, distributors and enterprise customers. In 2023, 2024 and 2025, the aggregate revenue generated from our five largest customers in the respective year amounted to RMB131.8 million, RMB161.5 million and RMB244.3 million, respectively, representing 12.9%, 12.4% and 11.2% of our total revenue in the corresponding year. In addition, in 2023, 2024 and 2025, the revenue generated from our largest customer in the respective year amounted to RMB82.7 million, RMB89.4 million and RMB118.2 million, respectively, representing 8.1%, 6.9% and 5.4% of our total revenue in the corresponding year.

As of the Latest Practicable Date, none of our Directors, their close associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our total issued share capital) had any interest in any of our five largest customers during the Track Record Period.

Third-Party Payment Arrangements

Background

During the Track Record Period, a few of our customers (individually or collectively, the “**Relevant Customer(s)**”) settled payments with us through accounts that do not belong to the contractual parties under the corresponding sales and purchase agreements (the “**Third-Party Payment Arrangements**”).

In 2023, 2024 and 2025, a total number of 4, 10 and 6 Relevant Customers utilized the Third-Party Payment Arrangements to settlement payments with us, respectively. In the same periods, the aggregate amount of payment from designated third-party payors to us was approximately RMB4.4 million, RMB7.6 million and RMB4.4 million, respectively, representing 0.4%, 0.6% and 0.2% of our total revenue, respectively. During the Track Record Period, no individual Relevant Customers had made material contribution to our revenue.

Our Directors have confirmed that, to the best of their knowledge, none of the Relevant Customers during the Track Record Period was a connected person of the Company. During the Track Record Period, the third-party payors designated by the Relevant Customers primarily consisted of persons affiliated with the Relevant Customers, such as shareholders, relatives and business partners. Our Directors have confirmed that none of the designated third-party payors of any Relevant Customers during the Track Record Period is a connected person of the Company, and such designated third-party payors are independent from each of our Directors, Supervisors, senior management and Shareholders.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, (i) we did not proactively initiate any Third-party Payment Arrangements or participated in other forms in any of such arrangement; (ii) we did not provide any discount, commission, rebate or other benefit to any of the Relevant Customers to facilitate or incentivize the Third-party Payment Arrangement; and (iii) the pricing and payment terms of the agreements we entered into with the Relevant Customers were consistent with those offered to other customers of a similar nature who were not involved in the Third-party Payment Arrangement.

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Reasons for Utilizing Third-party Payment Arrangements

The Relevant Customers during the Track Record Period were distributors primarily in the form of sole proprietorships, small and mid-size enterprise (owned by either individuals or legal entities). Based on the representations of the Relevant Customers and to the best knowledge of our Directors, the Relevant Customers mainly utilized Third-Party Payment Arrangements either because they preferred using their affiliated persons’ accounts for convenience, or because they would like to avoid the cumbersomeness of corporate accounts and maintain operational flexibility. To the best of our knowledge, the designated third-party payors primarily consisted of persons affiliated with the Relevant Customers, such as shareholder and related parties. According to CIC, it is not uncommon for business in the apparel industry in China to settle their payments through third-party payors for convenience and flexibility.

Implication of Third-party Payment Arrangements

During the Track Record Period, we implemented internal control measures to monitor and manage the Third-Party Payment Arrangements.

We required the Relevant Customers to provide us with the relevant information including, among other things, the identity of the involved designated third-party payors and their account information. We typically required the Relevant Customers and their designated third-party payors to provide us with written confirmation of delegation that the designated third-party payors are authorized by the Relevant Customers to settle payments with us (the “**Written Delegation**”) before entering into Third Party Payment Arrangements, which specified that: (i) the designated third-party payor is authorized by the Relevant Customer and thus is allowed to settle payments with us on behalf of the Relevant Customer; (ii) payment from the designated third-party payor shall be deemed as payments from the Relevant Customer; and (iii) the Relevant Customer and the designated third-party payor undertake that any disputes or legal liabilities associated with or arising from the Third-Party Payment Arrangements shall be borne by the Relevant Customer instead of our Group and shall not concern our Group and be resolved by the Relevant Customer and the designated third-party payor directly. During the Track Record Period, all Relevant Customers provided us with Written Delegation before making payments under the Third-Party Payment Arrangements. During the same period, we have obtained confirmations from all the third-party payors on the legality of source of fund for Third-Party Payment Arrangements. We also had know-your-customer procedures in place for onboarding our customers. Furthermore, in order to ensure the Third-Party Payment Arrangements are for *bona fide* transactions, our financial staff were only allowed to recognize payments from designated third-party payors of the Relevant Customers and our business staff were only allowed to ship our products to the Relevant Customers on the condition that the information of the designated third-party payors matches that in the corresponding Written Delegation.

In consideration of the above, and on the basis that (i) settlements under the Third-Party Payment Arrangements were supported by genuine transactions, (ii) the Third-Party Payment Arrangements in China are not prohibited by the Civil Code of the PRC (《中華人民共和國民法典》) or other pertinent laws or regulations in China, and (iii) we had not been subject to any actual or pending disputes or administrative penalties related to the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date, our Directors are of the view, as advised by the PRC Legal Advisors, that the Third-Party Payment Arrangements in China do not violate any mandatory provisions of applicable laws or regulations in China. Based on such advice, our Directors are of the view that the Third-Party Payment Arrangements do not constitute circumvention’s of relevant laws and regulations in China. This is primarily because the Third-Party Payment Arrangements were initiated by the Relevant Customer to settle payments for genuine transactions with us for their convenience and flexibility. Considering that (i) the Written Delegation has been obtained from all of the Relevant Customers, and (ii) during the Track Record Period and up to the Latest Practicable Date, we were not requested to refund funds, and to the best

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of our knowledge, there was no actual or pending dispute or disagreement involving any Third-Party Payment Arrangements, as to the parties who have provided the Written Delegation mentioned above, our PRC Legal Advisors are of the view that the risk that we are found obligated to return the funds is remote.

In addition, as advised by our PRC Legal Advisors, our Directors are of the view that the risk of the Third-Party Arrangements in China being deemed as constituting the crime of money laundering under Article 191 of the Criminal Law of the PRC (《中華人民共和國刑法》) for the purpose of covering up or concealing the source and nature of proceeds or gains is remote. This is primarily due to several factors: (i) settlements under the Third-Party Payment Arrangements were supported by genuine transactions, and we had no intention or incentive to cover up or conceal the source and nature of payments we received under the Third-Party Payment Arrangements, (ii) the Written Delegation has been obtained from all of the Relevant Customers affirming the legitimacy of funds used in settlements, among other things, and (iii) we had not been subject to any penalties, sanctions, or investigations related to money laundering due to the Third-Party Payment Arrangements in China during the Track Record Period and up to the Latest Practicable Date.

Enhanced Internal Control Measures of Third-Party Payment Arrangements

As of the Latest Practicable Date, we had ceased all Third-party Payment Arrangement and we will not accept any Third-party Payment Arrangement going forward. We have further enhanced our internal control to manage the risks associated with the Third-Party Payment Arrangements, including:

- We initiated the implementation of Third-Party Payment Arrangements rectification measures and informed our employees regarding the enhanced internal control measures;
- We updated invoice management in our financial management manual to further clarify the requirements for managing third party payments.
- When contracts are signed, our employees are required to collect the customers’ bank account information, including the account name, and ensure that all payment transactions are made using the account of the contracting party.
- Our employees are required to verify whether the payment details match the contracting party’s information. In cases of discrepancy, the payment will be rejected and/or returned, and the customers will be notified to make the payment again using the correct account.
- Our finance department is required to conduct monthly reviews of internal operations to identify any potential Third-Party Payment Arrangements. This includes sample checking of contracts to verify whether the payer matches the contracting party, among other measures.
- We only allow payments either (a) directly from the accounts of the customers; or (b) in the case of sole proprietorships, through the account of the actual controllers of sole proprietorships; As advised by our PRC Legal Advisors, under Chinese law, the actual controllers of both individual businesses (個體工商戶) and sole proprietorship enterprises (個人獨資企業) bear unlimited personal liability for all entity debts. This principle is explicitly established under Article 56 of the Civil Code for individual businesses and under the Sole Proprietorship Enterprise Law for sole proprietorship enterprises, resulting in no legal separation between the controller’s personal assets and the business’s obligations.

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- To prevent fraud or money laundering activities and ensure the accuracy and completeness of our accounting books and records, we further strengthened our know-your-customer procedures to gain a comprehensive understanding of our customers and performing verification of payment details against our records to confirm payments are made in accordance with the agreements. If any abnormalities are detected, we will promptly liaise with such customers for verification and correction. In addition, our sales team will hold regular meetings with customers to gain insights into their business operations, thereby reducing the risk of involvement in fraudulent or money laundering activities.

Our Directors consider that the rectification of the Third-Party Payment Arrangements did not have, nor will have, any material adverse effect on the Group, taking into account its relationship with its customers, liquidity, business operation and financial performance, as (i) the number of Relevant Customers and the amount settled under the Third-Party Payment Arrangements as a percentage of the total payments received from all customers decreased accounted for an insignificant number and amount during the Track Record Period; (ii) all of the Relevant Customers cooperated with our rectification process; and (iii) the rectification of Third-Party Payment Arrangements did not affect the payment settlement arrangement from our Relevant Customers on our Group, under which we typically require our Relevant Customers to settle payments before we ship the products.

OUR SUPPLIERS

Our major suppliers include contractual manufacturers and raw materials providers. We usually enter into agreements with our suppliers on an annual basis, subject to our standard terms and conditions. We generally settle the payment by bank or notes transfers.

In 2023, 2024 and 2025, purchases from our five largest suppliers in the respective year amounted to RMB180.9 million, RMB400.4 million and RMB409.3 million, respectively, representing 24.3%, 25.4% and 21.9% of our total purchases in the corresponding year. In addition, in 2023, 2024 and 2025, purchases from our largest supplier in the respective year amounted to RMB59.8 million, RMB104.4 million and RMB97.7 million, respectively, representing 8.0%, 6.6% and 5.2% of our total purchases in the corresponding year.

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The following table sets forth details of our five largest suppliers in each year during the Track Record Period:

Supplier	Type of Products/ Services Provided	Background	Commencement of Business Relationship	Payment Term	Purchase Amount (RMB'000)	% of Total Purchase (%)
<i>For the year ended December 31, 2025</i>						
Supplier A	Lining fabric and cotton fabrics	A privately owned China-based company engaged in R&D and production of chemical fiber textile fabrics.	2004	Initial payment upon delivery; remaining balance in installments with in 10 months	97,730	5.2
Supplier B	Down	A privately owned China-based textile technology group engaged in functional fabric R&D, garment OEM, and global supply chain management.	2024	Initial payment upon delivery; remaining balance in monthly installments	95,280	5.1
Supplier C	Down	A privately owned China-based company engaged in down cleaning, sorting, and manufacturing down-filled garments and bedding materials.	2024	Initial payment by milestones upon contract signing and acceptance; remaining balance in monthly installments	73,979	4.0
Supplier D	Down	A privately owned China-based company engaged in down sourcing, garment production, brand retail, and cross-border e-commerce.	2021	Initial payment by the 30th day of the month following delivery; remaining balance in installments within 10 months	72,832	3.9
Supplier E	Marketing services	A privately owned China-based company engaged in promotion and marketing services.	2022	Payment within 30 days upon email confirmation	69,508	3.7
Total					409,329	21.9

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Supplier	Type of Products/ Services Provided	Background	Commencement of Business Relationship	Payment Term	Purchase Amount (RMB'000)	% of Total Purchase (%)
<i>For the Year Ended December 31, 2024</i>						
Supplier D	Down	A privately owned China-based company engaged in down sourcing, garment production, brand retail, and cross-border e-commerce.	2021	Initial payment by the 30th day of the month following delivery; remaining balance in installments within 10 months	104,431	6.6
Supplier A	Lining fabric and cotton fabrics	A privately owned China-based company engaged in R&D and production of chemical fiber textile fabrics.	2004	Initial payment upon delivery; remaining balance in installments within 10 months	94,204	6.0
Supplier C	Down	A privately owned China-based company engaged in down cleaning, sorting, and manufacturing down-filled garments and bedding materials.	2024	Initial payment by milestones upon contract signing and acceptance; remaining balance in monthly installments	75,086	4.8
Supplier F	Down	A privately owned China-based company engaged in down-filled garments and bedding materials.	2015	Initial payment within one month upon contract signing; remaining balance in installments	68,788	4.4
Supplier B	Down	A privately owned China-based textile technology group engaged in functional fabric R&D, garment OEM, and global supply chain management.	2024	Initial payment upon delivery; remaining balance in monthly installments	57,937	3.7
Total					400,445	25.5

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Supplier	Type of Products/ Services Provided	Background	Commencement of Business Relationship	Payment Term	Purchase Amount (RMB'000)	% of Total Purchase (%)
<i>For the Year Ended December 31, 2023</i>						
Supplier F	Down	A privately owned China-based company engaged in down-filled garments and bedding materials.	2015	Initial payment within one month upon contract signing; remaining balance in installments	59,830	8.0
Supplier A	Lining fabric and cotton fabrics	A privately owned China-based company engaged in R&D and production of chemical fiber textile fabrics.	2004	Initial payment upon delivery; remaining balance in installments within 10 months	38,098	5.1
Supplier G	Labor services	A privately owned China-based company offering labor dispatch, social insurance agency, vocational training, and flexible staffing solutions.	2022	Full payment within two business days after invoice receipt	34,884	4.7
Supplier H	Down	A privately owned China-based company engaged in down cleaning, sorting, and garment filling.	2012	Initial payment within one month upon delivery; remaining balance in monthly installments within seven months	24,666	3.3
Supplier I	Lining fabric	A privately owned China-based company engaged in home textiles and industrial fabrics, emphasizing functional fabric R&D.	2017	Initial payment within one month upon delivery; remaining balance in monthly installments within 10 months	23,444	3.2
Total					180,923	24.3

As of the Latest Practicable Date, none of our Directors, their close associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our total issued share capital) had any interest in any of our five largest suppliers during the Track Record Period.

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COMPETITION

We primarily operate in professional outdoor apparel industry in China. Professional outdoor apparel is a category of clothing designed to offer specialized protection for consumers during outdoor activities. The industry in which we operate is highly competitive. According to CIC, China’s professional outdoor apparel industry is fragmented. The top ten brands only account for 27.2% of the market share in terms of retail sales value in 2025. We ranked the fourth among domestic professional outdoor apparel brands in China in terms of retail sales value in 2025. We deliver professional outdoor apparel distinguished by high quality and trendy designs benchmarked against leading global luxury brands. By integrating the advantages of the manufacturing capabilities in Chinese Mainland and stable partnerships with contractual manufacturers, we achieve efficient cost control, enabling us to offer consumers exceptional value through affordable pricing that outperforms higher-cost competitors. Furthermore, over two decades of specialization in the apparel sector, underpinned by new technologies, have yielded substantial competitive advantages in production efficiency, quality assurance, and supply chain management, facilitating our strategic expansion into diversified year-round apparel categories including hardshell jackets and fleece apparel.

We mainly compete with a number of domestic and international brands in the professional outdoor apparel industry in China. Some of our competitors may have better financial, technical or marketing resources, have a more established commercialization and operating history, and enjoy greater brand recognition, market share and customer base. See “Risk Factors — Risks Relating to Our Business and Industry — The industry in which we operate is highly competitive and rapidly evolving. If we fail to compete effectively, our business, results of operations and financial condition may be materially and adversely affected.” With our strategic positioning, product design and development capabilities, and integrated sales network, we believe that we are well positioned in the industry to capture the rapidly growing market opportunities, attract and maintain consumers and increase our market share. See “Industry Overview.”

IMPLICATIONS OF INTERNATIONAL SANCTIONS, EXPORT CONTROL AND TARIFFS

International Sanctions and Export Control

Our business operations and financial performance can be influenced by various factors relating to U.S. export controls, economic sanctions, as well as the evolving tariffs imposed by the U.S. government.

Under U.S. export control regulations, according to our International Sanctions Counsel, our Directors believe that our products are not subject to the U.S. Export Administration Regulations (“**EAR**”) as our products (1) are not of U.S.-origin; (2) have not transited through or are not located within the U.S.; (3) do not fall within the scope of the *De Minimis* Rule; and (4) do not trigger the end-user or end-use requirements under the Foreign Direct Product Rules and these rules will not be applicable. During the Track Record Period, we had not procured raw materials from the United States or otherwise imported raw materials of U.S. origin. Therefore, according to our International Sanctions Counsel, our Directors believe our sales do not violate U.S. EAR because none of the products sold by us are subject to the EAR.

Regarding economic sanctions, we have not conducted any business in countries or regions that are subject to comprehensive sanctions (“**Sanctioned Countries**”) by any Relevant Jurisdiction as defined under Chapter 4.4 of the Guide for New Listing Applicant published by HKEX (the “**Sanctions Guidance**”). We only had business exposure in one country subject to broad sectoral sanctions, namely Russia. For the years ended December 31, 2023, 2024 and 2025, revenue derived from sales to Russia amounted to approximately RMB0.3 million, RMB2.2 million and RMB0.4 million, respectively, accounting for approximately 0.03%, 0.2%, and 0.02% of total revenue for the respective years. We have ceased all Russia-related business operations since February 2025. However, with respect to the transactions in Russia, according to our International Sanctions

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Counsel, our businesses in Russia did not constitute primary sanctioned activities as such transactions involved no nexus with Relevant Jurisdiction imposed sanctions against Russia. Furthermore, as Relevant Jurisdictions other than the U.S. generally do not impose extraterritorial or secondary sanctions, the Group’s primary exposure to secondary sanctions risks primarily originate from the U.S. According to our International Sanctions Counsel, our historical transactions in Russia are unlikely to trigger U.S. secondary sanctions risks, primarily because: (i) such transactions did not involve any entities designated on the Specially Designated Nationals and Blocked Persons (“SDN”) List and other sanctions lists maintained by the U.S. government; (ii) the transactions did not involve sectors or activities targeted by U.S. sanctions against Russia; (iii) the Group has ceased all Russia-related business operations since February 2025; and (iv) the products sold were limited to civilian apparel.

Therefore, since (i) aside from Russia, we have not conducted any business in other comprehensively or broadly sanctioned countries or regions; and (ii) we have not engaged in any business dealings with any entity designated on the sanctions lists of any Relevant Jurisdiction (“Sanctioned Target”) upon completion of the transaction, our International Sanctions Counsel conclude that (i) we have not engaged in any primary sanctioned activities; (ii) secondary sanctions risks are also unlikely to be triggered due to our historical transactions in Russia; (iii) we are not located, incorporated, organized or resident in a Sanctioned Country or have been designated as a Sanctioned Target by any Relevant Jurisdiction, and (iv) we are not a Sanctioned Trader in accordance with the Sanctions Guidance as we did not have business operations in the Sanctioned Country and the absence of any transactions with Sanctioned Targets, and our International Sanctions Counsel is of the view that applicable sanctions laws and regulations do not have material impacts on our business operations and financial performance, directly or indirectly.

Having considered the representations and confirmations from the Company, the Company’s International Sanctions Counsel’s views as set out above and the independent due diligence performed by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would cause them to cast reasonable doubt on the Directors’ views on the matters raised above in any material respect.

U.S. Tariffs

As for the U.S. tariffs, the U.S. government is continually adjusting its tariff measures worldwide, including Section 122 tariffs effective February 24, 2026 and Section 301 tariffs which have been continually updated since their enactment (including the new round of investigations launched on March 11, 2026), among others. Consequently, these tariff measures may result in goods exported to the U.S. being subject to additional tariff costs. However, although our exports to the U.S. might be subject to the tariffs of the U.S., these exports accounted for a very small proportion of our revenue during the Track Record Period, representing approximately 0.02%, 0.04% and 0.01% of our total revenue in 2023, 2024 and 2025, respectively, primarily involving down jackets. To the best of our Directors’ knowledge, we are not aware of any resale arrangements of our products by our customers into the United States. These products did not contain raw materials from the U.S. Furthermore, any tariffs incurred on products exported to the U.S. were borne by the purchasers, and we do not bear the tariff costs. Therefore, according to our International Sanctions Counsel, we are of the view that the U.S. tariffs did not and were not expected to have any direct material adverse impact on our business operations and financial performance during the Track Record Period and as of the Latest Practicable Date.

In addition to the aforementioned sales and procurement activities involving the U.S., the trade relations and tariff policies between China and other countries or regions where we operate have remained consistently stable. There are no broad additional tariffs, trade barriers, or discriminatory restrictions imposed against China in these jurisdictions. As such, our Directors are of the view that the tariff policies in these regions have not had, and are not expected to have, any material adverse impact on our business, financial condition, or results of operations.

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Having considered the representations and confirmations from the Company, the Company’s International Sanctions Counsel’s view as set out above and the independent due diligence performed by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would cause them to cast reasonable doubt on the Directors’ views on the matters raised above in any material respect.

INTELLECTUAL PROPERTY

We regard our patents, copyrights, trademarks, trade secrets and other intellectual property rights as critical to our business operations. In this regard, we rely primarily on a combination of patents, copyrights, trademarks, trade secrets, and unfair competition laws and contractual rights, such as confidentiality agreements entered into with our employees, partners, contractual manufacturers, distributors, and others, to protect our intellectual property rights. We clearly state all rights and obligations regarding the ownership and protection of intellectual properties in the employment agreements and commercial agreements we enter into. We have engaged a professional intellectual property consulting firm to provide us with intellectual property advisory services and to assist us with the registration, maintenance, and management of our intellectual property.

As of the Latest Practicable Date, we possessed 116 patents, 84 copyrights, 15 software copyrights and 185 trademarks in Chinese Mainland. For detailed information about our material intellectual property rights, see “Appendix VII — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights.” As advised by our PRC Legal Advisors, we have complied with relevant laws and regulations in relation to intellectual properties in all material aspects. During the Track Record Period and up to Latest Practicable Date, we had not experienced any disputes related to the infringement of intellectual property rights which would have a material adverse effect on our business.

Protection of IP Rights and Combat against Counterfeit Products

With the expansion of our business operations and the growth of our brand influence, we recognize that trademark infringement and counterfeit products would pose increasing challenges to our operational results and brand reputation. To mitigate the adverse impact of infringement of trademarks and counterfeit products on us, we have adopted a range of measures, including but not limited to:

- *Monitoring and identifying counterfeit products.* We regularly monitor major e-commerce and social commerce platforms through screenings carried out by both our internal team and external service providers. Whenever we detect any infringement or counterfeit products, we promptly request their removal, investigate the source, and, where necessary, pursue further legal measures.
- *Collaboration with professional advisors.* We partner with external intellectual property agencies and legal advisors to support our brand protection efforts. These advisors assist with trademark registration, monitoring, and maintenance, and represent us in enforcement actions, including civil litigation concerning trademark infringement and unfair competition.
- *Enhanced cooperation with online platforms.* As our brand presence continues to expand across major e-commerce and social commerce platforms, we proactively engage with platform operators to enhance brand protection mechanisms. In collaboration with relevant platforms, we have implemented preliminary screening and early warning systems that flag and subject to manual review any store registration applications utilizing names or logos resembling our brand. These platforms have established cooperative intellectual property enforcement mechanisms, leveraging algorithm-driven models to identify high-risk infringement candidates and conducting randomized inspections. Products identified during these inspections are forwarded to us for

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authentication. Based on our assessments, the platforms may undertake further enforcement actions as deemed necessary. Additionally, designated intellectual property specialists from the platforms liaise directly with us to facilitate enforcement activities and support our efforts in addressing identified infringement cases.

- *Proactive engagement with government authorities.* We proactively communicate with local government authorities to seek support in intellectual property enforcement. In cases involving large-scale production or distribution of counterfeit products, we may request administrative or criminal enforcement actions through the appropriate regulatory channels.

EMPLOYEES

As of December 31, 2025, we had 1,189 full-time employees, all of whom are based in Chinese Mainland. The following table sets forth the number of our full-time employees by function as of December 31, 2025:

Function	Number of Employees	% of Total
Sales and marketing	477	40.1
Supply chain management	236	19.8
Administrative and other supporting functions	235	19.8
Quality control	98	8.2
Design and R&D	143	12.0
Total	1,189	100.0

Our success depends on our ability to attract, retain and motivate qualified employees. As part of our HR strategy, we offer employees a dynamic work environment, competitive salaries, performance-based cash bonuses, equity incentives and other incentives. For details, please see “Appendix VII — Statutory and General Information — Share Incentive Plans.” As a result, we are able to attract and retain qualified personnel and maintain a stable core management team.

We primarily recruit our employees through on-campus job fairs, recruitment agencies and online channels, including our corporate website and third-party employment websites. We provide regular training and reviews on internal policies and work skills to our employees to enhance their performance.

We enter into standard employment agreements with our employees and confidentiality and non-compete agreements with certain key staff. In addition, we require all employees to sign standard confidentiality agreements. These agreements prohibit the disclosure of confidential information pertaining to our Company, affiliates, business, and customers without our prior consent. They also include provisions regarding non-competition obligations during the employees’ employment with us and non-solicitation obligations both during and after their employment. We maintain a labor union that safeguards employee rights, advances shared business objectives, promotes management participation, and facilitates constructive resolution of labor relations issues. We believe that we maintain good working relationships with our employees, and we had not experienced any material labor disputes or any difficulty in recruiting qualified staff for our operations during the Track Record Period and as of the Latest Practicable Date.

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INSURANCE

We have contracted with leading insurance companies and providers to maintain property insurance covering risks for our offline retail stores. In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which is not mandatory under PRC laws. We do not maintain key man life insurance, insurance policies covering damages to our network infrastructures or information technology systems. We believe our insurance policy complies with the relevant rules and regulations in China. See “Risks Factors — Risks Relating to Our Business and Industry — We may not have adequate insurance coverage for losses and liabilities arising from various operational risks and hazards that we are subject to” for details.

During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies.

PROPERTIES

According to Rule 5.01A of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is subject to the requirements of section 38(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance to include a valuation report with respect to all of our Group’s interests in land or buildings, as we had property interests with a carrying amount of 15% or more of our consolidated total assets as of December 31, 2025. For details, see “Appendix III — Property Valuation Report.”

Owned Properties and Land Use Rights

Our current principal executive offices are located in Qingzhou, Shandong province, China. As of the Latest Practicable Date, we had land use rights to 16 parcels of land with an aggregate site area of approximately 284,960.9 square meters in the PRC. Our owned properties are primarily used for our warehouses, offices, self-operated offline stores and staff dormitories.

As of the Latest Practicable Date, we owned 16 buildings with an aggregate floor area of approximately 110,613.3 square meters in the PRC. As of the same date, we had not obtained the property ownership certificate for three buildings with a total floor area of approximately 8,810 square meters in Qingzhou, Shandong province, accounting for 8.0% of the buildings owned by us (“**Buildings with Title Defect**”). The failure to obtain ownership certificate for the Buildings with Title Defect are primarily due to failure to obtain planning and construction permits. These Buildings with Title Defect are primarily used for warehouse, garage and store purposes. We plan to gradually cease the operation of our Buildings with Title Defect. Our PRC Legal Advisors are of the view that the Buildings with Title Defect would not materially and adversely affect our business, results of operations and financial condition, based on the following: (i) the Buildings with Title Defect accounted for an insignificant portion of our total owned properties and are not our primary production or operation sites; (ii) the Buildings with Title Defect are all located within the land we had land use rights, with no ownership disputes or potential conflicts during the Track Record Period; (iii) as the TANBOER Technology Park has been completed of construction in 2025, certain of the Buildings with Title Defect will gradually cease to be used, and there will not be an adverse material impact on our production and operations even if a demolition is ordered by the relevant government authorities; (iv) we have not been subject to any administrative penalties as a result of the Buildings with Title Defect during the Track Record Period as confirmed by the relevant government authority; (v) we have obtained confirmation letters from the relevant government authority confirming that it agreed that we are able to use the Buildings with Title Defect as currently situated and in their current condition on a long-term basis; and (vi) our Controlling Shareholders have issued a guarantee for any economic losses or fines incurred due to forced demolition of the Buildings with Title Defect affecting our production and operations. Based on reasons stated above, our Directors believe that the Buildings with Title Defect would not cause a material adverse impact on our business, operation and financial performance.

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Leased Properties

As of the Latest Practicable Date, in China, we had 76 leased properties with an aggregate GFA of approximately over 20,534.3 square meters, which are primarily used for offline stores, warehouse and office purposes. Our leases for offline stores generally have a term within three years, which are, according to CIC, in line with the industry standard. We are generally allowed to terminate lease agreements with a prior notice, which provides us with operational flexibility, albeit usually at the cost of forfeiting deposits and/or paying a termination fee. Our leased properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules.

As of December 31, 2025, 57 leases had a remaining term of less than one year. For these leases, if the premises align with our offline store network planning, we typically initiate lease renewal negotiations with the lessors when there are approximately three months remaining. This proactive approach helps secure the retention of suitable locations for our offline stores.

As of the Latest Practicable Date, with respect to 10 out of 76 of our leased properties, the lessors of such properties failed to provide us with their property ownership certificates or proof of authorizations from the property owners, and these buildings had accounted to an aggregate gross floor area of approximately 1,671.1 square meters, representing approximately 8.1% of the total leased GFA of our leased properties. We primarily use such leased properties as offline self-operated stores. We believe that the reasons that the lessors failed to provide us with the relevant property ownership certificates or proof of authorizations are beyond our control. As advised our PRC Legal Advisors, it is the lessors' responsibility to obtain the property ownership certificates to enter into the leases, and, as a tenant, we will not be subject to any administrative punishment or penalties by the real estate authorities in this regard. However, without valid property ownership certificates or proof of authorizations from the property owners, our use of these leased buildings may not be valid or may be affected by third parties' claims or challenges against the lease. If the lessors do not have the requisite rights to lease these properties, we may be required to vacate these leased buildings and relocate our operational sites. In the unlikely event that we are required to relocate as required by competent authorities, based on our regularly updated list of comparable properties available for lease in the vicinity of our stores with title defects (which are similar in terms of size, location, and operational suitability), we believe we will be able to timely find qualified alternative properties for relocation under comparable terms without incurring substantial additional costs considering the nature and respective size of use of these leased properties.

Pursuant to the applicable laws and regulations in China, property lease agreements for leased buildings must be registered with the relevant real estate administration bureaus in China. As of the Latest Practicable Date, we had not registered the lease agreements for 73 of our leased properties with the relevant competent authorities in accordance with applicable laws and regulations in China, which mainly due to owners' reluctance in registering relevant lease agreements despite our efforts in communicating such requests. Our PRC Legal Adviser advised us that the lack of registration does not affect the validity and enforceability of the lease agreements, but we may be subject to fines from RMB1,000 to RMB10,000 for each such lease agreement for failure to register. We believe that the non-registrations of leases described above will not, individually or in the aggregate, materially affect our business and results of operations, on the grounds that we were advised by our PRC Legal Advisors that, if the lease registration can be completed in accordance with relevant laws and regulations within a reasonable time from the date of application or the prescribed time limit ordered by the competent governmental authorities, the risk of governmental authorities imposing a material penalty on us with respect to these leased properties is remote. See “Risk Factors — Risks Relating to Our Business and Industry — We face certain risks relating to our owned and leased properties, which may disrupt our operations and incur additional costs.”

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LICENSES, PERMITS AND APPROVALS

Our PRC Legal Advisors have advised that, during the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits and approvals necessary to conduct our operations in all material respects from the relevant government authorities in China. We are required to renew such licenses, permits, approvals and certificates from time to time. We do not expect any material legal obstacles in obtaining such renewals as long as the relevant documents are submitted as required by the relevant government authorities.

The following table sets forth the details of the key license of our Company.

Name of License	Establishment Date Specified on the Business License	Expiry Date
Business license	April 19, 2004	Perpetual

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of our business. We are currently not a party to any material legal or administrative proceedings and we were not involved in any material legal proceedings and litigations during the Track Record Period and up to the Latest Practicable Date.

Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management’s time and attention. For the potential impact of legal or administrative proceedings on us, see “Risk Factors — Risks Relating to Our Business and Industry — Claims, disputes, legal proceedings, regulatory investigations and commercial or contractual disputes may subject us to substantial damages and other related costs, which could materially and adversely affect our reputation, business, results of operations and financial condition.”

Compliance

During the Track Record Period and up to the Latest Practicable Date, we did not have non-compliance incidents that our Directors believe would, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Failure to Complete Fire Safety Filings

Background and Reasons

Pursuant to the applicable PRC laws and regulations, when we renovate an owned property or lease property for the purpose of opening an offline self-operated store, we may be required to make a fire safety filing with the housing and urban-rural development departments of local governments (the “Fire Safety Filing (消防備案)”) and be subject to spot check. During the Track Record Period, we failed to complete Fire Safety Filing with the housing and urban-rural development departments of local governments for one property in a timely basis. This was mainly caused by our employee’s unfamiliarity with and/or misunderstanding of the regulatory requirements on Fire Safety Filing as a result of the evolving and varied requirements and practices adopted by the local government authorities of different cities where such offline self-operated stores are located. As of December 31, 2025, we had completed Fire Safety Filings with relevant departments of local governments for all properties used for our offline self-operated stores.

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Legal Consequences

As advised by our PRC Legal Advisors, according to the applicable PRC laws and regulations, for the properties failed to complete the Fire Safety Filing on a timely manner, we may be ordered by the housing and urban-rural development departments of local governments to rectify and subject to a fine of up to RMB300,000, which is our maximum exposure to such non-compliance.

Our PRC Legal Advisor has conducted interviews with the relevant competent regulatory authorities, including the Public Security Fire Department, for the Fire Safety Filing of certain properties. As advised by our PRC Legal Advisors, the Public Security Fire Department is the competent authority responsible for fire safety inspections, conducting such inspections and imposing penalties in accordance with the Fire Protection Law of the PRC and other relevant laws and regulations. As confirmed by the relevant authorities, during the Track Record Period, none of the properties failed to complete the Fire Safety Filing had been imposed any material administrative penalties in respect of fire safety.

Based on the aforementioned interviews with the relevant competent authorities, our PRC Legal Advisor has advised us that the risk that the Non-compliant Properties will be imposed any administrative penalties that will materially and adversely affect their business operations by the relevant government authorities for their failure to complete Fire Safety Filing is very low.

Our Directors are of the view that such non-compliance incident has not had and will not have any material adverse impact on our business, financial condition or results of operations, taking into account (i) the amount of maximum potential fines, (ii) that these offline self-operated stores had not been imposed any administrative penalties or identified any material risks in respect of fire safety during the daily inspections by fire and rescue brigades, which are the authorities for daily supervision of fire safety related matters of such dental institution, and (iii) that, during the Track Record Period and up to the Latest Practicable Date, none of our subsidiaries with defects in Fire Safety Filing had been imposed penalties as a result of their failure to complete such procedures. Based on the representations and confirmations from the Company, the PRC Legal Advisor’s opinion as mentioned above and the independent due diligence steps performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would cause them to cast reasonable doubt on the Directors’ view as set out above.

Measures Adopted and Improved Internal Control

We became aware of such incident during our compliance reviews. Such incident was not a result of any willful misconduct by our Directors or any of our employees. We took prompt remedial and/or rectification measures as soon as we identified such incident. As of December 31, 2025, we had completed Fire Safety Filings with relevant departments of local governments for all properties used for our offline self-operated stores.

We have enhanced our internal control measures on fire safety-related issues. In particular:

- we have implemented fire safety management policies, including detailed guidance on the use and maintenance of fire safety facilities. We have also adopted internal policies to ensure that our newly leased properties will comply with relevant fire safety laws and regulations. For example, we designate experienced and qualified personnel to identify fire risks, design appropriate safeguards, and implement measures aimed at preventing, controlling, and mitigating the effects of fires at all operational sites;
- we implement a layered internal control framework—comprising standardized filing checklists, templates, and a multi-tier verification process with segregation of duties to ensure the completeness, accuracy, and timeliness of all fire safety filings. We will hold internal meetings and training sessions to keep our staff updated on the latest regulatory requirements on fire safety, conduct fire drill to elevate employee’s awareness of fire emergency knowledge and inspect the fire safety facilities in our offline self-operated stores. We conduct a comprehensive review of all fire safety filing requirements at least annually, and more frequently where leased new offline stores or change in regulatory obligations warrant additional filings;

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- we pay attention to the regulatory compliance performance of our potential acquisition targets in respect of fire safety. For our newly established and leased offline self-operated stores, such stores shall only commence operations after completing the Fire Safety Filing procedure or obtaining any other fire safety approvals under the applicable PRC laws and regulations; and
- we have designated our internal compliance personnel to supervise and complete the necessary fire safety procedures. All fire safety records shall be systematically organized, securely stored, and readily retrievable for inspection, audit, or regulatory review. A designated personnel shall be responsible for maintaining the integrity, completeness, and confidentiality of all fire safety filings, and shall conduct periodic audits of the filing system to ensure compliance with document retention policies.

Having considered the above rectifications, our Directors are of the view that our enhanced internal control measures with respect to fire safety are adequate and effective to manage fire safety risks and prevent recurrence of similar fire safety related non-compliance incidents.

See “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to obtain, maintain or renew the necessary approvals, permits, licenses, certificates and other regulatory filings required for our operations.”

Incomplete Contribution of Social Insurance and Housing Provident Funds

During the Track Record Period, we had not made social insurance and housing provident funds for some of our employees in full in accordance with the relevant PRC laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we retained two third-party human resources agencies to make social insurance and housing provident fund contributions on behalf of certain employees in the locations where they worked. This arrangement was implemented primarily because these employees expressed a preference to participate in local social insurance and housing provident fund schemes in their city of residence. Under the terms of the agreements entered into with each third-party agent, the agent assumed the obligation to pay social insurance and/or housing provident funds for the relevant employees. According to written confirmations provided by the agents, they did not fail to make or delay any required social insurance or housing provident fund payments for these employees during the Track Record Period.

In 2023, 2024 and 2025, our social security and housing provident fund contributions shortfall amounted to RMB0.5 million, RMB3.1 million and RMB4.9 million, respectively. According to our PRC Legal Advisors, the social insurance authorities may order us to make the full amount of contributions within a stipulated period and pay an overdue fine equal to 0.05% of the outstanding amount per day computed from the due date; and where the payment is not made within such stipulated period, the relevant authorities may impose a fine ranging from one to three times the amount of arrears. If such payment is not made within the stipulated period, the maximum amount of penalty we may be subject to will be three times the amount of the shortfall (the penalty amount is estimated to be RMB1.5 million, RMB9.3 million and RMB14.7 million in 2023, 2024 and 2025, respectively). The housing provident fund management center may order us to make the full amount of housing fund within a stipulated period, and if the payment is not made within such stipulated period, an application may be made to the PRC courts for compulsory enforcement. Considering (i) we had received confirmations from Qingzhou City Human Resources and Social Security Bureau and Weifang City Housing Provident Fund Management Center Qingzhou Sub-center, which are competent supervisory authorities and competent punitive authorities for our Company’s human resources and social insurance-related matters and housing provident fund-related matters based on our PRC Legal Advisors, that we have not been subject to any penalty for violations of laws and regulations regarding social security or housing provident fund; (ii) during the Track Record Period and up to the Latest Practicable Date, no government notice had been received by us and no administrative penalties had been imposed on us with respect to the shortfall of social insurance and housing provident fund contributions, nor had we experienced any material claim raised by employees regarding such shortfall; and (iii) based on the confirmations we received from the competent government authorities, our PRC Legal Advisors are of the view that the likelihood that we would be required by relevant authorities to pay the shortfall for social insurance contributions and housing provident funds or being subject to material administrative penalties due to our failure to provide full social insurance contributions and housing provident funds within the stipulated

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period for our employees is remote. In addition, during the Track Record Period, we have not entered into any arrangements with our employees, nor have we accepted any undertakings from them to waive social insurance contributions. We have not been subject to any penalties from the social insurance authorities in relation to any such arrangements or undertakings. Our PRC Legal Advisors are of the view that the risk the Interpretation (II) of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) imposing material legal liabilities on us is remote.

Our Directors are of the view that such non-compliance incident has not had and will not have any material adverse impact on our business, financial condition or results of operations, taking into account that (i) as of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay material shortfalls or the penalties with respect to social insurance and housing provident funds; (ii) we had not been subject to any administrative penalties during the Track Record Period and up to the Latest Practicable Date; (iii) if we receive a notice from relevant authorities requiring us to rectify, pay or make up social insurance and housing provident funds within a specified period, we will promptly comply with the requirements of such notice; and (iv) we were not aware of any material employee complaints nor were involved in any material labor disputes with our employees with respect to social insurance and housing provident funds. Accordingly, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date. Based on the foregoing, the representations and confirmations given to the Sole Sponsor and the independent due diligence steps performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would cause them to cast reasonable doubt on the Directors’ view as set out above.

To monitor our compliance with relevant laws and regulations in respect of social insurance and housing provident fund contributions, we have taken and will take the following internal control measures and actions to rectify the non-compliance:

- We will implement mandatory training programs for our human resources department to ensure strict compliance with applicable social insurance and housing provident fund laws and regulations, including the prohibition of any arrangements with employees to waive, reduce, or otherwise circumvent statutory contribution obligations.
- We have designated our human resources department as the responsible unit for ongoing oversight, review, and monitoring of the accurate reporting, calculation, and timely remittance of all social insurance and housing provident fund contributions in accordance with prevailing legal requirements.
- We will engage our PRC Legal Advisor on a regular basis to provide guidance on evolving PRC laws and regulations pertaining to social insurance and housing provident funds, and will conduct periodic legal compliance trainings for relevant personnel to ensure awareness of and adherence to such regulatory developments.
- In the event that competent government authorities require us to make supplementary contributions, rectify any shortfalls, or pay late fees or penalties in respect of social insurance or housing provident fund obligations, we will promptly comply with such directives within the stipulated timeframe.

We have adopted enhanced internal control measures since early 2026. We also intend to adjust the contribution basis for social insurance and the housing provident fund applicable to our employees. We plan to adopt such contribution basis with the relevant PRC laws and regulations starting from January 2027, being the annual adjustment period for the contribution base of social insurance and the housing provident fund, which, in accordance with local regulations and policies, represents the earliest practicable time to implement such adjustments for all employees. For details of the relevant risks, see “Risk Factors — Risks Relating to Doing Business in the Jurisdiction We Operate — Failure to comply with relevant regulations relating to social insurance and the housing provident fund may subject us to penalties and adversely affect our business, financial condition, results of operations and prospects.”

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AWARDS AND RECOGNITIONS

As a testament to our operational achievements and market position, we have garnered acclaim from the government and various industries and achieved substantial market recognition. The following table sets forth some significant awards and recognition we have received:

Award/Recognition	Products	Year Granted	Granting Authority
2025 Serenity Award for Outdoor Sports Brand of the Year (2025安心獎年度戶外運動品牌)	N/A	2025	Jiemian (界面), a Chinese business and financial news media platform
Gold Award for Lightweight Travel Equipment (中國旅遊商品大賽輕型旅遊裝備金獎) . . .	Ski Collection	2025	China Tourism Commodity Competition (中國旅遊協會)
Outstanding Contributor to the High-Quality Development of Shandong’s Private Economy Enterprise (山東省民營經濟高質量發展突出貢獻企業)	N/A	2025	Development and Reform Commission of Shandong Province (山東省發展和改革委員會)
ISPO Award	AIRBAG RECYCLED N66 DOWN JACKET	2024	ISPO Munich
Shandong Enterprise Technology Center (山東省企業技術中心) .	N/A	2018	Economic and Information Commission of Shandong Province
China Down Industry National Craftsman Brand (中國羽絨行業大國工匠品牌)	N/A	2018	China Feather and Down Industrial Association (中國羽絨工業協會)
National Demonstration Enterprise for Industrial Brand Cultivation (全國工業品牌培育示範企業)	N/A	2015	Ministry of Industry and Information Technology (國家工業和信息化部)
China Well-known Trademark (中國馳名商標)	N/A	2010	State Administration for Industry and Commerce (國家工商行政管理總局)
China Famous Brand (中國名牌)	N/A	2005	General Administration of Quality Supervision, Inspection and Quarantine

ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE

ESG Governance

We have established a three-tier ESG governance structure comprising the Board of Directors, the Sustainability Committee, and the executive-level ESG Office. We have deeply integrated ESG principles into our business strategies and operational decision-making processes. At the same time, we maintain communication with stakeholders to ensure that corporate strategy remains aligned with external expectations.

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The Board of Directors will take ultimate responsibility for setting the ESG development direction, strategies and objectives, as well as reviewing and approving the company’s ESG management framework, ESG reports and other major ESG-related matters. Under the Board, the Sustainability Committee will be primarily responsible for providing oversight and guidance on the company’s ESG strategy, work plans, and objectives, as well as offering insights and recommendations on major investment decisions, strategies, and other matters from an ESG perspective. The ESG working team is specifically tasked with formulating ESG strategies, goals, plans and policies for the Committee’s review and approval, collecting information on ESG progress and risks and reporting to the Committee, as well as coordinating various business departments to establish ESG management indicators and concrete measures and monitoring their implementation progress.

Materiality Assessment

We have established a systematic, double materiality-driven process to identify, assess, and manage ESG-related risks and opportunities. It begins by compiling a longlist of potential topics through strategic horizon scanning. These topics are then assessed and prioritized primarily through extensive stakeholder questionnaire surveys, evaluating each based on their impact and financial implications. The resulting prioritized material topics are formally integrated into our strategic planning. For each material topic, tailored management and mitigation roadmaps are developed, addressing immediate controls in the short term, operational and business model adaptations in the medium term, and strategic integration for long-term resilience.

ESG Targets and Commitments

We have established a comprehensive set of quantitative ESG targets, informed by industry benchmarking and aligned with our strategic planning and operational realities. The following table outlines our key performance targets:

Indicator	Target Year	Quantitative Target
Renewable Energy Usage Ratio	2030	50%
	2035	≥ 80%
Textile Waste Generation Per Unit	2030	Reduce by ≥ 10%
Textile Waste Recycling Rate	2030	≥ 95%
Ratio of Down Material Certified by RDS	2026	100%
Supplier Integrity Agreement Signing Rate	2026	100%

Note:

(1) The target for textile waste generation per unit is set with 2026 as the baseline year.

Social

Employment

We firmly reject all forms of discrimination, prohibit forced labor, child labor, discrimination, and harassment in the workplace, and continuously foster an open, diverse, and inclusive team culture. As of December 31, 2025, the total number of employees was 1,189, including 491 male employees and 698 female employees.

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Employee Training and Development

We have implemented a performance appraisal system and a salary management mechanism covering all employees. Meanwhile, a layered training system has been established to attract and motivate outstanding talents. For new employees, we provide curriculum systems including corporate culture and pre-job skills training. For existing employees, we offer training in foundational knowledge and career development, including general courses, enhancement programs for middle and front-line managers, and senior leadership development series.

Occupational Health and Safety

We highly prioritize the safety and health of our employees and strictly adhere to the ISO 45001:2018 international standard and the requirements of GB/T 45001-2020 Occupational Health and Safety Management Systems — Requirements with Guidance for Use. We have developed the Compilation of Safety Management Systems to standardize safety production responsibility management, hazard identification and remediation, hazardous operations management, emergency response management, and other areas, thereby providing employees with comprehensive occupational health and safety protection. In addition, through measures such as health examinations, occupational health and safety trainings, and emergency safety drills, we strive to ensure the stable operation of the company and safeguard the lives and property of our employees. We currently hold ISO 45001 Occupational Health and Safety Management Systems Certification.

Supplier Management

We have established the *Procurement Business Management System* and implemented rigorous supplier screening, performance evaluation, and dynamic management to ensure a sustainable supply chain. During supplier onboarding, we conduct comprehensive assessments through the *Supplier Information Evaluation Form* and on-site reviews, evaluating aspects such as production capacity, organizational structure, R&D capabilities, system certifications (e.g., OEKO-TEX® STANDARD 100, ISO standards covering environmental, quality, and occupational health and safety aspects), social responsibility, and production safety. Additionally, we sign the *Sunshine Agreement* with suppliers, stipulating zero tolerance for violations and permanent exclusion for any breaches to eliminate supply chain corruption. For existing suppliers, we conduct monthly assessments and perform annual graded evaluations using the *Supplier Annual Evaluation Form* to continuously improve quality and sustainability performance.

Responsible Raw Material Procurement

During the production process, we strictly prohibit the use of restricted and hazardous chemicals that may pose potential hazards to human health and the environment, ensuring product safety and eco-friendliness from the source.

We select premium down from the global “Golden Down Belt” between latitudes 41°N and 83°N, including regions such as China and Siberia, and source leading outdoor technical fabrics and accessories worldwide. For instance, accessories like renewable resin zippers are used, which carry the ECOSAB tag and are certified under the Global Recycled Standard (GRS), OEKO-TEX® STANDARD 100, Higg Index — Sustainable Apparel Coalition Higg Index, Oceancycle (OCI).

In the area of animal welfare management, we require all down and feather suppliers to strictly comply with the *Animal Welfare Management Measures for Waterfowl in China’s Down Industry* and actively implement the group standard *T/CAI 001-2019 Farm animal welfare requirements-Waterfowl*. We explicitly prohibit animal abuse such as live-plucking and forced feeding in the breeding stages of the supply chain and incorporate compliance with animal welfare-related standards into the supplier selection and evaluation system. Additionally, we require all down and feather suppliers to obtain Responsible Down Standard (RDS) certification to safeguard animal rights.

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To further enhance the ethical management system of the supply chain, we have begun drafting a specialized policy for ethical sourcing of goose and duck down, which is planned to be officially released and publicly disclosed after the company’s [REDACTED]. To strengthen supply chain traceability and transparency, we have implemented end-to-end tracking of each batch of down materials, ensuring that any batch of down can be quickly and accurately traced back to its original farm, thereby continuously upholding the commitment to animal welfare and responsible procurement.

We actively promote traceability of origin information. Starting in 2025, each down jacket will be equipped with an RFID tag and a wash label. By pre-recording down traceability information in the DOWN PLUS traceability system, consumers can scan the QR code on the RFID wash label to access details such as the origin of the down.

Product Management

In accordance with the *Product Quality Law of the People’s Republic of China* and relevant regulations, as well as consumer requirements and industry characteristics, we have established quality management systems including the *2025 Enterprise Standard for Down Quality*, *Down Garment Trial Wear Regulations*, *Raw Material Pre-Production Sample Confirmation Process*, *Production Process Control Requirements*, and *Finished Product Warehouse Inspection Procedures*, along with inspection standards for lining materials, interlining materials, and buttons. We currently hold ISO 9001 Quality Management Systems Certification.

We have obtained ISO 9001 Quality Management System certification and integrate the ISO 9001 system throughout the entire chain of R&D, production, and sales:

- In R&D, we require all fabric suppliers to provide authoritative third-party test reports meeting our standards, standardizing pre-production control of raw materials to prevent quality incidents due to raw material quality or color issues.
- In production, we have established a factory quality performance evaluation mechanism to strictly controlled products, promoting improvement in factory management levels through process assessments.
- In sales, our products have obtained test reports issued by authoritative third-party institutions (including recognized laboratories such as SGS, Intertek, and IDFB). During the Track Record Period, we have not experienced any product recall incidents.

We implement rigorous third-party sampling inspections for every batch of down. The core testing items not only cover fundamental indicators such as down content, loftiness, and cleanliness but also strictly monitor details related to comfort and hygiene, such as odor and pH value, with testing standards exceeding national requirements. Furthermore, We proactively include environmental chemical items such as Alkylphenols (AP) and Alkylphenol Ethoxylates (APnEO) in routine testing, ensuring all indicators comply with national mandatory standards, thereby guaranteeing the purity, safety, and high quality of products from the source. We have obtained OEKO-TEX® STANDARD 100 certification.

We formulated the Customer Complaint Handling Management System, which covers the handling of customer complaints across all business areas, including product quality, service attitude, logistics, and after-sales support, ensuring timely and proper resolution of feedback to effectively enhance customer recognition and satisfaction. Additionally, we maintain a professional product repair team to help extend product lifespan and provide warm, attentive service to customers.

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We have received numerous honors and titles. For example, in December 2024, we were recognized as a High-Tech Enterprise by the Department of Science and Technology, Department of Finance, and Taxation Bureau of Shandong Province, and were designated as a Strategic Partner for Standardization Work by the National Garment Standardization Committee. We have also participated in the development and revision of 14 standards, including 8 national standards, 4 group standards, and 2 industry standard.

Business Ethics

We operate in strict compliance with laws and regulations related to business ethics, including the Anti-Monopoly Law of the People’s Republic of China, the Anti-Unfair Competition Law of the People’s Republic of China, the Anti-Money Laundering Law of the People’s Republic of China, etc. We actively provide employees with business ethics training programs, promoting a culture of integrity through education and case warnings. As of December 31, 2025, 100% of employees have signed the Integrity Commitment Letter.

To fully implement anti-corruption and anti-bribery management, we has established internal policies, including the *Tanboer Accountability Management Measures*, which clearly define the ethical responsibilities and behavioral standards that all employees must adhere to. The company has established the reporting and complaint mechanism and formulated the *Reporting Handling and Reward Management Measures* to standardize the acceptance process.

Whistleblower protection measures are implemented to encourage employees, partners, and relevant individuals to report violations of regulations, disciplinary breaches, and actions detrimental to the company’s interests in a lawful and orderly manner. All reports are subject to internal investigation and strict accountability based on the nature and severity of the case, safeguarding the legitimate rights and interests of all parties. During the Track Record Period, we have not experienced any incidents of corruption or bribery.

Philanthropy and Charity

Guided by the philosophy of “Love and Warm”, we are committed to social welfare initiatives while focusing on business development. Our total charitable donations in 2025 amounted to RMB3.5 million.

Leading by example, we support and participate in various rural assistance programs, donations, and care activities, including infrastructure development, disaster relief, educational support, care for vulnerable groups, and volunteer charity events.

- In 2024, We donated RMB 1 million to the UNICEF China to help and support UNICEF’s “Quality and Inclusive Education” programme, jointly striving to improve children’s access to equitable and quality education opportunities.
- In 2024, we collaborated with N.O.C to launch the “Polar Exploration” 3.0 series, aimed at supporting scientific research teams in studying Arctic marine climate, environmental changes, marine microplastics, and the origins of life. This initiative promotes the sustainable development of functional apparel and reflects the brand’s social responsibility, sense of mission, and vision.

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Environment

Responding to Climate Change

To address climate change more effectively, we have identified the potential climate-related risks and opportunities, such as extreme weather events including typhoons and floods, shifts in consumer preferences, etc. We have developed and continuously improved our emergency response plans and offer products that are more eco-conscious, durable, and aligned with animal welfare standards to mitigate transition risks and capture new opportunities in the sustainable fashion market, thereby strengthening our brand differentiation and competitive edge.

We have identified key metrics related to climate change mitigation and conducted an inventory of Scope 1 and Scope 2 greenhouse gas emissions. By accurately quantifying our annual emissions, we have laid a solid foundation for implementing effective carbon management.

Indicator	Unit	As of December 31 st ,		
		2023	2024	2025
Scope 1 emissions	tCO ₂ e	429.87	458.80	809.07
Scope 2 emissions	tCO ₂ e	2,800.39	4,997.76	5,086.65
Scope 3 emissions	tCO ₂ e	564.78	938.21	911.83
Total emissions (scope 1+2 emissions)	tCO ₂ e	3,335.68	5,644.70	5,895.72
Total emissions (scope 1+2+3 emissions)	tCO ₂ e	3,900.46	6,582.91	6,807.55
Emission intensity (scope 1+2+3 emissions)	tCO ₂ e/million RMB revenue	3.82	4.85	3.11
Emission intensity (scope 1+2 emissions)	tCO ₂ e/million RMB revenue	3.26	4.16	2.69

Note:

- (1) The GHG emissions calculated in the above table include CO₂, CH₄ and N₂O.
- (2) Scope 1 GHG emission primarily arises from natural gas and liquefied petroleum gas used in production and operational facilities, gasoline and diesel consumed by company-owned vehicles, and fugitive emissions.
- (3) The emission factors for natural gas, liquefied petroleum gas, gasoline, and diesel are sourced from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
- (4) Scope 2 GHG emission is calculated based on the location-based method. Relevant emission factors are derived from Ministry of Ecology and Environment of the People’s Republic of China 2021/2022 Electricity CO₂ Emission Factor – National Electricity Average CO₂ Emission Factor.
- (5) The source of Scope 2 GHG emission comes from the use of purchased electricity at our production and operational sites.
- (6) Scope 3 inventory is conducted in accordance with the GHG Protocol requirements and currently includes emissions from Category 6 (Business Travel) and Category 7 (Employee Commuting).

Protecting the Environment

Performance Benchmarking

We continuously track and disclose key performance indicators to transparently measure the impact of our operations and drive ongoing improvement. The table below presents our historical performance in emission intensity, energy consumption intensity, and water consumption intensity, benchmarked against industry peers to assess our relative standing.

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Indicator	Unit	Group Performance			2024 Peer Performance		
		As of December 31 _{st}			Minimum	Maximum	Average
		2023	2024	2025			
Emission intensity (scope 1+2+3 emissions)	tCO ₂ e/million RMB revenue	3.82	4.85	3.11	0.59	9.22	2.99
Energy consumption intensity	MWh/million RMB revenue	5.27	7.08	4.50	1.21	6.46	3.68
Water consumption intensity	Tonnes/million RMB revenue	13.17	13.76	6.08	0.41	44.20	17.70

Note:

- (1) We selected six companies as peers for comparative analysis. Our criteria for selecting peer companies included: (i) being listed on one of major capital exchanges as of December 31, 2024; and (ii) having core businesses covering apparel operations, which are comparable to our business scope.

Energy Management

We systematically promote energy conservation and emission reduction through a combination of technological upgrades, equipment modernization, and behavioral guidance. We are committed to continuously optimizing energy efficiency in daily operations, reducing carbon emissions, and actively building a green and low-carbon production and office environment.

Lighting Management: We have implemented smart timing and light-sensing control systems to automatically adjust lighting levels based on usage periods and natural light intensity.

Temperature Control: Through rational setting of air conditioning temperatures and enhanced equipment maintenance, we practice refined management in heating and cooling operations to prevent energy waste.

Hot Water System Transformation: We have upgraded the original electric water heaters to solar-powered hot water systems for both production and daily use, significantly reducing electricity consumption.

Transportation Energy Management: We are actively advancing the green transition of our vehicle fleet. Several fuel-powered vehicles have already been replaced with hybrid models, and we plan to gradually introduce new energy vehicles as existing ones are retired.

Employee Awareness and Training: We place great emphasis on the impact of employee behavior on energy consumption. Through energy conservation campaigns and specialized training, we raise overall awareness and encourage resource savings in daily practices.

Our energy consumption and intensity during the Track Record Period are as follows:

Indicator	Unit	As of December 31 _{st}		
		2023	2024	2025
Fossil fuels	MWh	169.84	294.88	262.73
Purchased electricity	MWh	5,218.76	9,313.75	9,586.60
Total energy consumption . . .	MWh	5,388.60	9,608.63	9,849.33
Energy consumption intensity .	MWh/million RMB revenue	5.27	7.08	4.50

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Note:

The fluctuations were mainly driven by changes in the consumption of diesel and natural gas. Specifically, in 2024, the Group added several sprinkler trucks and vans to support logistics and onsite transportation needs, resulting in a corresponding increase in diesel consumption. Concurrently, the self-operated canteen in the new production plant commenced operations in 2024, introducing additional natural gas consumption for cooking purposes. These operational changes collectively contributed to the increase in total greenhouse gas emissions and energy consumption.

Water and Wastewater Management

Due to the nature of the apparel production process, our manufacturing operations do not generate industrial wastewater, and all discharged wastewater is domestic in nature.

To enhance water resource efficiency, we actively implement rainwater collection and reuse measures. We encourage the development of water-saving habits in daily activities and workplace practices, reducing water consumption through attention to detail.

Our wastewater discharge, total water consumption and water consumption intensity during the Track Record Period are as follows:

Indicator	Unit	As of December 31 st		
		2023	2024	2025
Wastewater discharge	Tonnes	346.00	563.00	795.00
Total water consumption	Tonnes	13,467.00	18,679.00	13,323.00
Water consumption intensity . .	Tonnes/million RMB revenue	13.17	13.76	6.08

Note:

The variations in water-related metrics were primarily a result of the Group’s business expansion. Increased production activities and employee numbers led to higher water demand. However, through the implementation of water-saving initiatives, optimization of water usage processes, and continued enhancement of discharge management, the Group achieved a gradual reduction in water consumption intensity, reflecting improved operational efficiency and effective environmental management.

Waste Management

We are committed to minimizing waste generation throughout production and operational processes while actively promoting the recycling and reuse of resources. In line with the characteristics of the apparel industry, we have established a waste management system with clear categorization and well-defined responsibilities to ensure that all types of waste are handled in a compliant, efficient, and environmentally sound manner. Our production processes do not involve hazardous waste.

To standardize the management of textile waste, achieve 100% safe and compliant disposal of hazardous textile waste with zero incidents, and meet textile waste management goals such as reducing the total amount of textile waste sent to landfills or incineration plants for final disposal by 50% compared to 2023 by 2030, we have established textile waste management procedures including the Textile Waste Classification and Management System, Circular Recycling Disposal Plan, and Action Plan for Reducing Textile Waste. These goals are ensured through measures such as collaborating with suppliers to develop and use more easily recyclable eco-friendly materials in production, incorporating waste management performance into the evaluation system for core suppliers, integrating waste reduction targets into departmental performance assessments, and continuously conducting employee training and awareness campaigns.

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Our waste discharge and intensity during the Track Record Period are as follows:

Indicator	Unit	As of December 31 st ,		
		2023	2024	2025
Non-hazardous waste	Tonnes	25.00	25.00	31.00
Total waste discharge	Tonnes	25.00	25.00	31.00
Waste discharge intensity	kg/million RMB revenue	24.45	18.42	14.16

During the Track Record Period and up to the Latest Practicable Date, COVID-19 and the related social circumstances did not have any material adverse impact on our results of operations or financial position. We experienced limited supply chain disruptions during the COVID-19 period. In response, we have increased the frequency of demand forecasting based on sales data and inventory levels, while engaging key suppliers in advance to secure critical supply sources. We proactively pre-procure and pre-position essential materials and prioritize assured material supply. Our production scheduling is aligned to anticipated demand through flexible strategies, enabling seamless coordination of production and replenishment to ensure rapid responsiveness to market needs.

The COVID-19 pandemic and subsequent government-enforced measures, including lockdowns and social distancing protocols, caused a decline in consumer foot traffic at our offline stores. Despite these challenges, these measures facilitated sustained consumer interaction and sales continuity by accelerating the transition to our e-commerce and live-streaming sales platforms. This rapid expansion of digital channels enabled us to adapt effectively and maintain resilience in a transforming retail landscape, ensuring business continuity amid unprecedented restrictions on offline store operations. As a result, COVID-19 did not cause any material disruption to our sales performance.

To the best of our knowledge, our key suppliers, including raw material providers, contractual manufacturers, and logistics service providers, did not experience any significant suspension of operations or business closures due to COVID-19 that had any material adverse impact on our supply chain and business operations. We continued to fulfill orders and maintain stable delivery capabilities throughout the relevant period.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We also periodically review these procedures to ensure their effectiveness. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [REDACTED], we have adopted, among other things, the following risk management measures:

- established the Audit Committee to review and supervise our financial reporting process and internal control system. For the qualifications and experience of the committee members, see “Directors and Senior Management;”
- adopted policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;
- organized training sessions for our Directors, Supervisors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies [REDACTED] in Hong Kong;

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- enhanced our reporting and records system for production facilities, including centralizing their quality control and safety management systems and conducting regular inspections of the facilities;
- established a set of emergency procedures in the event of major quality-related issues;
- adopted internal control policies with regard to the monitoring of online presence such as KOL-related contents of our brands and products; and
- distributed employee handbooks to enhance employees’ awareness of complying with laws and regulations.