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Application Proof of



TANBOER

Tanboer Group Co., Ltd.
坦博爾集團股份有限公司

(the “Company”)

(A joint stock company incorporated in the People’s Republic of China with limited liability)

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TANBOER

Tanboer Group Co., Ltd.
坦博爾集團股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] in the : [REDACTED] H Shares (subject to the
[REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to
reallocation)
Number of [REDACTED] : [REDACTED] H Shares (subject to
reallocation and the [REDACTED])
Maximum [REDACTED] : [REDACTED] per H Share, plus
brokerage of 1.0%, SFC transaction
levy of 0.0027%, AFRC transaction
levy of 0.00015% and Stock Exchange
trading fee of 0.00565% (payable in
full on application in Hong Kong
dollars and subject to refund)
Nominal Value : RMB1.00 per H Share
[REDACTED]

Sole Sponsor, [REDACTED]



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The [REDACTED] (for itself and on behalf of the [REDACTED]) may, where considered appropriate and with our consent, reduce the number of Hong Kong [REDACTED] and/or the indicative [REDACTED] range that stated in this document at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, notices of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] range will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.tanboer.com as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [REDACTED]. For more details, see the sections headed “Structure of the [REDACTED]” and “How to Apply for [REDACTED]” in this document.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this document, including but not limited to the risk factors set out in the section headed “Risk Factors” in this document.

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. Moreover, there are risks associated with any [REDACTED]. Some of the particular risks of [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors.” You should read the entire document carefully before you decide to [REDACTED] in the [REDACTED].

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 thoughtfully organized into three distinct series, each designed to address difference wearing scenarios, namely the Elite Performance Series, the Performance Outdoor Series, and the Urban Expedition Series. 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 wear resistance, longevity and air permeability. 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

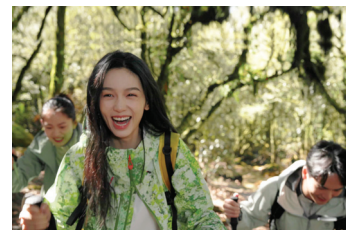
We have developed a comprehensive product portfolio that spans the full spectrum of diverse natural environments, such as skiing, mountaineering and hiking, as well as urban scenarios like suburban walk, park leisure and commuting. Our product portfolio includes professional outdoor apparel, primarily 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

SUMMARY

- ***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.
- ***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 walks, 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 independent 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 COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our success and set us apart from our competitors: (i) dedication to consistent quality that strengthen our leadership in the professional outdoor apparel market; (ii) an effective product development system supporting a diverse and dynamic product portfolio; (iii) expertise in material technologies and production processes driving superior product performance; (iv) strategic brand building and multichannel sales network enhancing brand awareness; (v) integrated supply chain management ensuring product quality and enhances operational efficiency; and (vi) an experienced and dedicated management team driving sustainable growth. For details, please see “Business — Our Competitive Strengths.”

OUR GROWTH STRATEGIES

We aim to further grow our business by pursuing the following strategies: (i) pursuing consistent quality through enhanced R&D investment; (ii) enhancing precision-driven brand building combined with optimized multichannel sales strategies; (iii) strengthening supply chain development and digitalization; (iv) expanding product portfolio and brand matrix; (v) executing globalization strategies through strategic acquisition; and (vi) advancing and improving of our ESG system. For details, please see “Business — Our Growth Strategies.”

SUMMARY

TECHNOLOGY ADVANCEMENT 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 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 Capabilities.”

OUR MULTICHANNEL SALES AND DISTRIBUTION NETWORK

We sell our products through a comprehensive sales network that integrates both online and offline channels. 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.

During the Track Record Period, we are rapidly expanding our online channels to meet the evolving needs of today’s digital-savvy consumers. Our online sales network primarily cover social commerce platforms, such as Douyin, Tmall, Kuaishou, JD.com and WeChat stores. Our sales through online channels primarily comprise (i) self-operated online stores; (ii) sales to e-commerce platform; and (iii) online distributors. For details, please see “Business — Our Sales Network — Online Channels.”

Our offline channels are essential for building long-term consumer trust and loyalty. Our offline channels comprise (i) direct sales via our self-operated offline stores, which encompasses both lease and commission arrangements; and (ii) sales via distributor-operated offline stores, where we strategically collaborate with offline distributors who operate offline retail stores to sell our product to consumers. We operate our offline stores through two models 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

SUMMARY

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. As of December 31, 2023, 2024 and 2025, we had 197, 136 and 119 seasonal offline stores, respectively, operated by our distributors and us.

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 of consumers they can reach. See “Business — Our Sales Network.”

BRANDING AND MARKETING

We are committed to making consistent quality as our brand perception supported by our R&D capabilities. In addition, we have implemented various marketing activities and campaigns in collaboration with online and offline channels.

Our brand building blends consistent quality with promising functionality and protective features. This is exemplified through our establishment of an “Extreme Cold Technology Laboratory (極寒實驗室)” in partnership with the Beijing Institute of Fashion Technology, where we perform rigorous testing on materials and apparel to uphold the good quality standards. Further, we established a flagship museum inspired by the Danxia landform and icy snow imagery, showcasing our heritage in outdoor apparel, the evolution of down jackets, and ongoing innovations in functional design and fashion. In addition, we actively promote a quality outdoor lifestyle through a variety of outdoor events and campaigns. 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 2024, we organized “The Down of China,” a Douyin-based event spotlighting the consistent quality and design of our down apparel, which contributed to a significant 150% increase in new consumers of Douyin compared to the previous year. The launch of “Defining New Outdoor Trends” in 2023 and the 25th anniversary event themed “Embrace with Nature” in 2024 further solidified our position in professional outdoor apparel industry, combining immersive exhibitions with fashion shows.

Our marketing initiatives strike a balance between comprehensive online and offline strategies. With respect to online channels, we leverage popular social commerce platforms like Douyin, where our videos have amassed over 2.0 billion views, underscoring strong consumer engagement. With respect to offline channels, strategic partnerships with high-traffic outdoor locations, particularly four well-known ski resorts, have enabled us to reach winter sports enthusiasts through prominent advertising at cable cars and ski lift stations. We are also expanding cultural partnerships, such as the 2025 co-branded collaboration with the Altay region — the birthplace of skiing — to deepen consumer engagement with our Ski Collection. Our marketing

SUMMARY

efforts extend to celebrity endorsements and KOL collaborations, including partnerships with prominent sporty celebrities, to further enhance our brand visibility. Lastly, our close partnerships with professional sport teams, such as the Austrian Snowboarding National Team and the Chinese Nordic Combined Team, not only provide competition and training apparel but also validate the performance of our products under demanding conditions. Both teams competed at the 2026 Winter Olympics and achieved reliable performance, which further enhanced our brand visibility. These collaborations reinforce our position as a trusted leader in professional outdoor sportswear and enable continuous product development driven by elite athlete feedback.

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 consistent quality is demonstrated through the implementation of stringent quality control measures for our contractual manufacturers. We established long-term partnerships with our top five contractual manufacturers for each year during the Track Record Period (together, the “**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.

SEASONALITY

Our results of operations are exposed to seasonal fluctuations. Our product sales exhibit seasonal patterns, influenced by factors such as holiday promotions and related consumer behaviors. Historically, we typically experience higher sales in the first and fourth quarters of each year. We typically formulate the sales plan for the subsequent 12 months at the end of each year. Accordingly, we commence raw material procurement at the beginning of each year and place orders with contractual manufacturers starting from the first quarter, and build up inventory in preparation for the peak sales season.

CUSTOMERS AND SUPPLIERS

Our customers mainly include individual consumers, as well as e-commerce platforms, 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. For details, please see “Business — Our Customers.”

Our major suppliers include contractual manufacturers and raw materials providers. 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. For details, please see “Business — Our Suppliers.”

SUMMARY

RISK FACTORS

Our operations and the [REDACTED] involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to [REDACTED] in us and/or the value of your [REDACTED]. See “Risk Factors” for details of our risk factors. Some of the major risks we face include: (i) 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; (ii) any failure to anticipate or respond to changes in consumer preferences and market trends could materially and adversely affect our sales and financial performance; (iii) our success depends on the strength and expansion of the “TANBOER” brand. Any deterioration in its reputation or failure to expand its reach could materially harm our sales, profitability, business operations, and ability to execute our growth strategy; (iv) if we fail to continue innovating and providing consumers with design features that meet their expectations, we may not be able to generate and maintain sufficient consumer interest in our products, ultimately compromising our competitiveness; (v) if any of our products have manufacturing or design defects or are otherwise unacceptable to us, our sales channels and/or consumers, our business could be materially and adversely harmed; (vi) inability to promote our products through a diverse range of marketing channels, or any negative publicity or developments with respect to these channels, may adversely affect our consumer acquisition, reputation and results of operations; (vii) we rely on third-party e-commerce and social media platforms for a significant portion of our marketing and sales efforts. If such platforms’ operations are interrupted, our cooperation with such platforms terminates, deteriorates or becomes more costly, or there are negative publicities about such platforms, our business, financial condition, results of operations and prospects may be materially and adversely affected; (viii) we may fail to effectively manage the growth of our offline store network; (ix) we are subject to risks with respect to our self-operated offline stores; and (x) we may not be able to effectively manage and develop our offline distribution network, which could adversely affect our brand, operations and results of operations.

COMPETITION

We primarily operate in the 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. 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.”

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth a summary of our consolidated financial information for the Track Record Period, extracted from the Accountant’s Report set out in Appendix I. The summary of consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this document, including the related notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards.

SUMMARY

Summary Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the year indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Revenue	1,021,042	100.0	1,302,479	100.0	2,189,464	100.0
Cost of sales	(444,598)	(43.5)	(587,352)	(45.1)	(957,264)	(43.7)
Gross profit	576,444	56.5	715,127	54.9	1,232,200	56.3
Other income and gains	43,387	4.2	25,038	1.9	28,164	1.3
Selling and distribution expenses	(355,646)	(34.8)	(508,403)	(39.0)	(808,570)	(36.9)
Administrative expenses	(75,494)	(7.4)	(100,523)	(7.7)	(172,775)	(7.9)
(Impairment)/Reversal of impairment on financial assets, net	(2,265)	(0.2)	1,267	0.1	148	0.0
Other expenses	(3,830)	(0.4)	(2,120)	(0.2)	(6,331)	(0.3)
Finance costs	(5,856)	(0.6)	(9,518)	(0.7)	(18,203)	(0.8)
Profit before tax	176,740	17.3	120,868	9.3	254,633	11.6
Income tax expense	(37,495)	(3.7)	(13,554)	(1.0)	(31,375)	(1.4)
Profit for the year	139,245	13.6	107,314	8.2	223,258	10.2
Attributable to:						
Owners of the parent	139,245	13.6	107,314	8.2	223,258	10.2

Revenue

During the Track Record Period, our revenue has achieved continuous and sustained growth. During the same period, our revenue was primarily generated from the sales of professional outdoor apparel in China, with an insignificant portion derived from accessories and other products.

Revenue by Product Series

Our product portfolio primarily comprises three series — Elite Performance Series, Performance Outdoor Series, and Urban Expedition Series — each designed to address different wearing scenarios. The following table sets forth a 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	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

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, we priced our products in

SUMMARY

a higher range, benefiting from the increasing consumer recognition, as we consistently enhanced the quality and functionality of our products through sourcing premium raw materials, adopting new technologies and collaborating with selected contractual manufacturers.

During the Track Record Period, we have strategically diversified our product portfolio by expanding beyond our established Urban Expedition Series into a diversity of quality professional outdoor offerings. This shift is reflected in the strong revenue growth of our Performance Outdoor Series. The contributions of our Performance Outdoor Series to our revenue remained relatively stable at 25.3% and 25.4% in 2023 and 2024, respectively. It increased to 31.9% in 2025, demonstrating the significant consumer recognition for its technical innovation, advanced functionality, and professional-grade performance. Furthermore, we remained dedicated to and have achieved remarkable results from our strategic expansion into winter sports and extreme-weather apparels, demonstrated by the significant sales growth of our Elite Performance Series. Our revenue from Elite Performance Series increased from RMB6.8 million in 2023 to RMB50.9 million in 2024, and further to RMB122.5 million in 2025.

Revenue by Sales Channels

During the Track Record Period, we sell our products through an extensive sales network that integrates online and offline channels. The following table sets forth a breakdown of our revenue by sales channels, 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	%
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.

We sell our products through a comprehensive sales network that integrates both online and offline channels. Our online channels have demonstrated strong growth, reflecting the successful implementation of our strategy to leverage online platforms in reaching and engaging consumers. The revenue growth from online channels was primarily attributable to our strategic focus on expanding the online presence and reaching a broader consumer base through (i) establishing a matrix of stores on e-commerce and social commerce platforms, which target different consumer demographics and usage scenarios, (ii) enhancing online marketing efforts through livestreaming initiatives, strategic KOL collaborations and online advertising placement, and (iii) increasing sales to major e-commerce platforms benefiting from strengthened collaborations.

Meanwhile, a substantial portion of our revenue was derived from offline channels during the Track Record Period, including self-operated offline stores and distributor-operated offline stores, benefiting from our established store network, brand recognition and market presence.

SUMMARY

Revenue by Geographical Locations

During the Track Record Period, we primarily sell our products in Chinese Mainland. The following table sets forth a breakdown of our revenue by geographical location, 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	%
Chinese mainland	1,013,198	99.2	1,294,591	99.4	2,185,455	99.8
Rest of Asia ⁽²⁾	6,715	0.7	3,495	0.3	2,910	0.1
Others ⁽¹⁾	1,129	0.1	4,393	0.3	1,099	0.1
Total	1,021,042	100.0	1,302,479	100.0	2,189,464	100.0

Notes:

- (1) Others primarily include North America and Europe.
- (2) Rest of Asia refers to the countries of the Asian continent excluding China.

Offline Revenue by City Tier

The following table sets forth a breakdown of our offline sales revenue by city tier in Chinese Mainland:

	For the Year ended December 31,								
	2023			2024			2025		
				(RMB in thousands)					
	Self-operated offline stores	Distributor-operated offline stores	Total	Self-operated offline stores	Distributor-operated offline stores	Total	Self-operated offline stores	Distributor-operated offline stores	Total
First tier and new first tier cities	70,364	23,313	93,677	67,864	31,671	99,535	66,080	41,844	107,924
Second tier and new second tier cities	139,938	51,609	191,547	136,252	56,898	193,150	152,366	89,586	241,952
Third tier cities	137,168	115,662	252,830	124,549	108,316	232,865	128,001	180,355	308,356
Others ⁽¹⁾	58,194	42,324	100,518	61,002	48,813	109,815	128,601	88,609	217,210
Total	405,664	232,908	638,572	389,667	245,698	635,365	475,048	400,394	875,442

Note:

- (1) Others primarily comprises cities below the third tier, such as Xuchang, Rizhao and Zaozhuang city
- (2) The city tier classifications for each year during the Track Record Period are determined based on the the 2025 report published by Rising Lab (新一線城市研究所).

SUMMARY

Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, our gross profit amounted to RMB576.4 million, RMB715.1 million and RMB1,232.2 million, respectively. Our overall gross profit margin was 56.5%, 54.9% and 56.3% in the same years, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by product series for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%
Elite Performance Series	4,228	62.3	32,268	63.4	77,601	63.4
Performance Outdoor Series	166,894	64.7	198,376	59.9	413,082	59.2
Urban Expedition Series	405,008	53.9	483,608	52.8	739,982	54.3
Accessories	314	6.2	875	16.0	1,535	22.5
Total	576,444	56.5	715,127	54.9	1,232,200	56.3

The gross profit margin of our various product series is primarily influenced by the raw materials and technologies used to meet the diverse requirements of outdoor activities. Each series is tailored to address different performance needs, ranging from casual urban and outdoor use to professional-grade activities in extreme conditions. Higher-performance products, such as Elite Performance Series and Performance Outdoor Series, designed for more demanding conditions, typically incorporate advanced materials and specialized technologies to ensure durability, functionality and comfort. These factors contribute to variations in production costs while allowing us to charge premium prices and achieve higher margins.

The following table sets forth a breakdown of our gross profit and gross profit margin by sales channel for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%
Online channels	169,927	48.7	333,786	53.3	697,797	55.7
Offline channels	393,380	61.6	370,234	58.3	515,940	58.9
Others	13,137	38.8	11,107	27.1	18,463	30.6
Total	576,444	56.5	715,127	54.9	1,232,200	56.3

Our gross profit margin through online and offline channels fluctuated during the Track Record Period. During the Track Record Period, we increased our focus on online channels, investing in their expansion and diversification. This included strengthening sales channel development, broadening our product offerings and enhancing promotional strategies. As a result, the gross profit margin of our online channels has steadily improved, and we see significant potential for further growth as our online sales and marketing strategies continue to mature. This strategy drove the continuous improvement in our online channel's gross profit margin from 48.7% in 2023 to 53.3% in 2024, and further to 55.7% in 2025. For offline sales, the gross profit margin was primarily affected by incentives and discounts offered to distributors to boost sales and market penetration.

SUMMARY

For details, please see “Financial Information — Year to Year Comparison of Results of Operations.”

Summary Consolidated Statement of Financial Position

The following table sets forth a breakdown of our consolidated statement of financial position as of the dates indicated, which has been extracted from our audited consolidated financial statements included in Appendix I to this document:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Total non-current assets	763,503	673,684	653,477
Total current assets	713,105	1,633,669	2,002,983
Total assets	1,476,608	2,307,353	2,656,460
Total current liabilities	583,646	1,282,771	1,792,916
Net current assets	129,459	350,898	210,067
Total non-current liabilities	258,952	283,123	188,735
Total liabilities	842,598	1,565,894	1,981,651
Net assets	634,010	741,459	674,809

For details of our fluctuation in key items of our consolidated statements of financial position and net current assets during the Track Record Period, see “Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position.”

We recorded net current assets of RMB129.5 million, RMB350.9 million and RMB210.0 million as of December 31, 2023, 2024 and 2025, respectively.

Our net current assets increased from RMB129.5 million as of December 31, 2023 to RMB350.9 million as of December 31, 2024, primarily due to an increase of RMB436.7 million in inventories, an increase of RMB68.3 million in cash and cash equivalents, and an increase of RMB49.9 million in trade and bills receivables. This was partially offset by an increase of RMB477.5 million in trade and bills payables and an increase of RMB159.8 million in interest-bearing bank borrowings.

Our net current assets decreased from RMB350.9 million as of December 31, 2024 to RMB210.0 million as of December 31, 2025, primarily due to an increase of RMB327.9 million in trade and bills payables and an increase of RMB152.5 million in interest-bearing bank borrowings. This was partially offset by an increase of RMB314.8 million in trade and bills receivables and an increase of RMB232.5 million in inventories.

Our net assets increased from RMB634.0 million as of December 31, 2023 to RMB741.5 million as of December 31, 2024, primarily due to our profit recorded each year.

Our net assets decreased from RMB741.5 million as of December 31, 2024 to RMB674.8 million as of December 31, 2025, primarily due to a decrease in the retained profits as a result of the dividend distribution, which was partially offset by the growth in profit for the year.

SUMMARY

Summary Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated statements of cash flow for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash flows generated from operating activities	249,793	80,185	114,491
Net cash flows (used in)/generated from investing activities	(194,911)	(170,342)	247,084
Net cash flows (used in)/generated from financing activities	(26,802)	158,461	252,032
Net increase in cash and cash equivalents	28,080	68,304	109,543
Cash and cash equivalents at beginning of year	57,284	85,364	153,668
Cash and cash equivalents at end of the year	85,364	153,668	263,211

For details, see “Financial Information — Liquidity and Capital Resources — Summary of Consolidated Statements of Cash Flow.”

Key Financial Ratios

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

	As of/For the Year Ended December 31,		
	2023	2024	2025
	<i>(%)</i>		
Turnover growth ⁽¹⁾	39.4	27.6	68.1
Gross profit margin ⁽²⁾	56.5	54.9	56.3
Return on equity ⁽³⁾	24.7	15.6	31.5

Notes:

- (1) Turnover growth represents the revenue of the year divided by the revenue of the previous year minus one.
- (2) Gross profit margin represents gross profit for the year divided by revenue for the year and multiplied by 100%.
- (3) Return on equity represents in percentage terms the net profit for the year divided by average shareholders equity.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, (1) Ms. Wang Lili directly held approximately 25.33% of the total issued share capital of our Company; (2) Shanghai Lanyin, holding approximately 67.14% of the total issued share capital of our Company, is owned by Ms. Wang Lili and Mr. Wang Runji as to 55.00% and 44.50%, respectively; and (3) Qingzhou Tanwen, holding approximately 4.17% of the total issued share capital of our Company, in which Ms. Wang Lili, as the general partner of Qingzhou Tanwen, is entitled to exercise the voting rights attached to the Shares of our Company held by Qingzhou Tanwen. As of the Latest Practicable Date, our group of Controlling Shareholders

SUMMARY

were entitled to exercise the voting rights attached to approximately 96.64% of the total issued share capital of our Company. Immediately upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our group of Controlling Shareholders will be entitled to exercise the voting rights attached to approximately [REDACTED]% of our total issued share capital. Therefore, Ms. Wang Lili, Mr. Wang Runji, Shanghai Lanyin and Qingzhou Tanwen are and will continue to be a group of Controlling Shareholders of our Company upon the [REDACTED]. For details, see “Relationship with our Controlling Shareholders.”

DIVIDENDS

In 2025, we declared and fully paid dividends of RMB290.0 million to our Shareholders.

We currently do not have any fixed dividend pay-out ratio. Our Board may determine the dividends we pay, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our Shareholders in a general meeting may approve any declaration of dividends recommended by our Board.

[REDACTED] STATISTICS

	Based on an [REDACTED] of HK\$[REDACTED] per H Share	Based on an [REDACTED] of HK\$[REDACTED] per H Share
Market [REDACTED] of our Shares ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of the market [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised), comprising [REDACTED] to be issued pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised) and [REDACTED] H Shares to be converted from Unlisted Shares.
- (2) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share has been arrived at after adjustments referred to “Appendix II — Unaudited [REDACTED] Financial Information” and on the basis that [REDACTED] Shares were in issue at the respective [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED], which does not take into account any Shares which may be issued upon the exercise of the [REDACTED].

FUTURE PLANS AND [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range stated in this document and that the [REDACTED] is not exercised. We intend to use our [REDACTED] from the [REDACTED] for the following purposes: (i) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for the advancement of our technological innovation system; (ii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for brand building and multichannel network enhancement; (iii) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used to reinforce sustainable supply chain management; and (iv) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED],

SUMMARY

is expected to be used for strategic mergers and acquisitions and expanding our brand portfolio; and (v) approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for working capital and general corporate purposes.

See the section headed “Future Plans and [REDACTED]” in this document for further information relating to our future plans and [REDACTED] from the [REDACTED].

[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per Share), representing approximately [REDACTED]% of the estimated [REDACTED] from the [REDACTED] assuming no Shares are issued pursuant to the [REDACTED]. The [REDACTED] consist of (i) [REDACTED]-related expenses, including [REDACTED] commission, of approximately HK\$[REDACTED], and (ii) non-[REDACTED]-related expenses of approximately HK\$[REDACTED], comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK\$[REDACTED], and (b) other fees and expenses of approximately HK\$[REDACTED]. During the Track Record Period, the [REDACTED] charged to our consolidated statements of profit or loss were HK\$[REDACTED] and the issue costs, which was recognized as prepayments and are expected to be deducted from equity upon the [REDACTED], were HK\$[REDACTED]. After the Track Record Period, approximately HK\$[REDACTED] is expected to be charged to our consolidated statements of profit or loss, and approximately HK\$[REDACTED] is expected to be accounted for as a deduction from equity upon the [REDACTED]. We do not believe any of the above fees or expenses are material or are unusually high for us. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent Development

Our business operations continued to expand subsequent to the Track Record Period. Our total sales volume and revenue have achieved substantial growth from the two months ended February 28, 2025 to the same period in 2026. In addition, we continue to expand our product offerings tailored to a wide range of scenarios and activities.

No Material Adverse Change

As confirmed by our Directors there has been no significant changes in our Group’s business model or principal products subsequent to the Track Record Period and up to the Latest Practicable Date.

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our business, financial condition and results of operations since December 31, 2025, which is the end date of the period reported on in the Accountants’ Report in Appendix I to this document, and there is no event since December 31, 2025 which would materially affect the information as set out in the Accountants’ Report in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain technical terms are explained in “Glossary of Technical Terms.”

“Accountants’ Report”	the accountants’ report prepared by Ernst & Young, the text of which is set out in Appendix I to this document
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles of Association” or “Articles”	the articles of association of our Company adopted on September 25, 2025 which will become effective upon the [REDACTED] and as amended from time to time, a summary of which is set out in Appendix VI to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of our Company
“Business Day” or “business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong and any day on which tropical cyclone warning no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

[REDACTED]

“China” or “PRC”	the People’s Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires otherwise, references in this document to “China” and the “PRC” do not include Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan of the PRC
“CIC”	China Insights Industry Consultancy Limited (灼識企業管理諮詢(上海)有限公司), an independent professional market research and consulting company
“CIC Report”	the industry report commissioned by our Company and prepared by CIC

DEFINITIONS

“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Tanboer Group Co., Ltd. (坦博爾集團股份有限公司), a limited liability company established in the PRC on April 19, 2004, and converted into a joint stock company with limited liability on July 8, 2013
“Company Law” or “PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“Compliance Advisor”	Somerley Capital Limited
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules. For further details, see section headed “Relationship with Our Controlling Shareholders” in this document
“Conversion of Unlisted Shares into [REDACTED]”	the conversion of [REDACTED] Unlisted Shares into H Shares on a one-for-one basis upon the completion of [REDACTED]. Filing of such conversion of Unlisted Shares into H shares has been completed with the CSRC on [●], 2026 and an application for H Shares to be [REDACTED] on the Stock Exchange has been made to the Listing Committee
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CSDC”	China Securities Depository and Clearing Co., Ltd. (中國證券登記結算有限責任公司)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
“Director(s)” or “our Director(s)”	the director(s) of our Company, including all executive directors and independent non-executive directors
“EIT”	enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Employee Incentive Platforms”	the employee incentive platforms established for the purpose of implementing the Employee Incentive Scheme including Qingzhou Boshun, Qingzhou Erya and Qingzhou Tanwen
“Employee Incentive Scheme”	the share incentive scheme adopted by our Company in December 2012 and amended in August 2025, the principal terms of which are set out in the section headed “Statutory and General Information — Share Incentive Scheme”
“EU”	European Union
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[REDACTED]

“Group,” “our Group,” “our,” “we” or “us”	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Guide for New [REDACTED] Applicants”	the Guide for New [REDACTED] Applicants as published by the Stock Exchange in December 2023 and amended from time to time

[REDACTED]

“HKFRS”	Hong Kong Financial Reporting Standard
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[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong” or “HK”

the Hong Kong Special Administrative Region of the PRC

“Hong Kong dollars,” “HK dollars” or “HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

“IASB”

International Accounting Standards Board

DEFINITIONS

“IFRS”	the International Financial Reporting Standards as issued by the IASB, which comprise the IFRS Accounting Standards, International Accounting Standards, Interpretations developed by the IFRS Interpretations Committee or its predecessor body, the Standing Interpretations Committee
“Independent Third Party(ies)”	an individual or a company which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules

[REDACTED]

“Latest Practicable Date”	April 20, 2026, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication
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[REDACTED]

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
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DEFINITIONS

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
“MOF”	Ministry of Finance (中華人民共和國財政部)
“MOFCOM” or “Ministry of Commerce”	the Ministry of Commerce of the PRC (中華人民共和國商務部) (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部))
“NDRC”	the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
“NEEQ”	the National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
“Nomination Committee”	the nomination committee of the Board
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

DEFINITIONS

“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC GAAP”	generally accepted accounting principles in the PRC
“PRC Legal Advisors”	AllBright Law Offices, the legal advisors to our Company as to the laws of the PRC
“PRC Securities Law”	the Securities Law of the PRC (《中華人民共和國證券法》), as enacted by the 6th meeting of the 9th Standing Committee of the NPC on December 29, 1998, and became effective on July 1, 1999, as amended, supplemented or otherwise modified from time to time

[REDACTED]

“Qingzhou Boshun”	Qingzhou Boshun Investment Management Center L.P. (青州市博順投資管理中心(有限合夥)), a limited partnership established in the PRC on December 25, 2012, one of our Employee Incentive Platforms, the general partner of which is Ms. Xiao Na
“Qingzhou Erya”	Qingzhou Erya Investment Management Center L.P. (青州市爾雅投資管理中心(有限合夥)) a limited partnership established in the PRC on December 25, 2012, one of our Employee Incentive Platforms, the general partner of which is Ms. Yang Xinli (楊信莉)
“Qingzhou Tanwen”	Qingzhou Tanwen Investment Management Center L.P. (青州市坦文投資管理中心(有限合夥)), a limited partnership established in the PRC on December 25, 2012, one of our Employee Incentive Platforms, the general partner of which is Ms. Wang Lili
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“Shanghai Lanyin”	Shanghai Lanyin Investment Management Co., Ltd. (上海藍銀投資管理有限公司), a limited liability company established in the PRC on November 12, 2012, which is a Controlling Shareholder of our Company

DEFINITIONS

“Share(s)” ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares

“Shareholder(s)” holder(s) of our Share(s)

[REDACTED]

“Sole Sponsor” the sole sponsor as named in the section headed “Directors and Parties Involved in the [REDACTED]” in this document

[REDACTED]

“STA” State Taxation Administration (中華人民共和國國家稅務總局)

[REDACTED]

“State Council” the State Council of the PRC (中華人民共和國國務院)

“Stock Exchange” or “Hong Kong Stock Exchange” The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited

“subsidiarie(s)” has the meaning ascribed thereto in section 15 of the Companies Ordinance

“substantial shareholder(s)” has the meaning ascribed thereto under the Listing Rules

“Takeovers Code” the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

“Track Record Period” the years ended December 31, 2023, 2024 and 2025

“U.S. dollars,” “US\$” or “USD” United States dollars, the lawful currency of the United States

“U.S. Securities Act” the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

DEFINITIONS

[REDACTED]

“United States,” “USA” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“Unlisted Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not [REDACTED] on any stock exchange
“VAT”	value added tax

[REDACTED]

“%”	per cent
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For the purpose of this document, references to “provinces” of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

In this document the terms “associate(s),” “close associate(s),” “connected person(s),” “core connected person(s),” “connected transaction(s),” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, nature persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this Document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“4D dynamic tailoring”	an advanced cutting technique for functional apparel that integrates 3D static body dimensions with dynamic movement data and environmental variables
“AIR BAG”	an inflatable protective component designed to cushion impact, reduce injury risks, or provide support
“Aerogel”	an ultra-light, highly porous solid material made by replacing a gel’s liquid with gas, known for exceptional thermal insulation and low density
“apparel”	garment produced by various fabrics, such as wool, silk, knit and cotton, among others, to cover the human body for functional and aesthetic purposes, including upper and lower garments
“BI System”	business intelligence system, a tool to help businesses analyze markets, understand consumers and optimize pricing and inventory
“BOM”	bill of materials
“CAGR”	compound annual growth rate
“CORDURA®”	a high-performance fabric brand renowned for its exceptional durability, abrasion resistance, and tear strength
“CPK”	process capability index, which quantifies the ability of a process to produce output within specification limits
“Dermizax”	A high-performance water-resistant and moisture-permeable fabric series renowned globally for 20 years, it integrates exceptional wearing comfort and high functionality through “non-porous membrane lamination”. Featuring a soft texture, low condensation property and durability, it is highly suitable for harsh conditions such as skiing, skateboarding and frigid weather
“Douyin”	抖音, a social commerce platform in China
“DOWN PLUS”	a traceable down information system, covering down materials meeting its standards and allowing consumers to trace raw material info through anti-counterfeiting care labels
“e-commerce”	the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions

GLOSSARY OF TECHNICAL TERMS

“ERP System”	enterprise resource planning, an integrated software platform used to manage and automate core business processes across an organization
“ESG”	environmental, social and governance
“eVent fabrics”	a waterproof and breathable fabric that keeps water out while letting moisture escape
“first tier and new first tier cities”	Beijing, Changsha, Chengdu, Chongqing, Dongguan, Guangzhou, Foshan, Hangzhou, Hefei, Nanjing, Ningbo, Qingdao, Shanghai, Shenzhen, Suzhou, Tianjin, Wuhan, Xi’an, Zhengzhou, according to the 2025 report published by Rising Lab (新一線城市研究所)
“Goose Down”	the soft, fluffy under feathers found beneath the outer feathers of geese, typically used for filling clothing to provide warmth and comfort
“Global Recycled Standard”	an international voluntary standard for textiles
“hardshell jackets”	protective outerwear that is waterproof, windproof, and breathable
“HEAT FLOW”	a patented airflow shield system, which significantly boosts breathability and heat dissipation during intense activity
“Higg Index”	an apparel and footwear industry self-assessment standard to rate environmental and social sustainability throughout the supply chain
“ISO standards”	a set of internationally recognized standards established by ISO for quality management, which helps organizations of all sizes and sectors to improve their performance, meet customer expectations and demonstrate their commitment to quality
“JD.com”	京東, a website for business-to-consumer online retail in China
“KOL”	key opinion leaders, influential people who shape others’ opinions and behaviors
“Kuaishou”	快手, a social commerce platform in China for creating and sharing short-form videos
“MCN”	multi-channel network, which refer to the third-party service providers that affiliate with varied digital platforms to offer content creation and promote
“N66 fiber”	a type of nylon fiber, known for high strength, good elasticity, and resistance to wear and chemicals

GLOSSARY OF TECHNICAL TERMS

“Narwhal Ocean Research Center”	a specialized organization focused on the study, conservation, and public education related to narwhals and ocean ecosystems
“Oceancycle”	a global certification standard for ocean plastic recycling supply chains aiming to address ocean plastic pollution
“OEKO-TEX® Standard 100”	a globally uniform testing and certification system for textile raw materials, intermediate and end products at all stages of production
“OMS System”	order management system
“PLM”	product lifecycle management
“polyamide fiber fabric”	commonly known as nylon, a strong, flexible, and wear-resistant material with good breathability, anti-static, low-temperature toughness and environmental sustainability performance to enhance the durability and thermal insulation
“R&D”	research and development
“RDS”	responsible down standard, an international standard developed by Textile Exchange
“RFID System”	radio-frequency identification system
“SCRM”	social customer relationship management
“SCM”	supply chain collaboration system
“second tier and new second tier cities”	Baoding, Changchun, Changzhou, Dalian, Fuzhou, Guiyang, Harbin, Huizhou, Jiaxing, Jinan, Jinhua, Kunming, Linyi, Luoyang, Nanchang, Nanning, Nantong, Quanzhou, Shaoxing, Shenyang, Shijiazhuang, Taizhou, Taiyuan, Weifang, Wenzhou, Wuxi, Xuzhou, Yantai, Zhuhai, according to the 2025 report published by Rising Lab (新一線城市研究所)
“SKU”	stock keeping unit, a unique identifier for each distinct product that can be purchased
“SOPs”	standard operating procedures
“sq.m.”	square meter(s)
“third tier cities”	the 70 third tier cities, according to the 2025 report published by Rising Lab (新一線城市研究所)
“Tmall”	天貓, a website for business-to-consumer online retail in China
“TMS System”	transportation management system

GLOSSARY OF TECHNICAL TERMS

“TORAYDELFY”	A Water-Resistant and Moisture-Permeable Series Fabrics have undergone optimization of multiple processing techniques, delivering professional-grade performance. They feature a soft texture and comfortable wear, effectively reducing stuffiness after physical activities
“TSD”	Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd., the largest-scale manufacturing company invested by the Toray Group in China
“UNICEF”	United Nations Children’s Fund
“VIP.com”	唯品會, an e-commerce platform that specializes in offering branded products at discounted prices in China
“WMS System”	warehouse management and storage system

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "might," "ought to," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change.

These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- the market opportunities of our products;
- our operations and business prospects;
- our business strategies and plans to achieve these strategies;
- our ability to maintain good relationships with business partners;
- our ability to control costs and expenses;
- industry trends and competition;
- our ability to attract and retain senior management and key employees;
- general economic, political and business conditions in the industries and markets in which we operate;
- relevant government policies and regulations relating to our industry, business and corporate structure;
- our ability to defend our intellectual rights and protect confidentiality;
- our dividend policy;
- changes or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends;
- capital market developments;
- the actions and developments of our competitors;
- changes to regulatory and operating conditions in the industry and markets in which we operate;

FORWARD-LOOKING STATEMENTS

- all other risks and uncertainties described in the section headed “Risk Factors” in this document; and
- other statements in this document that are not historical facts.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, the forward-looking statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

In this document, statements of or references to our intentions or those of the Directors are made as of the date of this document. Any such information may change in light of future developments.

RISK FACTORS

An [REDACTED] in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before deciding to [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such event, the [REDACTED] of our H Shares could decline, and you may lose all or part of your [REDACTED]. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition, and results of operations.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed “Forward-Looking Statements” in this document.

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.

We continue to face intense competition in the professional outdoor apparel industry, and expect the competition to increase. According to CIC, China’s professional outdoor apparel industry features a fragmented competitive landscape, with the top ten brands collectively holding 27.2% market share in terms of retail sales value of 2025. We are in direct and active competition with competitors of varying sizes and operating histories, technical capabilities and financial strengths.

Moreover, the growth and expansion of both offline stores and e-commerce platforms have significantly increased the competition among brands to secure prime locations in offline stores and to enhance their visibility across digital channels. E-commerce’s growth fragments the market, enabling consumers to have access to a wider range of brands and price points at their fingertips. Further, we may be required to make substantial additional investments in R&D, marketing and sales, and recruiting and retaining talents in order to respond to such competition. If we fail to compete successfully, or if competing successfully requires us to take costly actions, our business, results of operations and financial condition could be adversely affected.

Any failure to anticipate or respond to changes in consumer preferences and market trends could materially and adversely affect our sales and financial performance.

Our success largely depends on our ability to anticipate, interpret and adapt to changing consumer preferences and market trends, and to continually deliver products that appeal to consumers. Demand for our products is subject to consumers’ purchase power, which remains vulnerable to macroeconomic pressures.

The professional outdoor apparel industry is characterized by rapid shifts in style, evolving functionality, and changing material preferences. A shift in consumer interest in our products could materially and adversely affect our business. We also face inherent challenges in anticipating rapid shifts in functionality, material preferences and design. Failure to accurately forecast these trends risks product obsolescence, inventory mismatches or missed growth opportunities. While we continue to invest in product iteration, brand development and trend monitoring, our responsiveness is constrained by extended development, sourcing, and manufacturing lead times. If we fail to accurately anticipate and respond to industry changes, our products may become less desirable or obsolete, which may adversely affect our business, financial condition and results of operations.

RISK FACTORS

Our success depends on the strength and expansion of the “TANBOER” brand. Any deterioration in its reputation or failure to expand its reach could materially harm our sales, profitability, business operations, and ability to execute our growth strategy.

We are a well-established professional outdoor apparel brand in China. However, as we continue to grow in size, extend our geographic reach and diversify our product offerings, we may encounter additional difficulties in maintaining attractiveness of our products and brand. Our reputation and image could suffer from product defects, liability claims and consumer complaints. In the event that we receive a substantial number of complaints or negative reviews, our brand reputation could be adversely affected, which in turn could impact our sales and financial condition. Furthermore, the interconnected nature of modern online platforms accelerates the potential impact of reputation incidents. Adverse perceptions affecting the outdoor apparel industry generally may create collateral damage to our specific brands. In addition, negative publicity, with or without merit, relating to us, could materially and adversely affect consumer perceptions of our “TANBOER” brand and result in decreased demand for our products.

If we fail to continue innovating and providing consumers with design features that meet their expectations, we may not be able to generate and maintain sufficient consumer interest in our products, ultimately compromising our competitiveness.

Our ability to attract and retain consumers depends on continued investments in R&D. We face potential challenges including R&D execution, quality consistency and design-trend alignment. Our operating results could be negatively impacted if our technical advancements and designs fail to meet the needs of our consumers, are poorly timed with market opportunities, or are not effectively introduced to the market. We rely on R&D to drive technical advancements in areas such as product durability, performance, comfort, sustainability and aesthetics. Any failure to consistently deliver technical advancements could reduce consumer demand for our products, which could, in turn, negatively affect our business, financial performance, and growth prospects.

If any of our products have manufacturing or design defects or are otherwise unacceptable to us, our sales channels and/or consumers, our business could be materially and adversely harmed.

We may receive products that fail to meet our technical specifications or quality control standards, which may result in consumer dissatisfaction. If unable to promptly replace non-conforming products, we may face lost revenue and increased administrative and logistical costs. Undetected defects reaching the market may damage brand reputation, which could result in reputational damage, reduced sales or a product recall. Defective material or products sourced from third-party suppliers could also create safety risks, exposing us to liability claims, litigation or regulatory intervention. Even perceived quality issues, regardless of validity, may trigger negative publicity, erode consumer trust and strain distributor relationships. Such events often incur substantial costs to address claims and maintain compliance, while potentially decreasing market demand. If any such events occur, they could materially and adversely affect our business, results of operations, and financial condition.

Inability to promote our products through a diverse range of marketing channels, or any negative publicity or developments with respect to these channels, may adversely affect our consumer acquisition, reputation and results of operations.

We leverage both online and offline channels to reach new consumers. Both of online and offline promotional activities are subject to various risks associated with these marketing methods. We cannot assure you that our brand ambassadors’ endorsements or advertisements will remain effective and compatible with the messages that our brand and products aim to convey, or that our ambassadors and KOLs will remain compliant with applicable laws and regulations on marketing activities carried out by them. Any misconduct or deterioration of image by our ambassadors or KOLs would adversely impact our brand reputation and product sales. Where we need to replace

RISK FACTORS

our brand ambassadors, we may not be able to find suitable candidates in a timely manner or at all. In addition, our marketing plans may be disrupted or fail as we may require more time to prepare new market materials and may therefore miss desired marketing opportunities.

If we are unable to attract new popular celebrities and KOLs, and or retain existing, to partner with us in promoting our brand and products, our ability to influence the purchase decisions of our targeted consumers may be impaired. In addition, with social media rapidly evolving, we must continue to maintain a presence on these platforms and establish presences on new or emerging popular social media platforms. If we are unable to cost-effectively use social media as marketing tools, our ability to acquire new consumers and our financial condition may suffer.

We rely on third-party e-commerce and social commerce platforms for a significant portion of our marketing and sales efforts. If such platforms’ operations are interrupted, our cooperation with such platforms terminates, deteriorates or becomes more costly, or there are negative publicities about such platforms, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We rely on leading e-commerce platforms, such as Tmall, JD.com, and VIP.com, as well as prominent social commerce platforms like Douyin, Kuaishou and WeChat stores, for the online marketing and sales of our products. 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. Our business, financial condition, results of operations, and future growth prospects could be materially and adversely affected if any of the following risks materialize: interruptions in the services or operations of these platforms; negative publicity or reputational damage associated with these platforms; declines in the platforms’ ability to provide satisfactory user experiences, attract new users, or retain existing ones; termination or deterioration of our partnerships with these platforms, or an increase in the costs associated with maintaining these partnerships; and our failure to incentivize these platforms to drive traffic to our online stores or effectively promote the sale of our products. Given the significant influence and market dominance of these platforms in China’s e-commerce industry, it may be difficult for us to find alternative channels with commercially acceptable terms and conditions in a timely manner, or at all. In addition, we may be subject to concentration and counterparty risks associated with our reliance on one or more of these key e-commerce platforms, including but not limited to platform policy changes, algorithm modifications that could reduce product visibility, account suspension or termination, increased competition and customer acquisition costs, and platform-imposed restrictions on pricing or data access. Any disruption to our relationships with these platforms, our inability to maintain favorable terms with such platforms, or failure to successfully diversify our online sales channels could have a material adverse impact on our business, financial condition, and results of operations.

Furthermore, negative publicity or public perception about these platforms could deter consumers from visiting these platforms. A decline in consumer traffic to these platforms could result in fewer sales of our products, adversely affecting our revenue and profitability. We are also subject to various laws and regulations governing e-commerce activities in China. Non-compliance with these regulations could lead to fines, penalties, or other regulatory actions that may materially impact our operations, financial performance, and growth prospects. Any significant issues with these platforms or our relationships with them could negatively affect our business, financial condition, and results of operations.

Our website, customer service hotline, technology systems, and third-party e-commerce and social media platforms rely on telecommunications carriers and other third-party providers for communications, storage capacity, bandwidth, and server space, among other services. Any service interruptions at these external providers could disrupt our online marketing and sales. Frequent interruptions could frustrate consumers, discourage product purchases, result in customer loss, and materially and adversely affect our operating results.

RISK FACTORS

In addition, the Chinese e-commerce market is influenced by several factors. Any disruption or slowdown in China’s e-commerce market could impact our business, financial health, and growth potential.

We may fail to effectively manage the growth of our offline store network.

Our growth partially depends on our ability to expand our offline store network, including self-operated stores and distributor-operated offline stores. As of December 31, 2023, 2024 and 2025, the number of our offline stores was 562, 608 and 561, respectively. Our ability to secure and operate stores in desirable locations is subject to factors beyond our control, including but not limited to: the availability and cost of suitable locations in existing or new shopping centers or districts; competition with other retailers for prime locations; and the development or decline of shopping centers or districts where our stores are located.

We may encounter challenges to open new stores in existing or new geographies on schedule, or at all. Meanwhile, existing store locations may become less desirable over time due to various factors. If the areas surrounding our stores experience a decline in consumer activity or otherwise become unsuitable, our sales volumes, consumer traffic, and overall profitability in those locations may be adversely affected. Furthermore, if we are unable to renew or replace existing store leases or enter into new leases on favorable terms, or if we violate the terms of our current leases, our ability to maintain or expand our offline retail footprint could be harmed. Balancing growth across our offline and e-commerce channels is critical to achieving our strategic objectives.

We are subject to risks with respect to our self-operated offline stores.

We cannot assure you that we will be able to secure suitable locations on terms commercially acceptable to us. In the event that we encounter difficulties in securing suitable sites for our stores in the localities we plan to expand into, our business and growth prospects will be adversely affected. Our new self-operated offline stores may not achieve our expected level of profitability within the projected timeframe, or at all, due to a variety of factors, including, among others, (i) our ability to properly position our new self-operated offline stores and to execute our business strategy in the locality; (ii) actions by our existing or new competitors in the same locality; and (iii) the effectiveness of our marketing activities in the locality. Some of these factors are beyond our control. We may not successfully conduct business in accordance with our expectations and standards.

We may not be able to effectively manage and develop our offline distribution network, which could adversely affect our brand, operations and results of operations.

The performance of our distributors is crucial to our future growth and directly impacts our sales and profitability. Our revenue generated through distributor-operated offline stores accounted for 22.8%, 18.9% and 18.3% of our total revenue in 2023, 2024 and 2025, respectively. For details, see “Business — Our Sales Network — Offline Channels — Distributor-Operated Offline Stores.” Our offline distribution network may be adversely affected if our relationships with existing distributors are disrupted or if we are unable to timely identify and engage suitable new distributors. In addition, the effectiveness of our distribution expansion efforts may be impacted by changes in the competitive landscape and evolving consumer preferences, which could in turn affect our business, brand image, results of operations and financial condition.

We have limited control over daily business activities of our distributors and our control over the ultimate retail sales may be limited. In addition, any misconduct, regulatory non-compliance, or financial distress on the part of our offline distributors may expose us to legal or regulatory liabilities and adversely affect our brand image. We cannot assure you that the distributors will at all times comply with our sales policies or that they will not compete with each other for market share in respect of our products. This may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

RISK FACTORS

Changes to the pricing of our products could adversely affect our business, financial condition, results of operations and prospects.

We cannot guarantee that our pricing strategies will always remain competitive or effective. If we price our products too low, our profit margins may suffer. Conversely, if we price our products above consumer expectations or the price of competing alternatives, we may fail to achieve the expected sales volume, which could negatively impact our revenues.

We may need to adjust prices and offer discounts during promotional events, as products move through their life cycles, or to sell excess inventory when demand forecasts are inaccurate. These price reductions may not always result in the expected sales volumes and could negatively impact consumer perception of our brand or reduce demand for newly launched or higher-end products, which may further affect our revenue and profitability. Effective pricing strategies are critical to our ability to maintain profitability, manage inventory, and promote our brand. Our pricing decisions may be affected by changes in market conditions, competitive pressures and the dynamics of secondary sales, which could have a material adverse impact on our business and financial performance.

We primarily engage third-party contractual manufacturers and suppliers for our production, and any disruption to our relationship with them or to their operations could materially and adversely affect our business, financial condition, and results of operations.

Our ability to maintain business relationship with third-party contractual manufacturers and suppliers is important to our business operations, financial positions, and future prospect. Any disruptions to such relationship may require us to identify and onboard alternative contractual manufacturers or suppliers. This could disrupt our supply chain and limit our ability to meet consumer demand, thereby negatively impacting our business operations and financial position. See “Business — Supply Chain Management.” The operations of our contractual manufacturers and suppliers are subject to a variety of risks, many of which are beyond our control, including but not limited to: our contractual manufacturers and suppliers may face production limitations, which could impact our ability to secure sufficient production capacity and delay our product deliveries. increases in the prices of raw materials and the production fees charged by our contractual manufacturers could adversely affect our business, financial condition, and results of operations. the costs associated with contractual manufacturing may increase due to factors such as higher raw material prices, labor expenses, regulatory compliance, and logistical challenges. failure of contractual manufacturers and suppliers to meet our product specifications, quality standards, or delivery timelines could result in defective products, reputational damage, and potential product recalls. manufacturing operations may be interrupted by equipment failures, labor disputes or shortages, shortages of key raw materials, rising production costs, or non-compliance with environmental, health, or safety regulations. disruptions in the logistics industry, including port congestion, freight capacity shortages, or rising shipping costs, could delay the transport of raw materials or finished products. our contractual manufacturers and suppliers must comply with evolving labor, environmental, and product safety regulations. If any of them fail to comply with such regulations, we may experience supply disruptions, reputational harm, or be subject to regulatory scrutiny.

Renewal of contracts with our third-party contractual manufacturers and suppliers is subject to our mutual consent and approval. We cannot ensure that the suppliers and contractual manufacturers that we are satisfied with will agree to renew the agreements. If we are not able to maintain long-term relationships with our current suppliers and contractual manufacturers, supply from our suppliers and delivery of our products may be disrupted and our business, financial condition, results of operations and prospects would be materially and adversely affected.

RISK FACTORS

We may experience disruptions or delays in our production.

Significant shortage in manpower and unscheduled downtime at our facilities could cause disruptions in our operations or delay our delivery schedules. The risk of any disrupting event in the future cannot be eliminated. Should our ability to operate at our facilities be compromised for any reason, it could take a significant amount of time and resources to replace our manufacturing capabilities. If any manufacturing facilities were to be damaged or cease operations, it would temporarily reduce our manufacturing capacity and affect our ability to provide our products to our consumers, which could adversely affect our reputation, sales, business, financial condition and results of operation.

Supply shortages and interruptions, and price fluctuations for raw materials could disrupt our supply chain and have a material adverse impact on our business, financial condition, results of operations and prospects.

The consistent availability of high-quality down and fabrics is critical to maintaining the performance and comfort standards of our products. In the event of a raw material shortage or supply interruption from raw material suppliers, we will need to identify alternative sources of supply, which can be time-consuming, difficult to locate, and costly. We may not be able to source these raw materials on terms that are acceptable, or at all. This could cause delays in shipment of our products, harm our consumers' experience on our products, and adversely affect our reputation, business, financial condition, results of operations and prospects. If we and our contractual manufacturers experience significant increases in the market price for raw materials for our professional outdoor apparel, we may not be able to recover these costs through increasing sales price to our consumers, in which case our business, financial condition, results of operations and prospects may be adversely affected.

Our exchange, return and warranty policies may adversely affect our results of operations.

Our products are sold with return, exchange and warranty arrangements in accordance with applicable laws, regulations, and the policies of our sales channels. We typically allow returns or exchanges of products with functional defects within a specified period, and offer flexible return policies to distributors. Offline distributors are generally granted a return and exchange allowance of a certain percentage of their purchase amount. It is also required that the returned or exchanged products must be in their original packaging and in an undamaged condition. If our distributors fail to achieve satisfactory sales performance, we may receive a higher volume of product returns than expected, or be required to sell such returned products at a discount, and in some cases we may not be able to resell them at all. Even if we are able to resell certain returned products, the associated price discounts could adversely affect our pricing system and profit margins. We cannot assure you that our return, exchange and warranty policy will not be misused by our consumers or distributors, which may significantly increase our costs and materially and adversely affect our business and financial condition. These policies also subject us to additional costs and expenses associated with the warranty claims or maintenance requests, which we may not recoup through increased revenue.

Our business, results of operations and financial condition may be affected due to seasonality and changes in climate in markets where we sell our products.

The sales of our professional outdoor apparel products may be subject to seasonal fluctuations. Changes in weather or average temperature may cause fluctuations in demand for our products. Our product sales exhibit seasonal patterns, influenced by factors such as holiday promotions and related consumer behaviors. Historically, we typically experience higher sales in the first and fourth quarters of each year. Our results of operations could also suffer if we do not achieve revenue consistent with our expectations for this seasonal demand, because many of our expenses are based on anticipated levels of annual revenue. Due to the foregoing factors, our results of operations and financial condition for future periods may continue to fluctuate and our historical periodical results may not be comparable to or indicative of future performance. Furthermore, our operating and financial results for an interim period may not be representative of our overall performance for the year. We expect to continue to experience seasonal fluctuations in our revenue, results of operations and financial condition.

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Delivery delays and poor handling by third-party logistics providers and courier companies, disruptions in the transportation network or interruptions in the operation of our warehouse facilities may adversely affect our business, results of operations and financial condition.

We mainly rely on independent third-party logistics service providers to deliver our products to consumers. The logistics services provided by these providers may be suspended, which could interrupt the supply of our products. Delayed or even lost deliveries may occur for various reasons beyond our control. In addition, poor handling of our products could also result in product contamination or damage, which may in turn lead to product exchanges, product liability, increased costs and damage to our reputation.

In addition, any operational issues within our warehouses could result in delays, canceled sales, and a loss of consumer loyalty. Our warehouse facilities are exposed to risks beyond our control. If any of our warehouse facilities are rendered inoperable or experience significant disruptions, we may be unable to fulfill consumer orders on time, leading to financial losses and reputational harm. Furthermore, any delays or errors in our warehouse operations, adversely affect our business. Moreover, we may face increasing costs in acquiring or leasing warehouses at suitable locations, and we may not be able to find suitable locations for our warehouses on commercially acceptable terms, if at all. Any significant increase in the costs of acquiring or leasing warehouse facilities could negatively impact our operating expenses and profitability.

Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.

The property valuation report prepared by APAC Asset Valuation and Consulting Limited (“APAC”), an independent property valuer, set out in the Property Valuation Report set out as Appendix III to this document with respect to the appraised value of our property is based on various assumptions, which are subjective and uncertain in nature. The assumptions that APAC used in the property valuation report include that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest. Certain of the assumptions used by APAC in reaching the appraised value of our property may be inaccurate or unreasonable. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our property. As a result, the appraised value of our property may differ materially from the price we could receive in an actual sale of the property in the market and should not be taken as their actual realizable value or an estimation of their realizable value. You should not place undue reliance on such values attributable to the property as appraised by APAC.

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.

We may actively seek strategic opportunities for acquisitions of businesses, products, technologies or know-how that we believe would benefit our product development, R&D capabilities, or technology. Our ability to grow through acquisitions depends upon our ability to identify and integrate suitable targets and to obtain necessary financing at reasonable terms. Such acquisitions may involve significant risks and uncertainties. In particular, we may experience: difficulties in integrating acquired companies, personnel or products into our business, particularly different quality management, consumer service and other business functions; delays or failures in realizing the benefits of acquisitions; diversion of our management’s time and attention from other business concerns; higher costs of integration than we anticipated; or difficulties in retaining key employees of acquired businesses. An acquisition could also materially impair our results of operations by causing us to incur debt or amortize acquired intangible assets. We may also discover deficiencies in internal controls, data adequacy and integrity, service quality, regulatory compliance

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and liabilities in the businesses we have acquired which we did not uncover prior to such acquisition. Any difficulties in the integration of acquired businesses or products or unexpected penalties, lawsuits or liabilities in connection with such businesses or products could materially and adversely affect our business, financial condition and results of operations.

We may not be able to effectively manage our financial growth and execute our business strategies, which could adversely affect our business, financial condition, and results of operations.

We have experienced sustainable growth during the Track Record Period. We recorded revenue of RMB1,021.0 million, RMB1,302.5 million and RMB2,189.5 million in 2023, 2024 and 2025, respectively. There is no assurance that we will be able to sustain this level of expansion in the future.

Our ability to sustain our growth and profitability depends on various key factors, including but are not limited to: anticipating and adapting to evolving consumer preferences and market trends with respect to professional outdoor apparel; strengthening our brand image and market recognition; expanding the market reach of our products; implementing cost-efficient and impactful marketing campaigns; maintaining strong relationships with key customers, suppliers, and business partners; optimizing our product design and development, supply chain processes, financial controls, and management systems to support scalability; attracting, training, and retaining talent to support our expanding operations; and effectively managing working capital, capital expenditures, and financial risks to maintain liquidity and financial stability.

Any failure to do so could materially and adversely affect our business, financial condition, results of operations, and long-term prospects.

Our long-term growth and competitiveness are highly dependent on our ability to control costs and expenses.

As we scale our business, we are likely to face increasing cost pressures across various areas, including procurement, contractual manufacturing, production, labor, marketing and compliance. In 2023, 2024 and 2025, our cost of sales was RMB444.6 million, RMB587.4 million and RMB957.3 million, accounting for 43.5%, 45.1% and 43.7% of our total revenue of each respective year, respectively. In 2023, 2024 and 2025, our operating expenses, representing the sum of administrative expenses and selling and distribution expenses, was RMB431.1 million, RMB608.9 million and RMB981.3 million, accounting for 42.2%, 46.8% and 44.8%, respectively.

The costs of raw materials for our products can fluctuate due to market conditions and external factors. Significant increases in these costs may raise our production expenses, and we might struggle to pass these costs on to consumers without affecting demand. Labor costs are another major part of our operating expenses. If we are unable to achieve sufficient revenue growth to offset these expenditures, our financial performance may be negatively impacted. Our ability to manage costs is also influenced by regulatory compliance requirements. Changes in tax policies, environmental standards, data privacy laws and other applicable laws and regulations could lead to higher compliance costs, which may further strain our financial resources. In addition, as we expand into new markets and invest in product development, marketing, and e-commerce capabilities, we may experience higher operating expenses. In 2023, 2024 and 2025, our selling and distribution expenses were RMB355.6 million, RMB508.4 million and RMB808.6 million, accounting for 34.8%, 39.0% and 36.9% of our total revenue, respectively. If we are unable to generate a sufficient return on our marketing investments, attract new consumers or retain existing consumers, drive sales, or build brand awareness in a cost-effective and efficient manner, our ability to grow our revenue and maintain profitability could be significantly impaired. If we are unable to effectively control our costs and expenses while maintaining product quality and consumer satisfaction, our competitive position could be weakened.

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We have incurred significant costs for a variety of sales and marketing efforts. If our marketing activities are not effective in attracting consumers in a cost-effective and efficient manner, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We leverage a comprehensive online and offline promotional campaigns, strategic partnerships with outdoor communities, the engagement of celebrities and KOLs, and collaborations with professional sport teams, to attract, engage and retain consumers. These activities require substantial investment and represent a significant portion of our operating expenses. In 2023, 2024 and 2025, our selling and distribution expenses were RMB355.6 million, RMB508.4 million and RMB808.6 million, accounting for 34.8%, 39.0% and 36.9% of our total revenue, respectively. The effectiveness of our marketing efforts depends on various factors, many of which are beyond our control. If the costs of advertising increase or if platforms modify their algorithms or policies in ways that reduce the visibility or effectiveness of our advertisements, we may experience higher consumer acquisition costs or reduced marketing efficiency.

Furthermore, our reliance on promotional discounts, loyalty programs and other incentives to attract and retain consumers may erode our margins if these efforts do not lead to sustainable consumer relationships or repeat purchases. We also depend on third-party service providers, including advertising platforms, digital marketing agencies and influencers, to execute our marketing campaigns. Any failure on their part to deliver the desired results, comply with regulations, or uphold our brand standards could harm our reputation and reduce the effectiveness of our marketing efforts.

We may require additional funding to finance our operations and expand our business, which may not be available on favorable terms or at all.

As of December 31, 2025, we had cash and cash equivalents of RMB263.2 million. We may need to raise additional funding in the future to support our operations, pursue growth opportunities, diversify our product portfolio, expand into new markets, or address unforeseen challenges and expenses. Our ability to obtain additional financing is subject to a variety of factors, many of which are beyond our control. If adequate funds are not available or are not available on acceptable terms, we may be required to delay, reduce, or terminate planned investments, product development initiatives, or market expansion efforts. This could hinder our ability to grow, compete effectively, or respond to changing market conditions, which could materially and adversely affect our business, financial condition and results of operations.

We are subject to counterparty and credit risks which could adversely affect our liquidity and financial condition.

We are exposed to counterparty and credit risks arising from our customers’ payment delays, defaults and payment arrangements. As of December 31, 2023, 2024 and 2025, our trade and bills receivables amounted to RMB229.1 million, RMB279.0 million and RMB593.9 million, respectively. We may not be able to collect all such trade and other receivables due to a variety of factors, subjecting us to potential claims and disputes, as well as counterparty, credit or compliance risks.

Our results of operations could be materially harmed if we are unable to manage our inventory adequately.

During the Track Record Period, our inventories primarily included raw materials and finished goods. We typically commence raw material procurement at the beginning of each year to secure a stable production throughout the year. Starting from the first quarter, we place orders with contractual manufacturers and build up inventory in preparation for the peak sales season, which begins in November and extends through the Chinese New Year period, during which a substantial portion of our finished goods are sold. Maintaining an optimal level of inventory is important for

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the success of our business. As of December 31, 2023, 2024 and 2025, we had inventories of RMB256.5 million, RMB693.2 million and RMB925.7 million, respectively. In 2023, 2024 and 2025, our inventory turnover days were 242.0 days, 295.1 days and 308.6 days, respectively. However, demand for our products can be difficult to predict and is influenced by various factors, including changes in consumer preferences, seasonal changes, market trends, the competitive landscape and economic conditions. Furthermore, our inventory management challenges may be intensified by our reliance on third-party manufacturers and suppliers, requiring advance orders that limit our responsiveness to changing market conditions and consumer preferences. Supply chain delays or disruptions can exacerbate inventory imbalances, making it difficult to meet demand. As we expand into new markets and introduce products, accurately forecasting demand becomes more complex, particularly if we misjudge preferences or overlook regional differences. External factors like fluctuating transportation costs, global supply chain disruptions, and evolving trade regulations further complicate our ability to manage inventory effectively. If we fail to maintain an appropriate level of inventory, we may experience inventory shortages, excess inventory, temporary liquidity shortage or obsolescence, any of which could materially and adversely affect our business, financial condition, results of operations, and growth prospects. Specifically, our relatively prolonged inventory turnover days require us to commit substantial working capital to inventory over extended periods before such inventory is converted into revenue and cash. This may constrain our cash flow from operations, increase our working capital requirements and expose us to heightened liquidity risk, particularly during periods of inventory build-up ahead of peak selling seasons. To mitigate this risk, we closely monitor and manage our cash position and cash requirements on an ongoing basis, and supplement our operating cash flow through bank borrowings and credit facilities as needed to ensure adequate liquidity.

We have historically received financial incentives, such as government grants, and we may not continue to receive such incentives in the future. The fluctuations in government grants may affect our financial performance.

We have historically benefited from various financial incentives, including government grants, which primarily consist of non-recurring financial incentives to support our research activities and the construction of our plant and buildings. In addition, we qualify as a High and New Technology Enterprise and was entitled to a preferential enterprise income tax rate of 15% for three consecutive years starting from December 2024. However, their future availability, amount, and terms are uncertain and subject to change or discontinuation due to policy shifts, budgetary constraints, stricter eligibility criteria or reduced industry focus. Failure to satisfy compliance requirements could also jeopardize access. There is no guarantee that we will be able to continue qualifying for financial incentives and the amounts we receive may fluctuate significantly from period to period. An inability to offset lost incentives through revenue growth or cost efficiencies could materially harm profitability and materially and adversely affect our business, financial condition, results of operations, and long-term growth prospects. Furthermore, competitors benefiting from greater support may gain pricing power or market expansion advantages, undermining our position. Future policies may introduce targeted restrictions further limiting our qualification.

We may not be able to obtain, maintain or renew the necessary approvals, permits, licenses, certificates and other regulatory filings required for our operations.

We are required by relevant PRC laws and regulations to obtain and maintain various licenses, approvals and permits in order to operate our business. If we fail to obtain the required licenses, approvals, registrations and permits, we may be subject to fines, confiscation of the associated income, suspension of relevant business or other legal consequences and adverse publicity arising from such non-compliance. In addition, there can be no assurance that we will be able to obtain, renew and/or convert all of the licenses, approvals, registrations and permits required for our existing business operations upon their expiration in a timely manner or at all, which may materially and adversely impact our operations. Failure to pass these inspections, or to maintain or renew our approvals, licenses and permits, could subject us to fines and the temporary or permanent

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suspension of some or all of the store’s operational activities, and could disrupt our business operations, and materially affect our business and results of operations. As of December 31, 2025, all of our offline self-operated stores had completed the mandatory fire safety filing procedures. For details, please see “Business — Legal Proceedings and Compliance — Compliance — Failure to Complete Fire Safety Filings.” If government authorities in jurisdictions where we operate require additional licenses or permits or impose more strict supervision requirements in the future, or if we have to obtain relevant licenses or permits in a short period of time, there is no guarantee that we would be able to obtain such licenses or permits or meet all the supervision requirements in a timely manner, or at all.

We face certain risks relating to our owned and leased properties, which may disrupt our operations and incur additional costs.

As of the Latest Practicable Date, certain of our owned properties have title defects due to our failure to obtain valid title certificates. The relevant properties are mainly used as warehouses, garage and store. There is no assurance that we will not be subject to any administrative penalties for these defective titles in the future, and if this were to happen, our business, results of operation and financial position may be adversely affected. For details, see “Business — Properties — Owned Properties and Land Use Rights.”

We leased certain properties in China as our offline stores, warehouse and office purposes. Any limitations on the leased properties, or lessors’ title to such properties, may impact our use of the offices, or in extreme cases, result in relocation, which may in turn adversely affect our business operations.

As of the Latest Practicable Date, with respect to 10 out of 82 of our leased properties, the lessors of such properties failed to provide us with valid ownership certificates, with an aggregate GFA of approximately 1,671.1 sq.m., representing approximately 7.7% of the total leased GFA of our leased properties. Based on the advice of our PRC Legal Advisors, if the lessors of the leased properties do not have the requisite rights to lease the relevant properties, our leases may be affected, and, as a result, we may be required to vacate the relevant properties and relocate our stores. In this event, our operation on such properties may be impaired and we may not be adequately indemnified by the landlords for our related losses. Also, we will incur additional costs in relocating our stores to other suitable sites, thus affecting our business operations, financial condition and results of operations. For details, see “Business — Properties — Leased Properties.”

Pursuant to applicable PRC laws and regulations, all lease agreements are required to be registered with the local land and real estate administration bureau. As of the Latest Practicable Date, certain of our leased properties had not been registered with the relevant governmental departments. As advised by our PRC Legal Advisors, the failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations. However, we may also be required by relevant government authorities to complete the registration formalities within a prescribed time limit, and failure to do so may subject us to fines imposed by PRC government authorities ranging from RMB1,000 to RMB10,000 for each unregistered lease agreement.

Counterfeit or “knock-off” products may siphon off demand we have created for our products, and may result in consumer confusion, harm to our brand, a loss of our market share, and/or a decrease in our results of operations.

Counterfeit or “knock-off” products that imitate our designs, trademarks, and other intellectual property may siphon off demand we have created for our products, leading to consumer confusion, harm to our brand, and a loss of market share. This could erode consumer trust, dilute the distinctiveness of our brand, and harm our reputation. In addition, the prevalence of counterfeit products could reduce demand for our authentic offerings, as consumers may be unwilling to pay premium prices for products they perceive to be widely counterfeited. We may not be able to

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effectively prevent the production, distribution, or sale of counterfeit products. Enforcement of intellectual property rights can be time-consuming and expensive. Protecting the integrity of our brand is essential to maintaining consumer trust, and if counterfeit products become widespread or difficult to detect and prevent, our business, financial condition, and growth prospects could be materially affected.

The success of our business depends, in part, on competent employees, including key personnel, as well as our ability to maintain our corporate culture and values.

Our success depends in part on the continued service of competent employees, including key executive officers and personnel. Our success also relies on our ability to recruit, retain, and engage talented personnel to sustain our current operations and implement our strategic initiatives. Competition for skilled employees in the industry we operate in is intense, and we may not always succeed in attracting or retaining the talent we need. We have invested substantial time and resources in building, maintaining, and evolving our culture to align with our strategic goals. Challenges in preserving or adapting our culture could harm employee morale, reduce engagement, and negatively affect our ability to retain and recruit employees. Any deterioration of our labor relations could lead to labor disputes, which may result in disruption of our production and operations, and adversely affect our business and results of operations. Such incidents could worsen our relationship with our employees and damage our brand and reputation. Moreover, average wages in the society are expected to increase as China’s economy grows, and the trend of labor shortage and aging population may further contribute to increases in labor costs. Any material increase in our labor costs may adversely affect our profitability, results of operations and financial condition. Compensations to continually recruit experienced personnel required to achieve our business objectives. Prolonged labor shortages or inflation in labor costs could have an adverse impact on our business, results of operations and financial condition.

We are subject to various risks relating to third-party payments.

During the Track Record Period, a few of our customers (individually or collectively, the “**Relevant Customers**”) 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**”). See “Business — Our Customers — 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 years, 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. As of the Latest Practicable Date, our Group had ceased all the Third-Party Payment Arrangements.

We face various risks associated with the Third-Party Payment Arrangements during the Track Record Period, including (i) possible claims from third-party payors seeking the return of funds as they were not contractually indebted to us, (ii) potential claims from liquidators of such third-party payors, and (iii) potential money laundering risks due to our limited knowledge about the source and purpose of funds used by third-party payors. In case of claims or legal proceedings, whether civil or criminal, demanding payment return or alleging violation of laws, we would need to allocate significant financial and managerial resources for defense. Compliance with court rulings may result in returning payment for products sold to the Relevant Customers, which may materially and adversely affect our business, results of operations and financial conditions.

We may not have adequate insurance coverage for losses and liabilities arising from various operational risks and hazards that we are subject to.

We maintain industry-standard insurance policies in accordance with relevant laws and regulations, based on our assessment of our operational needs and industry practice. See “Business — Insurance” for details. However, we cannot assure you that our insurance policies will provide

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adequate coverage for all the risks in connection with our business operations. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we could suffer significant costs and diversion of our resources, which could have a material and adverse effect on our business, financial condition, results of operations and prospects. We may be required to bear our losses to the extent that our insurance coverage is insufficient.

Any fraud, bribery or other misconduct committed by our employees, suppliers, contractual manufacturers or other third parties may subject us to financial losses and adverse publicity.

We may be exposed to fraud, bribery, or other misconduct committed by our employees, suppliers, contractual manufacturers or other third parties, which could subject us to financial losses and penalties from governmental authorities. Our internal control procedures may be unable to identify all non-compliance, suspicious transactions, fraud, corruption, bribery or other misconduct in a timely manner, or prevent or deter such instances. If any such misconduct of third parties committed against our interests occurs, we may suffer from negative publicity and reputational damage, or even become subject to litigation and other proceedings, as well as administrative or criminal penalties for such misconduct, thereby adversely affecting our business and results of operations.

We may be exposed to risks arising from disruptions to our IT systems and evolving data privacy and cybersecurity regulatory requirements.

Our IT systems are subject to various risks beyond our control. Any such interruption to our IT systems could disrupt our operations and negatively impact our production and ability to fulfill sales orders, which may adversely affect our business and results of operations. In addition, we engage in e-commerce for the sales of our professional outdoor apparel, and we process their personal information in the course of our provision of products to them. If we are unable to comply with the applicable data protection and information security laws, or to address any data privacy and protection concerns, such actual or alleged failure could damage our reputation, impair our brand image and could subject us to significant legal, financial and operational consequences. If our network security is compromised, and such information is stolen or obtained by unauthorized persons or used inappropriately, we may become subject to litigation and other proceedings brought by consumers and relevant authorities. Any such proceedings could divert our management’s attention, result in significant financial losses and expenses, and negatively affect consumers’ perception of our brand. Furthermore, we may from time to time implement, modify and upgrade our IT systems and procedures to support our growth and the development of our business. These modifications and upgrades require investment and may not achieve the anticipated effects or returns of investments, thereby adversely affecting our results of operations and financial condition.

Security breaches and attacks against our system and network, and challenges in protecting confidential and proprietary information, could damage our reputation and adversely affect our business, financial condition and results of operations.

We rely on technologies to provide support for each major aspect of our business operations. Disruptions to, or instability of, our technology or external technology that supports the offering of our services and solutions could materially harm our business and reputation. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of consumer information, or a denial-of-service or other interruption to our business operations. If we are unable to avert attacks and security breaches, we could be subject to significant legal and financial liability, our reputation would be harmed and we could sustain substantial revenue loss from lost sales and consumer dissatisfaction. In addition, cyber-attacks may target us, our consumers, or the information infrastructure on which we depend. Actual or anticipated attacks and risks may cause us to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees, and engage third-party experts and consultants. Cybersecurity breaches may harm our reputation and business, and materially and adversely affect our financial condition and results of operations.

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We face inherent risks when handling and protecting such data, including protecting the data stored in our system, detecting and prohibiting unauthorized data share and transfer, preventing attacks on our system by outside parties or fraudulent behavior or improper use by our employees, and maintaining and updating our database. Any system failure, security breach or third parties attacks or attempts to illegally obtain the data that results in any actual or perceived release of user data could damage our reputation and brand, deter current and potential consumers from purchasing our product offerings, damage our business, and expose us to potential legal liability.

We face challenges in protecting our intellectual property rights, which could affect our business, financial conditions, and results of operations.

Any unauthorized use, infringement, or misappropriation of our intellectual property by third parties, or challenges in enforcing our rights in certain jurisdictions, may adversely affect our brand reputation, business operations, and financial condition.

Effective protection of trademarks, copyrights, domain names, patent rights, and other intellectual property rights is expensive and difficult to maintain. The efforts we have taken to protect our intellectual property rights may not be sufficient or effective. Our intellectual property rights may be infringed, misappropriated or challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. Counterfeit products or unauthorized reproductions of our designs and trademarks can dilute the value of our brand, damage our reputation, and result in lost revenue. In some cases, we may be required to initiate litigation or other legal proceedings to enforce our rights, which may not always result in favorable outcomes.

Disputes regarding trademark or other intellectual property may be expensive to defend and may disrupt our business operations.

We may face an increased risk of trademark or other intellectual property disputes or infringement claims from third parties. These disputes or claims may allege that our products, designs, trademarks, technologies, or other intellectual property assets, such as alleging our infringement upon their intellectual property rights or challenging the validity of our intellectual property rights. Litigation or other legal proceedings resulting from such disputes or claims, regardless of their merit, could be time-consuming, costly, and disruptive to our business operations. Defending against trademark or other intellectual property disputes or infringement claims can divert management’s attention and resources away from our core operations and strategic initiatives.

Any intellectual property disputes or infringement claims, whether valid or not, could result in costly litigation, require us to alter or cease the use of certain intellectual property, pay damages, or enter into costly licensing arrangements. If we fail to adequately protect our intellectual property rights or if third parties successfully challenge or infringe upon them, the distinctiveness and value of our brand may be diminished. Any inability to effectively protect and enforce our trademark or other intellectual property rights could materially and adversely affect our business, financial condition, results of operations, and growth prospects.

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.

From time to time, we, our Directors, or executive officers may become involved in claims, disputes, legal proceedings, regulatory investigations and commercial or contractual disputes arising in the ordinary course of our business. The occurrence of such claims, disputes, or investigations, whether initiated by us or brought against us, with or without merit, could result in substantial costs. Any adverse outcome in such proceedings could materially and adversely affect our business, financial condition, and results of operations.

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In particular, the outsourcing of manufacturing and the sale and distribution of our products expose us to potential product liability claims. If our products are alleged to be defective, unsafe, or otherwise not in compliance with applicable standards or consumer expectations, we may face lawsuits, recalls, or regulatory actions. In addition, some claims or proceedings may arise due to issues beyond our direct control. If such materials result in defective products or regulatory compliance issues, we may incur significant costs, and our suppliers may not be able or willing to indemnify us for such liabilities. Regulatory investigations could also expose us to penalties, fines, or operational restrictions if we are found to be in violation of applicable laws and regulations. Such investigations may also require us to adjust our business practices, incur additional compliance costs, or limit our ability to compete effectively in certain markets.

We may be the subject of anti-competitive, harassing, or other detrimental conduct by third parties, including complaints to regulatory agencies, negative social media postings, and the public dissemination of malicious assessments of our business that could harm our reputation and cause us to lose market share, consumers and revenues.

We may be the target of anti-competitive, harassing, or other detrimental conduct by third parties. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted online by anyone, whether or not related to us, on an anonymous basis. Information posted on social media may be inaccurate and adverse to us, and it may harm our reputation, business operations, and financial performance. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, consumers, and revenues.

Our risk management and internal control systems may not be adequate or effective.

We have designed and implemented risk management and internal control systems comprising organizational framework policies and procedures, financial reporting processes, compliance rules, and risk management measures that we believe are appropriate for our business operations. We cannot assure you that these systems are sufficiently effective in ensuring, among other things, accurate reporting of our financial results and the prevention of fraud. See “Business — Risk Management and Internal Control” for details. We cannot assure you that our employees are sufficiently or fully trained to implement these systems, or that their implementation will be free from human error or mistakes. If we fail to timely update, implement, and modify, or fail to deploy sufficient human resources to maintain our risk management policies and procedures, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our business model exposes us to risks of cannibalization and stock obsolescence.

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. We may be subject to risks of cannibalization if any distributors selling products outside their designated regions, leading to diminished overall revenue and market share. We may also be subject to the risks of stock obsolescence where products lose their value or become unsellable due to factors such as expiration or the emergence of more advanced alternatives. We have implemented a series of measures to avoid the occurrence of cannibalization. For details, please see “Business — Our Sales Network — Coordination Between Sales Channels.” However, we cannot guarantee that our distributors would continue to follow our measures, and that our measures can completely avoid the occurrence of cannibalization among different distributors. Any failure by us to effectively prevent cannibalization could materially and adversely affect our sales and the reach of our products to end-consumers, which would in turn result in a material adverse effect on our financial condition and results of operations.

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Evolving Rules and Regulations of the geographic markets where we operate could affect our business, financial condition and results of operations.

Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards, which may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims.

Furthermore, some of rules and regulations in places where we operate are published from time to time and may have retroactive effects. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention depending on the complexity of the cases. Developments in current laws or regulations or the imposition of new laws and regulations in our geographic markets may affect the growth of our industries and affect our business, financial condition and results of operations.

We may be subject to changes in global and regional macroeconomic conditions, natural disasters, health epidemics or other factors beyond our control.

Changes in global and regional macroeconomic conditions, natural disasters, health epidemics or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. The occurrence of any disasters, prolonged outbreak of such epidemic illness or other adverse public health developments in which we operate our business could materially disrupt our business and operations. Our operations may be disrupted if any of our employees or those of our business partners have, or are suspected of having, any of the epidemic or pandemic illnesses. This could require us or them to quarantine some or all of such employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic, pandemic or other outbreaks harm the economic conditions in the regions where we operate or the global economy in general.

The increasing awareness of environmental, social and governance issues may lead to the adoption of more stringent laws and regulations and increase our compliance costs.

We may need to devote more effort and resources to ensure our compliance with such laws or regulations. The manufacturing process of our contractual manufacturers consumes a substantial amount of energy and exerts pressure on environmental protection efforts. As a result, to address this impact, we may need to prioritize sustainable practices throughout our supply chain, which may involve implementing energy-efficient measures and collaborating with our suppliers to explore the use of eco-friendly materials. For details, please see “Business — Environmental, Social and Corporate Governance.” We cannot assure you that these risk management measures can effectively mitigate the relevant risks and help us to constantly maintain compliance under relevant laws and regulations. Revisions to existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs, and if we fail to comply with such ESG-related laws and regulations, our business and financial performance may be materially and adversely affected.

Ongoing geopolitical tensions may materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, we generated substantially all of our revenue from sales in the Chinese Mainland, and our professional outdoor apparel business does not depend on raw materials imported from the United States. Currently, we are not aware of any material risks arising from trade restrictions, tariff-related policies, or sanctions that would adversely affect our

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operations. We may be affected by the continued escalation of geopolitical and economic tensions, including, but not limited to, economic and labor conditions, increased custom duties, tariffs, taxes and other costs and political instability. Relevant geopolitical tensions, coupled with trade disputes and regional instability, may lead to increased economic volatility, regulatory unpredictability, and disruptions in market conditions, all of which may adversely affect our supply chain, operations, and consumer demand. We may be affected by ongoing geopolitical tensions and trade disputes. Such tensions may lead to increased procurement costs for raw materials originated from, or incorporating materials made in, the U.S., consumer boycotts, increased security requirements, travel restrictions or market disruptions, any of which could undermine the stability of our supply chain and reduce our flexibility in pursuing business expansion. We are unable to predict how tariff policies or geopolitical developments in various jurisdictions may evolve, nor can we anticipate the extent to which subsequent changes in international trade policies may affect our business. If we, our suppliers or other business partners become subject to any of the aforementioned restrictions or uncertainties, our business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS 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.

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) and the Administrative Regulations on Housing Provident Fund (住房公積金管理條例), we are required to make contributions to the social insurance plans and the housing provident fund under the relevant PRC laws for our employees. During the Track Record Period, we did not make social insurance contributions and housing provident funds for our employees in full as required under the relevant PRC laws and regulations. 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. We did not make any provision for such shortfall during the Track Record Period, 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 period for our employees is remote. 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. According to the relevant PRC laws and regulations, 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. 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. We cannot assure you that we will not be subject to any order from the relevant government authorities in the future that requires us to pay the outstanding amount or imposes late fees or fines on us or that there will not be any employee complaints or claims regarding social insurance payments or

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housing provident fund contributions made against us. We may also incur additional costs to comply with such laws and regulations by the PRC government or relevant local authorities. Any such development could adversely affect our business, financial condition, results of operations and prospects.

On July 31, 2025, the Supreme People’s Court of issued the Interpretation II by the Supreme People’s Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases (the “**Interpretation II**”), which took effect from September 1, 2025. Pursuant to the Interpretation II, any agreement between an employer and an employee, or an employee’s commitment to the employer, stipulating that social insurance contributions need not be paid, shall be deemed invalid by the people’s court. If an employer fails to pay social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and demands the employer to pay economic compensation pursuant to Article 38(3) of the Labor Contract Law, the people’s court shall support such a request in accordance with the law. Any such order may materially and adversely affect our business, financial condition and results of operations.

Compliance with applicable data-related laws and regulations could require additional expenditures and consequently affect our business, financial condition and results of operations.

Laws and regulations governing cybersecurity, information security, privacy and data protection, and the use of the internet as a commercial medium are rapidly evolving, extensive, and complex. For details of relevant PRC laws and regulations on data protection, data privacy, and/or information security currently in effect that we are subject to, see “Regulatory Overview — Laws and Regulations on Cyber Security, Data Security and Personal Data Protection” in this document. If relevant laws and regulations become more stringent in the future, we may be required to allocate additional resources to ensure compliance, which could increase our operating costs and potentially constrain certain aspects of our business operations. We process data of our employees, consumers, and third-party enterprises. Failure to comply with the laws and regulations on cybersecurity, data security, and the protection of personal information could harm our reputation or expose us to potential costs, liabilities, fines, or legal proceedings.

We cannot guarantee that our current measures will be effective in all circumstances to prevent data leakage, misuse, unauthorized access, or other security incidents. Failure to continuously and effectively comply with applicable laws and regulations relating to data protection, cybersecurity, and personal information could subject us to regulatory investigations, penalties, or civil and administrative liabilities. In addition, we engaged or entrusted third parties with data processing. We cannot control third parties or monitor their data processing activities in real time. We may be held liable and subject to claims arising from such third parties’ improper conduct.

In addition, on December 28, 2021, thirteen PRC governmental and regulatory agencies, including the Cyberspace Administration of China (the “CAC”), promulgated the Measures for Cybersecurity Review (網絡安全審查辦法), which came into effect on February 15, 2022 and required that any network platform operator who possesses the personal information of over one million users and seeks a “foreign listing” (國外上市) shall be subject to cybersecurity review. 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 [REDACTED]” does not include [REDACTED] in Hong Kong. Therefore, we are not required to apply for a cybersecurity review by the Cybersecurity Review Office for the [REDACTED]. However, the interpretation and implementation of these laws and regulations keep evolving. Any potential or perceived non-compliance with data-related laws and regulations may prevent us from using or providing certain products and services, and may result in fines or other penalties, which may have a material adverse effect on our business, operation or financial conditions. Therefore, we may incur additional costs to comply with applicable data-related laws and regulations and maintain internal compliance policies.

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Laws and regulations related to e-commerce activities in China may impose additional requirements and obligations on our online channels or could increase our compliance costs.

The e-commerce industry in which we have operations is highly regulated. If the PRC government establishes stricter data privacy or other regulatory requirements on e-commerce activities in the future, we may incur significantly higher compliance costs in our online channels, and we cannot assure you that we would be able to meet all the regulatory requirements in a timely manner, or at all. See “Regulatory Overview — Laws and Regulations on Retail Industry — On-line Retail Business” for details. Such legislation and enforcement may result in additional compliance obligations and costs or place restrictions upon our current or future operations. This may in turn materially and adversely affect our reputation, business, financial condition, results of operations and prospects.

We are subject to regulatory and reputational risks associated with advertising activities and compliance with applicable advertising laws and regulations.

We advertise our brand and product offerings through various channels, including social media, which is subject to the applicable PRC laws and regulations. If our employees or the third-party service providers we engage fail to comply with such laws and regulations, or the relevant government authorities, who have broad discretions in interpreting the laws and regulations, ultimately take a view that is inconsistent with our understanding in the process of administrative law enforcement, we may be subject to potential risks and penalties. We cannot ensure that inadvertent noncompliance will not happen in the future, which may subject us to further penalties imposed by the relevant authorities and may further damage our brand image and reputation. We may need to increase compliance costs in the future to comply with applicable advertising laws and regulations. Accordingly, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Any failure to comply with relevant regulations regarding the registration requirements for employee share incentive scheme may subject our share incentive scheme participants or us to fines and other legal or administrative sanctions.

In February 2012, the State Administration of Foreign Exchange of the PRC (“SAFE”) (中華人民共和國國家外匯管理局) promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (Hui Fa [2012] No. 7), replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly [REDACTED] company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who have been granted options will be subject to these regulations when our company becomes an [REDACTED] company upon the completion of the [REDACTED]. Failure to complete SAFE registrations may subject them to fines, and legal sanctions. In light of the above, we cannot assure you that we will continuously adopt additional incentive plans for our directors, executive officers and employees under PRC law.

We are a Chinese Mainland enterprise and we are subject to Chinese Mainland tax on our income, and any dividends paid to [REDACTED] and gains on the sale of our H Shares by our [REDACTED] may be subject to Chinese Mainland tax.

As a company, under applicable PRC tax laws, we are required to pay tax on our global income. Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares. Non-PRC individuals are generally subject to individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) with respect to source income or gains at a rate of 20%. For

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a Non-PRC individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless a reduction is approved by the competent tax authority of the State Council or exempted by an international convention or agreement to which the PRC government is a party. We are required to withhold related tax from dividend payments paid to non-PRC resident individuals, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Non-resident individual H Share holders should be aware that they may be obligated to pay income tax on the dividends and bonus realized from the H Shares.

Payment of dividends is subject to Chinese Mainland law and regulations.

Under PRC law and regulations, we may only pay dividends out of distributable profits. Distributable profits are our after-tax profits as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in periods for which our financial statements indicate we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years. Moreover, our operating subsidiaries in the PRC may not have distributable profit as determined under PRC GAAP. Accordingly, we may not receive sufficient distributions from our subsidiaries for us to pay dividends. Failure by our operating subsidiaries to pay us dividends could adversely impact our ability to make dividend distributions to our Shareholders and our cash flow, including during periods in which we are profitable.

[REDACTED] may experience difficulties in effecting service of legal process and enforcing judgments against us and our Directors and management.

We are a company incorporated under the laws of the PRC and a substantial majority of our assets and subsidiaries are located in mainland China. The majority of our Directors and senior management reside within mainland China. The assets of these Directors and senior management also may be located within mainland China. As a result, it may not be possible to effect service of process upon most of our Directors and senior management outside the PRC. Moreover, the PRC does not have treaties providing for reciprocal recognition and enforcement of court judgments in the U.S., the United Kingdom, Japan or most other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the U.S. As a result, in mainland China or Hong Kong, recognition and enforcement of court judgments from the jurisdictions mentioned above may be difficult or impossible. Although we will be subject to the Listing Rules and the Takeover Codes, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Takeover Codes do not have the force of law in Hong Kong.

The remittance of Renminbi into and out of Chinese Mainland and governmental control of currency conversion may affect our ability to pay dividends and other obligations, and affect the value of your [REDACTED].

The PRC government regulates the convertibility of Renminbi into foreign currencies. We receive almost all of our revenue in Renminbi. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments to certain suppliers. Shortages in the availability of foreign currency may affect our ability to remit sufficient foreign currency, or otherwise satisfy our foreign currency-denominated obligations.

Approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of Chinese Mainland to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Under the relevant laws and regulations, the government is eligible to take necessary measures to guarantee and control the international balance of payments when serious disequilibrium of balance of payments occurs or is possible to occur or other legal circumstances occur. If the foreign exchange control system prevents us from obtaining sufficient

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foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Furthermore, there can be no assurance that new regulations will not be promulgated in the future that regulate the remittance of Renminbi into or out of Chinese Mainland.

RISKS RELATING TO THE [REDACTED]

No public market currently exists for our H Shares. An active [REDACTED] market for our H Shares may not develop, and the [REDACTED] and [REDACTED] volume of our H Shares may be volatile.

There was no [REDACTED] market for our H Shares prior to the [REDACTED]. There can be no guarantee that a [REDACTED] market for our H Shares with adequate liquidity and [REDACTED] volume will develop and be sustained following the completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is expected to be fixed by agreement between the [REDACTED] (for itself and on behalf of the [REDACTED]) and us, which may not be indicative of the market price of our H Shares following the completion of the [REDACTED]. If an active public market for our H Shares does not develop following the completion of the [REDACTED], the market price and liquidity of our Shares may be materially and adversely affected.

Future sales, perceived sales or conversion of significant amounts of our H Shares in the [REDACTED] market following the [REDACTED] could materially and adversely affect the price of our H Shares.

Future sales of a substantial number of our H Shares, especially by our directors, executive officers and existing Shareholders, or the perception or anticipation of such sales, could negatively impact the [REDACTED] of our H Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate. The Shares held by our existing Shareholders are subject to certain [REDACTED] periods. See “[REDACTED] — [REDACTED] Arrangements and Expenses.” While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the [REDACTED] periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. The effect of such disposal, if any, on the market price of the H Shares cannot be predicted.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

We have declared and paid dividends of RMB290.0 million in 2025. We may not be able to pay a dividend in a given year even if we were profitable as determined under IFRS. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and requires approval at our Shareholders’ meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

Certain facts, forecasts, and other statistics in this document obtained from official government sources have not been independently verified and may not be reliable.

We have derived certain information and statistics in this document, particularly the section headed “Industry Overview,” from the report prepared by CIC, which was commissioned by us, and from, among others, various official government publications and other publicly available publications provided by the PRC government. The information from official government sources has not been independently verified by us, any of the Sole Sponsor, [REDACTED], the [REDACTED] and the [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED], and, therefore, we cannot assure you as to the accuracy and reliability of such information and statistics, which may not be consistent with other information compiled inside or outside Chinese Mainland. Due to possibly flawed or ineffective

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collection methods or discrepancies between published information and market practice and other problems, the statistics contained in such government sources may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

If securities or industry analysts do not publish research reports about us, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] and [REDACTED] of our H Shares may decline.

The [REDACTED] market of our H Shares may be influenced by research reports that securities or industry analysts publish about us or our business. If one or more analysts decide to downgrade their rating of our H Shares or publish negative opinions about us, the market price of our H Shares would likely decline, regardless of the accuracy of the information. Additionally, if one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or [REDACTED] volume of our H Shares to decline.

Forward-looking information in this document is subject to risks and uncertainties.

This document contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this document, the words “anticipate,” “believe,” “estimate,” “expect,” “plans,” “prospects,” “going forward,” “intend,” “aspire” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this document. Whether actual results will conform with our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and the [REDACTED] should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this document, there has been press and media coverage regarding us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility and you should not rely on such information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rules 8.12 and 19A.15 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our Group’s management headquarters, senior management, business operations are not principally located, managed or conducted in Hong Kong, and our Directors consider that the relocation of our executive Directors to Hong Kong or the appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Company and therefore would not be in the best interests of our Company and our Shareholders as a whole, our Company does not, and, for the foreseeable future, will not, have two executive Directors who are ordinarily resident in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is an effective communication between the Stock Exchange and us by way of the following arrangements:

- (i) **Authorized representatives:** both of our Company’s authorized representatives, Mr. Hou Zengjiang (侯增江) (“**Mr. Hou**”), an executive Director, the deputy general manager and Board secretary of our Company, and Mr. Chang Eric Jackson (張世澤) (“**Mr. Chang**”), one of our joint company secretaries, will act as our Company’s principal channels of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and/or email.

Each of the authorized representatives of our Company has means of contacting all Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matter;

- (ii) **Directors:** each Director has provided their mobile phone number, office phone number, fax number, if any, and e-mail address to the authorized representatives of our Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of the office, they will provide the phone number of the place of their accommodation to the authorized representatives.

Each of our Directors not ordinarily residing in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time; and

- (iii) **Compliance advisor:** we have appointed Somerley Capital Limited as our Compliance Advisor, in compliance with Rule 3A.19 of the Listing Rules, who will, among other things and in addition to the authorized representatives and our Directors, also act as an additional channel of communication with the Stock Exchange from the [REDACTED] to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the [REDACTED]. Pursuant to the Note of Rule 3A.23, the Compliance Advisor will have access at all times to our authorized representatives, our Directors and other officers. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, other officers and the Compliance Advisor, and will keep the Compliance Advisor fully informed of all communications and dealings between the Stock Exchange and us.

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WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. The Stock Exchange considers the following academic or professional qualifications to be acceptable: (i) a member of The Hong Kong Chartered Governance Institute; (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and (iii) a certified public accountant (as defined in the Professional Accountants Ordinance).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience,” the Stock Exchange will consider the individual’s: (i) length of employment with the issuer and other issuers and the roles they played; (ii) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code; (iii) relevant training taken and/or to be taken in addition to the minimum requirement of taking not less than 15 hours of relevant professional training in each financial year under Rule 3.29 of the Listing Rules; and (iv) professional qualifications in other jurisdictions.

Our Company considers that while it is important for the company secretary to be familiar with the relevant securities regulation in Hong Kong, the company secretary also needs to have experience relevant to our Company’s operations, nexus to the Board and close working relationship with the management of our Company in order to perform the function of a company secretary and to take the necessary actions in the most effective and efficient manner. It is for the benefit of our Company to appoint a person who is familiar with our Company’s business and affairs as company secretary.

We have appointed Mr. Hou and Mr. Chang as our joint company secretaries. As our executive Director, deputy general manager and Board secretary, Mr. Hou is primarily responsible for managing and coordinating the administrative and operational activities of our Group and overseeing board affairs. Since Mr. Hou does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a [REDACTED] issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. To support Mr. Hou, we have appointed Mr. Chang, who meets the requirements under Rules 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance, for a three-year period from the [REDACTED] so as to enable Mr. Hou to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his duties.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Hou as our joint company secretary. Pursuant to the Chapter 3.10 of the Guide for New Listing Applicants, such waiver has been granted on the conditions that:

- (i) Mr. Chang is appointed as a joint company secretary to assist Mr. Hou in discharging his functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules;
- (ii) our Company will further ensure that Mr. Hou has access to the relevant training and support to enable him to familiarize himself with the Listing Rules and the duties required of a company secretary of an issuer [REDACTED] on the Stock Exchange. Our Hong Kong legal advisors have provided training to Mr. Hou on the principal requirements of the Listing Rules and the Hong Kong laws and regulations applicable to our Company after the [REDACTED]. In addition, Mr. Hou will endeavor to familiarize himself with the Listing Rules, including any updates thereto, during the three-year period from the [REDACTED];

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (iii) Mr. Hou has confirmed that he will attend no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investor relations as well as the functions and duties of a company secretary of a Hong Kong listed issuer during each financial year as required under Rule 3.29 of the Listing Rules;
- (iv) before the expiry of Mr. Hou’s initial term of appointment as the company secretary of our Company, our Company will evaluate his experience in order to determine if he has acquired the qualifications required under Rule 3.28 of the Listing Rules; and
- (v) this waiver will be revoked immediately if and when Mr. Chang ceases to provide such assistance during the three-year period, and we undertake to re-apply to the Stock Exchange for a waiver in the event that Mr. Chang ceases to meet the requirements under Rule 3.28 of the Listing Rules or otherwise ceases to serve as a joint company secretary of our Company. In addition, this waiver is subject to revocation in the event of any material breaches of the Listing Rules by our Company.

For the biographical information of Mr. Hou and Mr. Chang, see “Directors and Senior Management.”

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ms. Wang Lili (王麗莉)	No. 8333, Yiwangfu South Road Yunmenshan Sub-district Qingzhou, Weifang City Shandong Province PRC	Chinese
Mr. Hou Zengjiang (侯增江)	Room 501, Unit 2 Building 67, Nanshan Haoting Yunmenshan Sub-district Qingzhou, Weifang City Shandong Province PRC	Chinese
Ms. Xiao Na (肖娜)	Room 801, Block E Haidaiyuan, Qingzhou, Weifang City Shandong Province PRC	Chinese
Mr. Zhuang Huangfeng (莊煌鋒)	Room 1003, Building 8 Huajing Lvyuan Xuhui District, Shanghai PRC	Chinese
Independent Non-executive Directors		
Mr. Li Xiangdong (李向東)	No. 100, Huanshan Road Lixia District Jinan City Shandong Province PRC	Chinese
Mr. Qu Fei (屈飛)	Room 121, Unit 1 Building 3, No. 33 Taiping Road Haidian District, Beijing PRC	Chinese
CHOW Ching Ning (周政寧)	Flat C, 3/F, Shouson Garden 6A Shouson Hill Road Wong Chuk Hang Hong Kong	Chinese (Hong Kong)

For further details regarding our Directors, please see “Directors and Senior Management.”

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

China International Capital Corporation
Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbor View Street
Central
Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisors to our Company

as to Hong Kong and U.S. laws:

Kirkland & Ellis

26/F, Gloucester Tower
The Landmark
15 Queen’s Road Central
Hong Kong

as to PRC law:

AllBright Law Offices

11, 12/F, Shanghai Tower
No. 501, Yincheng Middle Road
Pudong New Area, Shanghai
PRC

Legal Advisors to the Sole Sponsor and the [REDACTED]

as to Hong Kong law:

Jingtian & Gongcheng LLP

Suites 3203 – 3207, 32/F
Edinburgh Tower
The Landmark
15 Queen’s Road Central
Hong Kong

as to PRC law:

Commerce & Finance Law Offices

9/F, Tower 1
Jing An Kerry Centre
1515 West Nanjing Road
Shanghai
PRC

Reporting Accountant and Independent Auditor

Ernst & Young

Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King’s Road
Quarry Bay
Hong Kong

Independent Property Valuer

APAC Asset Valuation and Consulting

Unit 309, 3/F
Wing On Plaza
62 Nody Road, Kowloon
Hong Kong

Industry Consultant

China Insights Industry Consultancy Limited

10F, Block B, Jing’an International Center
88 Puji Road
Jing’an District
Shanghai
PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Compliance Advisor

Somerley Capital Limited
20/F, China Building
29 Queen’s Road Central
Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office in the PRC	No. 8333, Yiwangfu South Road Yunmenshan Sub-district Qingzhou, Weifang City Shandong Province PRC
Head Office and Principal Place of Business in the PRC	No. 8333, Yiwangfu South Road Yunmenshan Sub-district Qingzhou, Weifang City Shandong Province PRC
Principal Place of Business in Hong Kong	Room 12, 12/F, Tower A New Mandarin Plaza 14 Science Museum Road Tsim Sha Tsui, Kowloon Hong Kong
Company’s Website	<u>www.tanboer.com</u> <i>(Information contained in this website does not form part of this document)</i>
Joint Company Secretaries	Mr. Hou Zengjiang (侯增江) No. 8333, Yiwangfu South Road Yunmenshan Sub-district Qingzhou, Weifang City Shandong Province PRC Mr. Chang Eric Jackson (張世澤) <i>HKICPA</i> Room 12, 12/F, Tower A New Mandarin Plaza 14 Science Museum Road Tsim Sha Tsui, Kowloon Hong Kong
Authorized Representatives	Mr. Hou Zengjiang (侯增江) No. 8333, Yiwangfu South Road Yunmenshan Sub-district Qingzhou, Weifang City Shandong Province PRC Mr. Chang Eric Jackson (張世澤) Room 12, 12/F, Tower A New Mandarin Plaza 14 Science Museum Road Tsim Sha Tsui, Kowloon Hong Kong
Audit Committee	Mr. Li Xiangdong (李向東) (<i>chairperson</i>) Mr. Chow Ching Ning (周政寧) Mr. Qu Fei (屈飛)

CORPORATE INFORMATION

Remuneration Committee

Mr. Qu Fei (屈飛) (*chairperson*)
Mr. Li Xiangdong (李向東)
Ms. Xiao Na (肖娜)

Nomination Committee

Ms. Wang Lili (王麗莉) (*chairperson*)
Mr. Qu Fei (屈飛)
Mr. Li Xiangdong (李向東)

[REDACTED]

Principal Banks

China Everbright Bank Co., Ltd.
Weifang Branch
No. 6888, Jiankang East Street
High-tech Zone, Weifang City
Shandong Province
PRC

China CITIC Bank Corporation Limited
Weifang Weicheng Sub-branch
Building 1, No. 453, Dongfeng West Street
Weicheng District, Weifang City
Shandong Province
PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by CIC (the “CIC Report”). We engaged CIC to prepare the CIC Report in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, any of the Sole Sponsor, [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

DEVELOPMENT OF OUTDOOR SPORTS AND OVERVIEW OF GLOBAL PROFESSIONAL OUTDOOR INDUSTRY

The Evolution and Development of Outdoor Sports

Outdoor sports mainly refer to sports that rely on natural or outdoor environments, and generally include skiing, ice skating, paddle-boarding, boating, diving, cycling, mountain cross-country, rock climbing, canyoneering, and rafting. The development of outdoor sports has spanned several centuries, evolving from early exploration activities to popular sports today. From the 16th to the 19th century, Europeans began to venture into high-altitude exploration and established the world’s earliest outdoor sports clubs, with mountaineering and hiking as the main activities. This marked the initial formation of modern outdoor sports. In the 1990s, outdoor sports entered a period of maturity and innovation, driving the industry’s large-scale development. Since the 21st century, technological progress has become a key driving force in the development of outdoor sports. The widespread application of high-performance materials, smart wearable devices, and digital service platforms has enhanced product quality and user experience, further promoting the popularization and industrial development of outdoor sports. Meanwhile, with the growing desire of people for health and vibrant outdoor activities, urban outdoor scenarios such as leisure sports, outings, and glamping have also flourished, further promoting the development of outdoor sports industry.

Market Overview

According to statistics from the General Administration of Sport of China, by the end of 2024, the number of people participating in outdoor sports in China had exceeded 400 million, with a participation rate of nearly 30%. In contrast, the participation rate in outdoor sports in developed countries exceeds 50%, indicating that China’s professional outdoor industry still has considerable room for growth. The market size of global professional outdoor industry, which include apparel and equipment, increased from RMB778.2 billion in 2020 to RMB1,288.3 billion in 2025 with a CAGR of 10.6%. In 2030, it is expected to reach RMB2,129.1 billion with a CAGR of 10.6%. While China’s professional outdoor industry increased from RMB120.9 billion to RMB237.1 billion from 2020 to 2025, and is about to reach RMB468.4 billion by 2030, with CAGR of 14.4% and 14.6% respectively.

OVERVIEW OF CHINA’S PROFESSIONAL OUTDOOR APPAREL INDUSTRY

Market Overview

Professional outdoor apparel is a category of clothing designed to offer specialized protection for consumers during outdoor activities, with its market size accounting for approximately 5% of the overall China’s apparel industry in 2025. These clothes are characterized by high performance in mechanical properties and unique functional fabric materials, which endow them with features such as wear resistance, water resistance, wind proofness, and easy decontamination. From 2020 to 2025, the market size of China’s professional outdoor apparel industry raised from RMB71.2 billion to RMB152.3 billion, with a CAGR of 16.4%, which surpassed that of the global market. It is expected to reach RMB326.4 billion in 2030, with a CAGR of 16.5% in the next five years.

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Value Chain

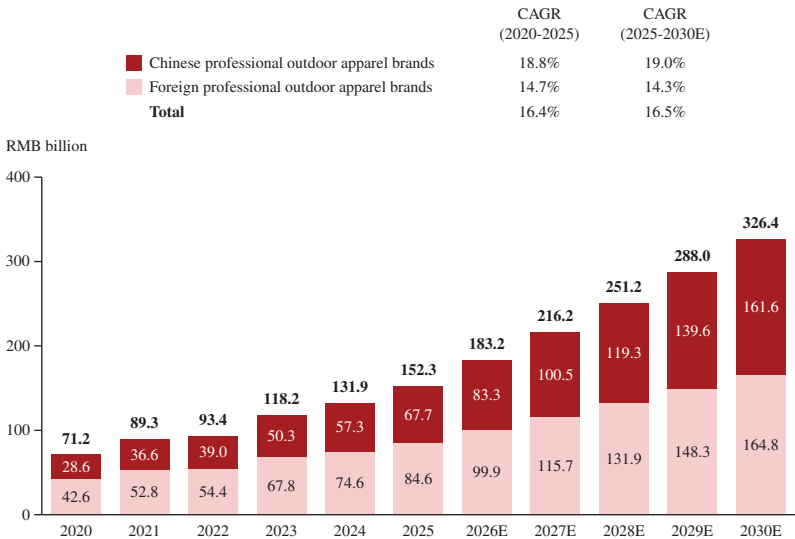
The value chain of professional outdoor apparel industry consists of raw materials purchase and production in the upstream, brand operation in the midstream, and retail in the downstream. The upstream of the industry value chain mainly includes the procurement of raw materials such as fabrics, lining, and padding, as well as manufacturing processes like design, pattern making, cutting, sewing, and sealing. The quality and performance of raw materials directly affect the functionality and durability of professional outdoor apparel, while the manufacturing processes need to combine high-performance fabrics with specialized production techniques to ensure that the garments possess multiple functions such as wind proofing, waterproofing, breathability, and warmth retention. The midstream of the industry value chain mainly refers to brand operations, which require brand owners to enhance brand awareness and market competitiveness through precise market positioning, differentiated product strategies, innovative marketing methods, and in-depth interaction with consumers. The downstream of the industry value chain mainly refers to product sales, where brand owners sell products to consumers through online and offline channels.

Market Size

China’s professional outdoor apparel industry is one of the fastest growing categories in China’s apparel industry. From 2020 to 2025, the market size of China’s professional outdoor apparel industry increased from RMB71.2 billion to RMB152.3 billion with a CAGR of 16.4%, higher than that of apparel industry, which is less than 5%. The market size is expected to grow with a CAGR of 16.5% in the next 5 years, reaching RMB326.4 billion by 2030.

In recent years, with the rise of the domestic market and the increasing pursuit for high-quality and cost-effective products by consumers, Chinese professional outdoor apparel brands are gradually replacing overseas brands through technological innovation, product differentiation, and precise market positioning. They are expected to capture a larger market share in the future. From 2020 to 2025, the retail sales value from Chinese professional outdoor apparel brands in China grew from RMB28.6 billion to RMB67.7 billion, with a CAGR of 18.8%. It is projected that over the next five years, the retail sales value from Chinese professional outdoor apparel brands in China will grow rapidly at a CAGR of 19.0%, reaching RMB161.6 billion by 2030.

**Market size of China’s professional outdoor apparel industry¹,
by brand origin, in terms of retail sales value, 2020-2030E**



Source: the National Bureau of Statistics of China, the General Administration of Sport of China, China National Textile and Apparel Council, CIC

Notes:

- (1) The market size refers to the retail sales value of professional outdoor apparel only. The professional outdoor apparel is a category of clothing with functional fabrics designed to offer specialized protection for consumers during outdoor activities.

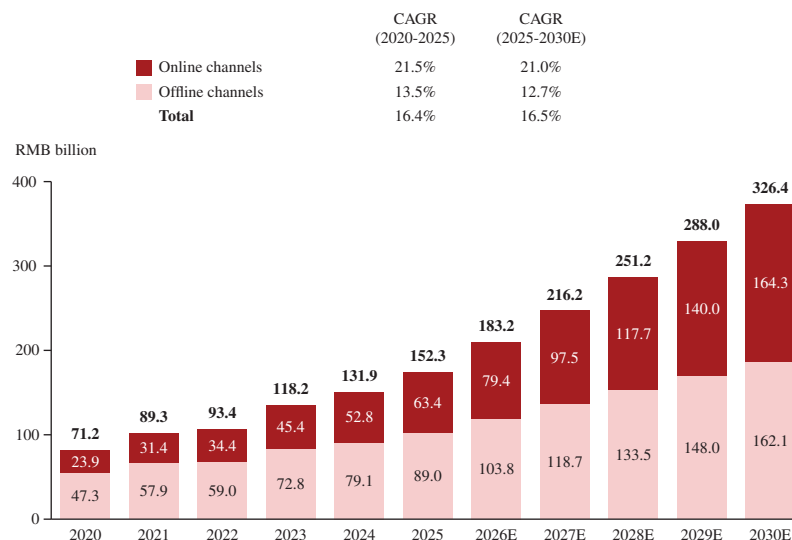
INDUSTRY OVERVIEW

With the rapid development of mobile internet and the changing shopping habits of consumers, online channels have become an important growth engine for professional outdoor apparel industry. From 2020 to 2025, the online retail sales value of professional outdoor apparel in China increased from RMB23.9 billion to RMB63.4 billion, with a CAGR of 21.5%.

Online channels mainly include comprehensive e-commerce platforms, content-based e-commerce platforms, and others. Comprehensive e-commerce platforms such as Tmall and JD.com attract a large number of consumers for product search and purchase with their rich product variety and convenient shopping experience. Social commerce platforms such as Douyin provide consumers with more interactive and interesting shopping experiences through live-streaming, short-videos, and influencer recommendations, which helps to quickly enhance brand awareness and establish consumer trust.

Despite the rapid growth of online channels, offline channels remain an important place for product display and enhancing consumer shopping experience. Through optimizing layout and improving service quality, offline stores provide consumers with a more intuitive product experience and professional service support.

Market size of China’s professional outdoor apparel industry, by sales channel, in terms of retail sales value, 2020-2030E



Source: the National Bureau of Statistics of China, the General Administration of Sport of China, China National Textile and Apparel Council, CIC

Market Drivers

- The rise of outdoor and ice & snow economies driving more consumer participating in healthy lifestyles and outdoor activities:** As the outdoor economy thrives, sports like skiing, hiking, and mountaineering are attracting more consumers, boosting demand for professional outdoor apparel. The successful hosting of the Beijing Winter Olympics further accelerated the rise of winter sports in China, with activities such as skiing and curling seeing a sharp increase in public participation. This has led to significant growth in retail sales of products like ski down jackets, warmth-retention hardshell jackets, and non-slip footwear.
- Increasing demand for high-quality professional outdoor apparel with affordable price:** As the rising of living standards and the development of outdoor sports industry, consumers demand quality professional outdoor apparel, particularly favoring products with high-quality fabrics,

INDUSTRY OVERVIEW

more advanced manufacturing techniques, stronger protective performances, and better wearing experiences. At the same time, consumers are seeking to purchase these products at more affordable prices. Leading professional outdoor apparel brands, leveraging long-term research and development strengths, are optimizing supply chain management efficiency to reduce production costs. It allows them to offer high-quality professional outdoor apparel at more attractive prices, driving the market towards quality development.

- *Scenario-based design and segmentation for functional apparel:* With consumers increasingly participating in outdoor activities and outdoor scenarios broadening, expanding to include urban outdoor scenarios and ski scenarios, consumers’ expectations for functionality and adaptability towards outdoor apparel have grown significantly. Professional outdoor apparel brands are segmenting products by activity type and developing designs to meet diverse consumer needs and drive sustained growth of the industry.
- *Fabrics & linings innovations fuelling apparel performance:* Since the raw material side lays the foundation of product quality from the source, innovations in functional fabrics and linings, are one of the core driving forces of the professional outdoor apparel industry, especially mid-to-high-end professional outdoor apparel industry. For example, innovations in high-performance warmth-retention materials with low thermal conductivity, such as graphene and composite warmth-retention linings, coupled with the advent of fabric functions such as temperature control and self-cleaning, also bring a huge leap to the long-lasting warmth performance of professional outdoor apparel.
- *Advancements in production technology:* Beyond material innovations, advancements in production techniques have also improved the quality and functionality of professional outdoor apparel. Leveraging advancements in multiple technologies, professional outdoor apparel has achieved a range of technological innovations for various scenarios, including the technology for continuously balancing body temperature and humidity, the protective technology for extreme outdoor environments, and the eco-friendly technology of biodegradable and recyclable materials. These innovations not only improve product performance and quality but also help lower production costs, making high-quality professional outdoor apparel accessible to a wider range of consumers.
- *Policy support:* China have continued to introduce policies to support the high-quality development of the industry. In recent years, the government has issued various policies and opinions to support the sport industry, such as the *Opinions on Unleashing the Potential of Sports Consumption and Further Promoting the High-Quality Development of the Sports Industry*, and the *Several Opinions on Stimulating the Vitality of Ice and Snow Economy through High-quality Development of Ice and Snow Sports*, proposing measures to expand product supply, stimulate consumer demand, unleash consuming potential and assist companies’ business operation. In the meanwhile, policies required that by 2030, the total scale of the ice and snow economy will reach RMB1.5 trillion, and the total scale of the sports industry will reach RMB7 trillion. China’s professional outdoor apparel industry will enter a stage of high-quality development under strong support from national policies.

Future Trends

- *Digitization:* China’s professional outdoor apparel industry is accelerating toward digitalization and technological progress. The integration of big data, artificial intelligence, and the Internet of Things (IoT) allows brands to gain deeper consumer insights and develop products with more precise functions and styles. The convergence of digitalization and technological innovation not only improves product performance and user experience but also helps reduce costs and improve operational efficiency, steering the industry toward a more intelligent, high-efficiency development stage.

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- *Frontier and trendy design:* Consumers’ demand is no longer limited to functionality, and there is growing attention to high appearance design and trendy elements. Brands are increasing investment in product design, launching product series that combine functionality with aesthetics. Meanwhile, brands collaborate with well-known designers and trendy IPs to create limited edition co-branded products, further enhancing product fashion and topicality, making outdoor apparel a part of fashion trends, and meeting consumers’ pursuit of personalization.
- *Sustainable development:* As environmental awareness grows, brands are adopting organic cotton, recycled fibres, and biodegradable materials to reduce the impact on the environment. Manufacturers are also streamlining processes to cut energy use and emissions. By promoting the concept of sustainable development, brands guide consumers to establish environmental awareness, forming a virtuous cycle. Sustainable development not only helps enterprises enhance their brand image and sense of social responsibility, but also lays the foundation for the long-term and stable development of the industry, driving the transformation of China’s professional outdoor apparel industry towards a green and low-carbon direction.
- *Globalization and overseas expansion:* With strong manufacturing capabilities and rising brand competitiveness, Chinese players are actively entering international markets. Brands are boosting global presence through international outdoor exhibitions and overseas e-commerce platforms. In addition, strategies such as cross-border mergers and acquisitions, as well as partnerships help integrate global resources and enhance international operation ability.

Challenges of China’s Professional Outdoor Apparel Industry

- *Intensifying market competition:* China’s professional outdoor apparel industry is facing intense competition, with both domestic and international brands owning their respective strengths. International brands maintain strong consumer mindshare through high brand awareness, while domestic brands are steadily replacing international brands by offering promising products at competitive prices. As market competition becomes increasingly fierce, the competition among brands has extended from product functionality and pricing to brand marketing and services. In the future, brands will need to continuously enhance their core competitiveness through technological innovation, brand building, and market expansion to cope with the increasingly fierce market competition.

COMPETITIVE LANDSCAPE

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 (retail sales value refers to the sales value at end price to consumers before discounts are applied, including distributor and retailer markups and sales tax; retail sales value equals online retail sales value plus offline retail sales value) in 2025. In terms of retail sales value in 2025, Tanboer ranked the 7th place in the China’s professional outdoor apparel industry with a market share of 2.2%, and **ranked the 4th place among Chinese brands in China’s professional outdoor apparel industry**. Tanboer is the fastest growing brand among the top ten brands in China’s professional outdoor apparel industry for retail sales value from 2024 to 2025, with growth rate of 65.8%.

**Top ten brands in China’s professional outdoor apparel industry,
by retail sales value, 2025**

Rank	Brand name	Brand origin	Retail sales value in 2025	Market share in 2025	Growth of retail sales value from 2024 to 2025
			(RMB in billions)	(%)	(%)
1.	Brand A ¹	China	6.30	4.14%	21.86%
2.	Brand B ²	Canada	5.98	3.92%	44.00%

INDUSTRY OVERVIEW

Rank	Brand name	Brand origin	Retail sales value in 2025	Market share in 2025	Growth of retail sales value from 2024 to 2025
			(RMB in billions)	(%)	(%)
3	Brand C ³	Japan	5.00	3.28%	37.80%
4	Brand D ⁴	China	4.54	2.98%	23.30%
5	Brand E ⁵	China	4.24	2.78%	8.28%
6	Brand F ⁶	the US	4.14	2.72%	7.80%
7	Tanboer	China	3.37	2.21%	65.82%
8	Brand G ⁷	China	2.87	1.88%	62.32%
9	Brand H ⁸	South Korea	2.79	1.83%	52.00%
10	Brand I ⁹	Canada	2.28	1.50%	13.91%

Source: Annual reports, Expert interviews, CIC

Notes:

The ranking is based on the retail sales value of professional outdoor apparel only. The professional outdoor apparel is a category of clothing with functional fabrics designed to offer specialized protection for consumers during outdoor activities.

- (1) Brand A is a professional outdoor apparel and equipment brand established in 2005 in China, operated by a non-listed company established in 2005 in Guangdong Province, China.
- (2) Brand B is a professional outdoor apparel and equipment brand established in 1989 in Canada, operated by a subsidiary of a listed company established in 1991 in Fujian Province, China.
- (3) Brand C is a professional outdoor apparel and equipment brand established in 1935 in Japan, operated by a joint-venture partly owned by a listed company established in 1991 in Fujian Province, China.
- (4) Brand D is a professional outdoor apparel and equipment brand established in 2003 in China, operated by a non-listed company established in 2017 in Guangdong Province, China.
- (5) Brand E is an apparel brand established in 1992 in China, operated by a listed company established in 1992 in Jiangsu Province, China.
- (6) Brand F is a professional outdoor apparel and equipment brand established in 1966 in the US, operated by a listed company established in 1899 in the US.
- (7) Brand G is a professional outdoor apparel brand established in 2012 in China, operated by a non-listed company established in 2015 in Anhui Province, China.
- (8) Brand H is a professional outdoor apparel brand established in 1973 in South Korea, operated by a joint-venture partly owned by a listed company established in 1991 in Fujian Province, China. The Fujian company mentioned here is the same company mentioned in the descriptions of Brand B and Brand C.
- (9) Brand I is a professional outdoor apparel brand established in 1957 in Canada, operated by a listed company established in 2000 in Canada.

In terms of online retail sales value (online retail sales value refers to the online sales value at end price to consumers before discounts are applied, including distributor and retailer mark-ups and sales tax) in 2025, Tanboer ranked the 4th place in the China’s online professional outdoor apparel industry, and ranked the 3rd place among Chinese brands in China’s online professional outdoor apparel industry. **Tanboer is the fastest growing brand among the top ten brands in China’s professional outdoor apparel industry for online retail sales value from 2024 to 2025, with the growth rate of 75.6%.**

INDUSTRY OVERVIEW

Top ten brands in China’s professional outdoor apparel industry, by online retail sales value, 2025

Rank	Brand name	Brand origin	Retail sales value in 2025	Market share in 2025	Growth of retail sales value from 2024 to 2025
			(RMB in billions)	(%)	(%)
1 . . .	Brand A	China	5.20	8.20%	22.49%
2 . . .	Brand F	the US	2.53	3.99%	9.60%
3 . . .	Brand D	China	2.27	3.58%	33.45%
4 . . .	Tanboer	China	1.93	3.05%	75.61%
5 . . .	Brand G	China	1.92	3.03%	41.89%
6 . . .	Brand B	Canada	1.61	2.55%	55.52%
7 . . .	Brand C	Japan	1.60	2.53%	46.99%
8 . . .	Brand E	China	1.46	2.31%	0.18%
9 . . .	Brand J ¹⁰	China	1.33	2.10%	-6.82%
10 . .	Brand H	South Korea	0.68	1.08%	69.50%

Source: Annual reports, Expert interviews, CIC

Notes:

The ranking is based on the online retail sales value of professional outdoor apparel only. The professional outdoor apparel is a category of clothing with functional fabrics designed to offer specialized protection for consumers during outdoor activities.

(10) Brand J is an apparel brand established in 1972 in China, operated by a non-listed company established in 2000 in Jiangsu Province, China.

Each professional outdoor apparel brand may divide its products into different series based on positioning and wearing scenarios. The competitive landscape within these subcategories, much like the overall market, is also highly fragmented.

Professional outdoor apparel made with higher-quality fabrics offer not only promising functionality but also enhanced comfort and durability, improving the overall wearing experience. As listed below, compared with polyester, polyamide (nylon) provides advanced moisture absorption and breathability, anti-static property, wear resistance, and low-temperature toughness. While many Chinese professional outdoor apparel brands still rely on lower-cost but lower-performing polyester fabrics, Tanboer uses polyamide in over 90% of its professional outdoor apparel products, aligning with international brands such as The North Face, Canada Goose, and Moncler.

- *Moisture absorption and breathability:* Fabrics with good moisture absorption and breathability can quickly absorb sweat, effectively reducing the sultry and bad smell after sweating. The moisture rebate rate of polyamide reaches 4%-4.5%, higher than that of the normal polyester (0.4%), which is prone to sweating and sticky skin due to poor breathability.
- *Soft, skin-friendly, and anti-static property:* Polyamide fibre has a fine and soft texture, significantly decreasing static electricity by naturally absorbing moisture, creating a soft, smooth feeling and reducing dust attachment; normal polyester tends to attract static, lower the skin-friendliness.
- *Wear resistance:* With a wear resistance of about 10 times that of cotton and 4-5 times that of normal polyester, polyamide is not easy to pill and break, making it suitable for outdoor wearing, while normal polyester has poor friction and pill resistance then easy to wear out.

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- *Low-temperature toughness:* Due to the differences in molecular structure and crystallization properties, the glass transition temperature (T_g) of polyamide is 35-50°C, which is far lower than the 70-81°C of normal polyester. Therefore, polyamide is easier to maintain high elasticity and anti-brittle properties at low temperatures, giving better cold resistance.
- *High premium value:* Professional outdoor apparel using polyamide fabric generally have significant value premium. The price of polyamide silk is about 2-2.5 times higher than normal polyester, but with the high performance of moisture absorption, wear resistance, skin friendliness, and low temperature toughness, the value premium of professional outdoor apparel using polyamide fabric is generally higher than that of normal polyester fabric.

Comparison of properties for polyamide and polyester

Property	Polyamide (Nylon)	Polyester (Terylene)
Moisture absorption & breathability (moisture regain)	4%-4.5%	0.4%-0.8%
Soft & skin-friendly and anti-static property	High	Average
Wear resistance	High (4-5 times as polyester)	Average
Low-temperature toughness (glass transition temperature T _g)	35°C-50°C	70°C-81°C
Premium value	High (2-2.5 times the price of polyester)	Low

Source: China National Textile and Apparel Council, CIC

In addition to the proportion of nylon fabric products, the physical and chemical properties standard of Tanboer's products, such as filling power, turbidity, oxygen consumption, and down leakage value, are significantly better than relevant national standards (GB/T 14272-2021, GB/T 32614-2023) and the industry average level.

Comparison of physical and chemical property standards of fabric and filling

Property	Tanboer's standards	Relevant national standards (GB/T 14272-2021, GB/T 32614-2023)	Industry average
Proportion of nylon fabric apparel products	>90%	—	Most brands use polyester fabric
Color fastness to soaping (level)	Color Change ≥4	Color Change ≥3-4	Color Change ≥4
Color fastness to dry rubbing (level)	Staining ≥4	Staining ≥3-4	Staining ≥3-4
Color fastness to wet rubbing (level)	≥4	≥3-4	≥3-4
Color fastness to transfer in joints (level)	≥3-4	≥3	≥3
Color fastness to transfer in hand wash (level)	≥4-5	≥4	≥4
Color fastness to dye transfer (level)	≥4-5	—	≥4
		≥4	

INDUSTRY OVERVIEW

Property	Tanboer’s standards	Relevant national standards (GB/T 14272-2021, GB/T 32614-2023)	Industry average
Abrasion resistance (times)	Abrade $\geq 20,000$ times, no front damage, assess whitening degree	Abrade $\geq 10,000$ times (upper garment), $\geq 15,000$ times (lower garment), no front damage	–
Apparel cold resistance	-30°C for 24 hours, fold 10 times without any abnormal appearance	–	-20°C without abnormal appearance
Down cluster content	$\geq 90\%$	$\geq 50\%$	–
Down and feather fiber content	$\leq 9\%$	$\leq 10\%$	$\leq 10\%$
Extra-color down content (white down)	≤ 0	$\leq 1\%$	$\leq 0.05\%$ to 0.2%
Land fowl feather content	$\leq 0.1\%$	$\leq 1\%$	$\leq 0.5\%$
Down oxygen consumption (mg/100g)	≤ 3.2	≤ 5.6	≤ 5.6
Down moisture rate	$\leq 10\%$	–	$\leq 12\%$
Down turbidity (mm)	$\geq 1,000$	≥ 500	$\geq 600-800$
Down filling power	17cm (90% duck down)	16cm	16.5cm
Down leakage value (number/m ²)	≤ 70	≤ 120	–

Source: China National Textile and Apparel Council, the State Administration for Market Regulation, the Standardization Administration of the People’s Republic of China, CIC

Entry Barriers and Key Success Factors

- *Technology and digital intelligence barriers:* Due to the higher requirement on the functionality, durability and comfort of professional outdoor apparel to fit the complex and changeable outdoor wearing scenarios, leading brands process technology and R&D expertise in filling material processing, fabric technologies, specialized functions and production techniques to deliver promising products. Leading brands also leverage digital platforms like smart factories and automated logistic warehouses to enhance efficiency and value creation.
- *Product strength:* The expanding consumer base for professional outdoor apparel cause the diverse needs in various dressing scenarios, from functional and durable needs for outdoor adventures to aesthetic appeal for urban commuting and comfort features for leisure activities, while consumers prefer “value for money” products with high quality and lower prices. Leading brands who understand the evolution of market demands leverage the design and large-scale production capabilities to launch products covering multiple consumer groups, and supply high quality apparels with affordable price to secure the market dominant position.
- *Brand recognition:* Leading brands establish strong brand recognition and reputation through significant investments in celebrity endorsements, fashion exhibitions, sports marketing and international certifications that show a professional brand image while focus on maintaining product quality and consumer services to keep consumer loyalty and trust. It is though for new entrants to quickly gain brand acceptance and reputation for consumers in a short time.

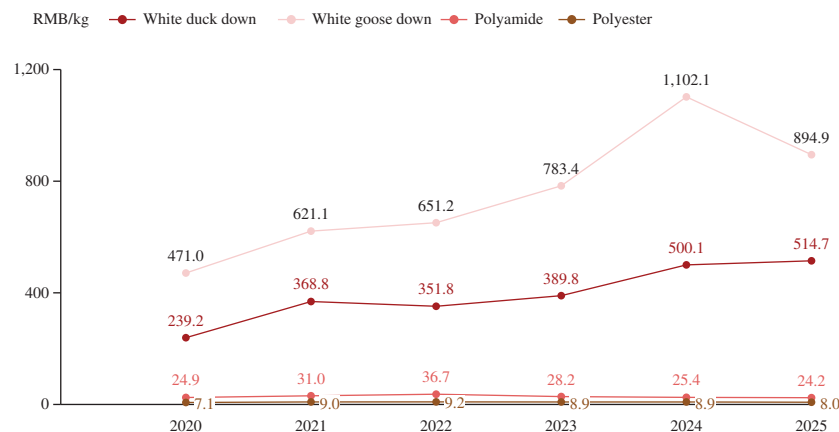
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- Supply chain capability:** Leading brands invest across the supply chain from procurement, design, production, to logistics, distribution, and sales to build competitive advantages and barriers. They source premium down globally and partner with technical fabric suppliers for stable, high-quality, cost-effective materials. With in-house design teams and advanced production lines, they improve quality control and efficiency while reducing costs. Flexible manufacturing enables quick response to market trends. Strong distribution networks and multichannel deployment further secure their position. New entrants may struggle with scale, quality control and cost efficiency, limiting their competitiveness.

COST ANALYSIS

Raw material cost is one of the major costs of China’s professional outdoor apparel industry, with polyamide, polyester, goose down, and duck down as the main raw materials. In general, the prices of major raw materials in China’s professional outdoor apparel industry decreased from 2019 to 2020 due to COVID-19, and then recovered from 2020 to 2021. From 2021 to 2025, the price of polyamide showed a slight decrease from RMB31.0 per kilogram to RMB24.2 per kilogram, mainly due to a drop in upstream caprolactam price and slower market demand growth relative to the pace of capacity expansion. With the optimization of product structure and the elimination of less efficient production capacity, polyamide prices are expected to stabilize at around RMB25-30 per kilogram. The price of polyester remained relatively stable, supported by a balanced supply and demand, and is expected to stabilize around RMB9.0 per kilogram. During the same period, according to China Feather and Down Industrial Association, the price of white goose down further increased from RMB621.1 per kilogram to RMB1,102.1 per kilogram in 2024, and decreased to RMB894.9 in 2025. White goose down prices reached a peak in 2024 following a surge in premium product upgrades and robust sales triggered by the cold waves in 2023. By 2025, the white goose down price underwent a rational correction to normal level. The price of white duck down increased from RMB368.8 per kilogram to RMB514.7 per kilogram. These general upward trends of white goose down and white duck down were driven by factors such as decrease in population of ducks and geese, upgrades in down quality standards, and increase in market demand caused by factors such as the booming winter tourism and temperature drops. Over the next five years, the prices of white goose down and white duck down are expected to decline slightly and remain stable as demand and supply stabilize. White goose down is projected to stabilise around RMB800-1,000 per kilogram, while white duck down is expected to stabilise around RMB400-500 per kilogram.

Price of major raw materials in China, 2020-2025



Sources: China Feather and Down Industrial Association, Expert interviews, CIC

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SOURCES OF THE INDUSTRY INFORMATION

We engaged CIC, an independent market research consultant, to conduct an analysis of, and to prepare a report on, the professional outdoor apparel market in China for use in this document, which was commissioned by us for a fee of RMB996,400. CIC prepared its report based on data released by government institutions and non-government organizations and its primary and secondary research. CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analysing data from various publicly available data sources, such as the National Bureau of Statistics of China, and the General Administration of Sport of China.

Forecasts and assumptions included in the CIC Report are inherently uncertain because of events or combinations of events that cannot be reasonably foreseen, including, without limitation, the actions of governments, consumers, competitors and other third parties. Specific factors that could cause actual results to differ materially include, among other things, risks inherent in the professional outdoor apparel market, social and economic factors, supply risks, regulatory risks and environmental concerns, labour risks, financing risks, force majeure or unforeseen events. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the CIC Report. Our Directors confirm that, after taking reasonable care, there is no material adverse change in the overall market information since the date of the CIC Report that would materially qualify, contradict or have an impact on such information.

REGULATORY OVERVIEW

The following are the laws and regulations in Mainland China that have a material impact on our business operations:

LAWS AND REGULATIONS ON FOREIGN INVESTMENT AND OUTBOUND INVESTMENT

Company Law

The Company Law of the People’s Republic of China (《中華人民共和國公司法》) (the “PRC Company Law”) was promulgated by the Standing Committee of the National People’s Congress of the PRC (全國人民代表大會常務委員會) (the “SCNPC”) on 29 December 1993 and put into effect on 1 July 1994, last amended on 29 December 2023 and implemented since 1 July 2024. According to the PRC Company Law, companies are generally classified into two categories: limited liability companies and companies limited by shares. The PRC Company Law also applies to foreign-invested companies. According to the PRC Company Law, where laws on foreign investment have other stipulations, such stipulations shall prevail. The latest PRC Company Law came into effect on 1 July 2024, the main amendments of which involve improving companies’ establishment and exit system, optimizing companies’ organizational structure, perfecting companies’ capital system, strengthening the responsibilities of controlling shareholders and management personnel and strengthening the social responsibility of companies.

In accordance with the Regulations of the State Council on the Implementation of the Registered Capital Registration Management System under the Company Law of the People’s Republic of China, promulgated by the State Council on 1 July 2024, Chinese companies incorporated on or before 30 June 2024 shall comply with the following requirements: for limited liability companies, if the remaining capital contribution period exceeds 5 years as of 1 July 2027, the companies shall adjust the remaining contribution period to within 5 years by 30 June 2027; for companies limited by shares, their promoters shall fully pay the subscribed share capital by 30 June 2027.

Foreign Investment

Investment activities in the PRC by foreign investors are primarily governed by the Catalogue of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》) (or the Encouraging Catalogue, which was promulgated by the Ministry of Commerce of the People’s Republic of China and the NDRC on 26 October 2022 and became effective on 1 January 2023), the Special Administrative Measures for the Access of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) (or the Negative List, which was promulgated and is amended by the MOFCOM and the NDRC from time to time) and the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法》) (or the Foreign Investment Law) as well as its implementation rules and supporting regulations.

The Foreign Investment Law was promulgated by the NPC on 15 March 2019 and came into effect on 1 January 2020, replacing the three then existing laws governing foreign investment in Mainland China, namely the Law on Sino-foreign Equity Joint Ventures of the PRC (《中華人民共和國中外合資經營企業法》), the Law on Sino-foreign Cooperative Joint Ventures of the PRC (《中華人民共和國中外合作經營企業法》) and the Law on Wholly Foreign-owned Enterprises of the PRC (《中華人民共和國外資企業法》). The Foreign Investment Law establishes a fundamental framework through legislation for the entry, promotion, protection and management of foreign investment, with emphasis on investment protection and fair competition. In accordance with the Foreign Investment Law, foreign investment shall enjoy pre-entry national treatment, except for foreign-invested companies in industries deemed to be “restricted” or “prohibited” in the Negative List. To ensure the effective implementation of the Foreign Investment Law, on 26 December 2019, the State Council promulgated the Implementation Rules to the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法實施條例》) (or the Implementation Rules to the Foreign Investment Law), which became effective on 1 January 2020, further clarifying that the State encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment and advances a higher-level opening.

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On 30 December 2019, the MOFCOM and the SAMR jointly promulgated the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which became effective on 1 January 2020. According to the provisions of these measures, where foreign investors carry out investment activities directly or indirectly within China, foreign investors or foreign-invested enterprises shall report investment information to commercial competent authorities, with the market regulatory authority providing guidance and assistance in information sharing.

On 6 September 2024, the NDRC and the MOFCOM jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》 (or the 2024 Negative List), which came into effect on 1 November 2024, to replace the previous Encouraging Catalogue and the Negative List thereunder. According to the Foreign Investment Law, the Implementation Rules to the Foreign Investment Law and the 2024 Negative List, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed “permitted” for foreign investments. The Group’s business operations do not fall within the restricted or prohibited sectors under the PRC foreign investment laws and regulations and the Group has not violated any applicable foreign investment rules, and such laws and regulations have no material adverse impact on the Group’s business operations or financial performance.

Outbound Investment

According to the Measures for the Administration of Outbound Investment (《境外投資管理辦法》) promulgated by the MOFCOM on 6 September 2014 and came into force on 6 October 2014, the outbound investment activities of companies established in China are subject to the filing and approval management by the MOFCOM and the provincial-level commercial competent authorities. If a PRC enterprise intends to make an outbound investment involving sensitive countries and regions and sensitive sectors, it is subject to approval management requirements. Other outbound investment projects shall be subject to filing management requirements.

In accordance with the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on 26 December 2017 and came into force on 1 March 2018, if a PRC enterprise (the “Investor”) intends to make an outbound investment, it is required to complete the approval or filing procedures for outbound investment projects (the “Projects”), report relevant information, and cooperate with supervision and inspection. Sensitive Projects carried out by the Investor directly or through overseas enterprises controlled by the Investor shall be subject to approval requirements; non-sensitive Projects directly carried out by the Investor, namely, the non-sensitive Projects involving the Investor’s direct investment of assets and equities or the provision of financing or guarantees shall be subject to filing requirement. The aforementioned “sensitive projects” refer to projects involving a sensitive country or region or projects involving a sensitive industry. The NDRC shall publish a catalogue of sensitive industries. The current catalogue of sensitive industries in force is the Catalogue of Sensitive Industries for Outbound Investment (Edition 2018) (境外投資敏感行業目錄(2018年版)), effective on 1 March 2018.

LAWS AND REGULATIONS ON RETAIL INDUSTRY

On-line Retail Business

On 31 August 2018, the SCNPC issued the E-commerce Law of the People’s Republic of China (中華人民共和國電子商務法) (the “E-commerce Law”), which came into force on 1 January 2019. According to the E-commerce Law, “e-commerce” refers to business activities of selling goods or providing services through information networks such as the Internet. E-commerce operators shall register as market entities in accordance with the law, except for individuals selling self-produced agricultural and sideline products, household handicraft products, individuals who

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make use of their own skills to engage in labor service activities for the convenience of the people and sporadic small-sum trading activities which do not require a license in accordance with the law and those who do not need to be registered in accordance with law or administrative regulations. When engaging in business activities, e-commerce operators shall obtain relevant administrative licenses if so required by law, failing which such e-commerce operators may be subject to order of rectification within a prescribed period of time, imposition of fines, and order of suspension of operations by the market regulation department. E-commerce operators shall deliver commodities or services according to its commitment or the ways and time limits as agreed upon with consumers, and bear the risks and responsibilities when commodities are in transit. However, there is an exception where consumers select separate express logistics service providers. E-commerce operators shall also be responsible for the quality of their products and services. If e-commerce operators fail to fulfill contractual obligations or do not meet the agreed-upon terms or cause harm to others, they shall bear civil liability under the law. On 15 March 2021, the SAMR issued the Measures for the Supervision and Administration of Online Transactions (網絡交易監督管理辦法), which became effective on 1 May 2021 and amended on 18 March 2025 with the amendments becoming effective on 1 May 2025. These Measures clarify the statutory responsibilities and obligations of online transaction operators, including their duty to comply with the principles of voluntariness, equality, fairness, and good faith in conducting business activities in accordance with laws and regulations. These Measures also stipulate registration requirements for online transaction operators, and except under the circumstances where registration is not required under Clause 10 of the E-commerce Law, online transaction operators shall register themselves as market entities.

Retail and Promotion

On 12 September 2006, the MOFCOM, the NDRC, the Ministry of Public Security of the People’s Republic of China, the State Taxation Administration, and State Administration for Industry and Commerce of the People’s Republic of China (predecessor to the SAMR) jointly promulgated the Administrative Measures on Promotion Activities of Retailers (《零售商促銷行為管理辦法》), which came into force on 15 October 2006. These Measures establish standards and requirements for retailers’ promotions and advertising.

Product Quality and Product Responsibility

On 22 February 1993, the SCNPC promulgated the Product Quality Law of the People’s Republic of China (the “Product Quality Law”), which came into force on 1 September 1993. It was most recently amended by the SCNPC on 29 December 2018, with the amendments coming into force on the same date. According to the Product Quality Law, manufacturers are liable for the quality of products they produce and sellers must take reasonable actions to ensure the quality of the products they sell. The market regulatory department under the State Council is responsible for overseeing national product quality supervision. Relevant departments of the State Council shall conduct product quality supervision within their respective scopes of duties. Where other laws prescribe different authorities for product quality supervision, such provisions shall prevail. The state implements a product quality supervision and inspection system primarily based on random sampling. Where the quality of products for which supervision and random inspection have been carried out in accordance with the provision is not up to standard, the market regulation department that carried out the supervision and random inspection shall order the producer or seller to rectify the situation within a time limit. Where the situation is not rectified within the time limit, the market regulation department of the people’s government at provincial level or above shall issue a public announcement; where products are re-examined after the announcement and are still not up to standard, the department shall order production to be suspended and the operations to be reorganized; where the quality of products that has been re-examined after the expiry of the period for reorganization is still not up to standard, the business licence shall be revoked. If an individual or enterprise has quality issues in products they produce or sell, they may be subject to order of suspension of production or sales, confiscation of products produced and sold illegally, confiscation of illegal gains; revocation of business licenses where the circumstances are serious; or even investigation for criminal liabilities where a crime is constituted.

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On 28 May 2020, the NPC promulgated the Civil Code of the People’s Republic of China (《中華人民共和國民法典》) (the “Civil Code”), which became effective on 1 January 2021. According to the Civil Code, a producer shall bear tort liability if its product causes damage to others due to a defect. If a defect is found in a product after it has been put into circulation, the producer and the seller shall take remedial measures in a timely manner including, inter alia, withdrawal from sale, alerts and recalls. In the event of expanded damage arising from a failure to take remedial measures in a timely manner or inadequate remedial measures, the producer and the seller shall also bear tort liability.

Consumer Rights and Interests Protection

The Law of the People’s Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), as passed by the SCNPC on 31 October 1993 and last amended on 25 October 2013 contains the code of conduct for business operators when dealing with consumers, including but not limited to: (i) ensuring that the goods or services shall comply with the relevant laws and regulations in relation to the product quality; (ii) providing true, comprehensive and accurate information concerning the quality, performance, purpose and term of validity of the goods or services they provide; (iii) issuing invoice or other shopping vouchers or service documents to consumers in accordance with relevant national regulations or commercial practices; (iv) ensuring that the actual quality and function of the goods or services is in conformity with the quality of the goods or services indicated by advertisement, product descriptions, samples or other means; (v) assuming responsibility for repair, remanufacturing, replacement, return of goods or other liability under national regulations or any agreement with consumers; and (vi) not to impose terms that are unreasonable or unfair on consumers.

Advertisement

On 27 October 1994, the SCNPC promulgated the Advertising Law of the People’s Republic of China (《中華人民共和國廣告法》) (the “Advertising Law”), which was last amended on 29 April 2021. According to the Advertising Law, advertisements shall not have any false or misleading content, or defraud or mislead consumers. An advertiser shall be responsible for the veracity of the contents of its advertisement. Where a false advertisement is published, the market regulatory department shall order cessation of publishing the advertisement, order the advertiser to eliminate adverse effects within the corresponding extent, and impose a fine. Where a false advertisement has caused any damage to the lawful rights and interests of consumers who purchase goods or receive services, the advertiser shall assume civil liability in accordance with the law.

According to the Measures for the Administration of Internet Advertisements (《互聯網廣告管理辦法》) promulgated by the SAMR on 25 February 2023 and became effective on 1 May 2023, publishing advertisements for medical treatment, drugs, medical devices, dietary supplements and special formula foods for medical purposes in a disguised manner such as introducing health and wellness knowledge is prohibited. When introducing health and wellness knowledge, the addresses, contact information and shopping links of the goods operators or service providers of related medical treatment, drugs, medical devices, dietary supplements and special formula foods for medical purposes shall not be displayed on the same page or at the same time. Internet advertisements should be identifiable so that consumers can recognize them as advertisements. Except in cases where laws or administrative regulations prohibit the publishing or publishing in a disguised manner of advertisements, advertisers who promote goods or services through introducing knowledge, sharing experiences, consumer review and other means and attach shopping links or other purchasing methods shall conspicuously mark “advertisement”.

LAWS AND REGULATIONS ON CYBER SECURITY, DATA SECURITY AND PERSONAL DATA PROTECTION

Regulations relating to Cyber Security and Data Security

The Chinese government has enacted laws and regulations concerning internet information security and the protection of personal data against misuse or unauthorized disclosure. The Cyber Security Law of the People’s Republic of China (《中華人民共和國網絡安全法》), which was promulgated by the SCNPC on 7 November 2016 and came into force on 1 June 2017, provides that network operators (including internet information service providers) shall comply with laws and

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regulations and fulfil their obligations to ensure the security of the network when conducting business and providing services. The Cyber Security Law of the People’s Republic of China further provides that network operators shall take technical measures and other necessary measures in accordance with laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities committed on the network, and maintain the integrity, confidentiality, and availability of network data. Any violation of the provisions and requirements under the Cyber Security Law of the People’s Republic of China may subject the internet service providers to penalties including warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, shutdown of websites, or even criminal liability.

On 10 June 2021, the SCNPC promulgated the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》), which became effective on 1 September 2021. The Data Security Law of the People’s Republic of China imposes data security and privacy obligations on entities and individuals carrying out data activities, and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The Data Security Law of the People’s Republic of China also provides for a data security review procedure for the data processing activities that may affect national security and imposes export restrictions on certain categories of data and information. Violations of the Data Security Law of the People’s Republic of China may subject relevant entities or individuals to penalties including warnings, fines, suspension of business for rectification, revocation of licenses or business permits, and/or even criminal liability. Under the Data Security Law of the People’s Republic of China, the maximum fine for violators may reach RMB10 million.

On 28 December 2021, the CAC and other government departments jointly promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), which came into effect on 15 February 2022, and the Measures for Cybersecurity Review (《網絡安全審查辦法》) which took effect on 1 June 2020 was abolished at the same time. The Measures for Cybersecurity Review have introduced additional regulatory procedures for “overseas listing” in the cybersecurity sector. The network platform operators possessing personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review. In addition, the Measures for Cybersecurity Review provides that the purchase of cyber products and services by critical information infrastructure operators and the data processing activities engaged in by network platform operators that affect or may affect “national security” shall be subject to the strict cybersecurity review. Pursuant to the Measures for Cybersecurity Review, any violations shall be subject to penalization in accordance with the Cyber Security Law of the People’s Republic of China and the Data Security Law of the People’s Republic of China, including government enforcement actions and investigations, fines, sanctions, and suspension of non-compliant operations.

On 24 September 2024, the Regulations on Network Data Security Management (《網絡數據安全管理條例》) was issued by the State Council, which took effect on 1 January 2025. The Regulations on Network Data Security Management provides that network data processors shall, in accordance with the provisions of laws and administrative regulations and the mandatory requirements of national standards, and on the basis of classified protection of cyber security, strengthen the protection of network data security, establish and perfect the system of network data security management, take technical measures and other necessary measures to protect network data, and prevent illegal and criminal activities aiming at and using network data.

Regulations relating to Personal Data Protection

Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

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On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》) (the “Personal Information Protection Law”), which took effect on 1 November 2021. The Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as where (i) the individual’s consent has been obtained; (ii) the processing is necessary for the conclusion or performance of a contract to which the individual is a party; (iii) the processing is necessary to fulfill statutory duties and statutory obligations; (iv) the processing is necessary to respond to public health emergencies or protect natural persons’ lives, health and property safety under emergency circumstances; (v) the personal information that has legally been made public by the relevant individual or otherwise is processed within a reasonable scope; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation. No organization or individual may illegally collect, use, process or transmit personal information of others, illegally buy or sell, provide or make personal information of others public, or engage in the processing of personal information that endangers the national security or public interests. In terms of cross border transmission of personal information, pursuant to the Personal Information Protection Law, a personal information processor, providing personal information to any party outside the territory of the PRC, shall notify the individuals of the overseas recipient’s identity, contact information, processing purposes, processing methods, categories of personal information, the methods and procedures in which individuals exercise the rights over the overseas recipient, and other matters, and obtain the individuals’ separate consent. Furthermore, critical information infrastructure operators and the personal information processors that process the personal information reaching or exceeding the threshold specified by the national cyberspace administration in terms of quantity shall store domestically the personal information collected and generated within the territory of the PRC. Where it is truly necessary to provide the information abroad, the security assessment organized by the national cyberspace administration shall be passed, unless otherwise regulated by laws, administrative regulations, or provisions issued by the national cyberspace administrative authorities. On the other hand, based on the processing purposes and processing methods of personal information, types of personal information, impacts on personal rights and interests, and possible security risk, etc., personal information processors shall also take necessary measures to ensure that personal information processing activities comply with laws and administrative regulations and to prevent unauthorized access and personal information leakage, tampering, and loss.

The Regulations on Network Data Security Management (《網絡數據安全管理條例》) further regulate data processing activities conducted through network, including but not limited to formulating personal data processing rules, general requirements for processing personal data, and responding to individual requests regarding personal data.

LAWS AND REGULATIONS ON IMPORT AND EXPORT OF GOODS

According to the Regulations of the People’s Republic of China on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on 10 December 2001 (and became effective on 1 January 2002, with the latest amendments being made on 10 March 2024 and the latest amended version coming into force on 1 May 2024), the Foreign Trade Law of the People’s Republic of China (《中華人民共和國對外貿易法》) promulgated by the SCNPC on 12 May 1994 (and became effective on 1 July 1994, with the latest amendments being made on 30 December 2022), the Customs Law of the People’s Republic of China (《中華人民共和國海關法》) promulgated by the SCNPC on 22 January 1987 (and became effective on 1 July 1987, with the latest amendments being made on 29 April 2021), the Measures for Record Filing and Registration by Foreign Trade Dealer (《對外貿易經營者備案登記辦法》) promulgated by the MOFCOM on 25 June 2004 (and became effective on 1 July 2004, with the latest amendments being made on 10 May 2021), and the Administrative Provisions of the Customs of the People’s Republic of China on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the

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PRC on 19 November 2021 and took effect on 1 January 2022, foreign trade business operators engaging in the import or export of goods or technology must go through the accounts filing and registration formalities with the MOFCOM or the agency entrusted by the MOFCOM. Unless otherwise provided for, the declaration of import or export goods and the payment of duties may be made by the consignees or consigners themselves, or by entrusted customs brokers. A customs declarant may make a customs declaration within the territory of the People’s Republic of China.

LAWS AND REGULATIONS ON FIRE PREVENTION

According to the Fire Prevention Law of the People’s Republic of China (《中華人民共和國消防法》) (the “Fire Prevention Law”) promulgated by the SCNPC on 29 April 1998 and last amended on 29 April 2021, and the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on 1 April 2020 and last amended on 21 August 2023, special construction projects that fail to undergo or pass the fire protection acceptance check are prohibited from being put into use. Construction projects other than special construction projects shall go through the fire safety acceptance filing, and the competent housing and urban-rural development authorities shall conduct random inspections on the fire safety acceptance of other construction projects filed. If the construction projects fail to pass the random inspection on fire safety acceptance, such projects shall be suspended from use. Any special construction projects put into use without passing the fire protection acceptance check, or failure to suspend the use of any construction projects other than special construction projects which fail to pass the random inspection on fire safety acceptance, shall be ordered to discontinue the construction, use, production or operation and be fined not less than RMB30,000 but not more than RMB300,000. Any constructing entity fails to go through the fire safety acceptance filing for any construction projects other than special construction projects shall be ordered to make corrections and imposed a fine of not more than RMB5,000 by the competent housing and urban-rural development authorities. Pursuant to the Fire Prevention Law, the constructing entity or the entity occupying the facility shall apply to the fire prevention and rescue department of the local people’s government at or above the county level for a fire safety inspection before a public gathering place is put into use or opens for business. Any public gathering place put into use or operated without passing the fire safety inspection or without satisfying the fire safety requirements, shall be ordered to discontinue the construction, use, production or operation and be fined not less than RMB30,000 but not more than RMB300,000.

LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

According to the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) (the “Environmental Protection Law”) promulgated by the SCNPC on 26 December 1989 and became effective on the same date and last amended on 24 April 2014, enterprises, public institutions and other producers and operators shall prevent and reduce environmental pollution and ecological damage as well as take the liabilities for the damages caused according to the laws. The state implements a pollutant discharge licence management system. Enterprises, public institutions and other producers and operators that implement the pollutant discharge licence management shall discharge pollutants according to the requirement of the pollution discharge licence, and those who fail to obtain the pollution discharge licence shall not discharge pollutants.

According to the Environmental Impact Assessment Law of the People’s Republic of China (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on 28 October 2002 and implemented since 1 September 2003, and last amended on 29 December 2018, and the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) promulgated by the State Council on 29 November 1998 and came into effect on the same date, and last amended on 16 July 2017, the state implements an environmental impact assessment system for construction projects. An environmental impact report is required to thoroughly assess the potential environmental impact if the construction project may result in a material impact on the

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environment; an environmental impact statement is required to analyze or conduct a project-based evaluation if the construction project may result in slight impact on the environment; a registration form of environmental impact is required to be filed if the construction project may only result in minimal impact on the environment and no environmental impact assessment is required. No construction project can be commenced without undergoing assessment on environmental impact in accordance with the laws. After the completion of the construction project for which an environment impact report or an environment impact statement was prepared, the construction unit shall, in accordance with the standards and procedures formulated by competent administrative department for environment protection under the State Council, conduct inspection and acceptance of the ancillary environment protection facilities, and prepare an inspection and acceptance report. No ancillary environment protection facilities of such projects may be put into production or use until such facilities pass the inspection and acceptance; Any ancillary facilities that failed to undergo or pass the inspection and acceptance procedure may not be put into production or use. If an enterprise violates the aforesaid laws and regulations, the environmental protection administrative departments at the county level or above may order it to suspend production or construction, impose a fine and order it to conduct restoration; investigation for criminal liabilities will be imposed where a crime is constituted.

LAWS AND REGULATIONS ON TAXATION

Income Tax

According to the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》) (the “EIT Law”) promulgated by the SCNPC on 16 March 2007, came into effect on 1 January 2008 and last amended on 29 December 2018, as well as the Implementation Rules of the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on 6 December 2007, came into force on 1 January 2008 and amended on 23 April 2019 and 6 December 2024, an enterprise, which is established within the territory of PRC according to law or established as per the laws of a foreign country (region) but has an actual management office within the territory of PRC, is a resident enterprise. A resident enterprise shall pay enterprise income tax for the income derived from both inside and outside the PRC at a rate of 25%. An enterprise income tax preference shall be granted to industries and projects strongly supported and encouraged by the state; an enterprise income tax shall be levied on high-tech enterprises at a reduced rate of 15%.

Value-added Tax

According to the Interim Regulations of the People’s Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》) which was promulgated by the State Council on 13 December 1993 and last amended on 19 November 2017 and the Detailed Rules for the Implementation of the Interim Regulations of the People’s Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the Ministry of Finance (the “MOF”) on 25 December 1993 and last amended on 28 October 2011, entities and individuals that sell goods or labour services of processing, repair or replacement, sell services, intangible assets, or immovables, or import goods within the territory of the PRC are taxpayers of value-added tax, and shall pay VAT in accordance with law. Unless otherwise stipulated, the VAT rate is 17% for taxpayers selling goods, labor services, or tangible movable property leasing services or importing goods; 11% for taxpayers selling transportation, postal, basic telecommunications, construction, or immovable property leasing services, selling immovables, transferring land use rights, or selling or importing specific goods; unless otherwise stipulated, 6% for taxpayers selling services or intangible assets.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) which was promulgated by the Ministry of Finance and the State Taxation Administration on 4 April 2018 and came into effect on 1 May 2018, the tax rates of 17% and 11% applicable to any taxpayer’s VAT taxable sale or import of goods are adjusted to 16% and 10%, respectively.

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According to the Announcement on Relevant Policies for Deepening the Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》) jointly promulgated by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on 20 March 2019, the tax rates of 16% and 10% originally applicable to ordinary taxpayers’ VAT sales or import of goods are adjusted to 13% and 9%, respectively.

On 25 December 2024, the SCNPC promulgated the Value-Added Tax Law of the People’s Republic of China (the “VAT Law”), which will come into force on 1 January 2026, and repeal the Interim Regulations of the People’s Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》). According to the VAT Law, the VAT rate is 13% for taxpayers selling goods, providing labor services of processing, repair or replacement, or tangible movable property leasing services or importing goods; 9% for taxpayers selling transportation, postal, basic telecommunications, construction, immovable property or immovable property leasing services, transferring land use rights, or selling or importing specific goods specified under the VAT Law; 6% for taxpayers selling services or intangible assets; 0% for taxpayers exporting goods; and a 3% VAT levy rate applies under simplified tax calculation method.

LAWS AND REGULATIONS ON FOREIGN EXCHANGE

According to the Regulations of the People’s Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》), which was amended by the State Council and became effective on 5 August 2008, all international payments and transfers are classified into current account items and capital account items. The state does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the state. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval by foreign exchange administrative authorities, unless otherwise stipulated by the state.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and became effective on 24 February 2015, the administrative approval by the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Control Pertaining to Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE and became effective on 26 December 2014, a domestic company shall complete registration formalities for overseas listing with the SAFE’s local branch at its place of registration within 15 working days from completion of issuance for its overseas listing. Funds raised from overseas listing of a domestic company may be repatriated to China or deposited overseas, and the usage of funds shall be consistent with the relevant contents set out in the document or disclosure documents.

According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated on 13 February 2015 and implemented since 1 June 2015, the requirements that confirmation of foreign exchange registration under domestic direct investment and confirmation of foreign exchange registration under overseas direct investment are canceled, and the bank, instead, shall directly review and handle the foreign exchange registration and approval under domestic and overseas direct investment while the SAFE and its branches indirectly supervise the foreign exchange registration and approval under direct investment through the bank.

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According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionizing and Regulating Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated by the SAFE and became effective on 9 June 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

On 18 January 2017, the SAFE released the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), to further expand the settlement scope for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading, allow repatriation of funds under domestic guaranteed foreign loans for domestic utilisation, allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones, and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner’s equity in the audited financial statements of the preceding year.

On 23 October 2019, the SAFE issued the Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which stipulated that on the basis that investing foreign-funded enterprises (including foreign-invested investment companies, foreign-invested venture capital enterprises and foreign-invested equity investment enterprises) may make domestic equity investments with their capital funds in accordance with laws and regulations, non-investing foreign-funded enterprises are permitted to legally make domestic equity investments with their capital funds under the premise that the existing Special Administrative Measures for the Access of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) are not violated and domestic invested projects are true and compliant.

According to the Notice of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), issued by the SAFE on 10 April 2020, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas [REDACTED], without submitting the evidentiary materials concerning authenticity of such capital for banks in advance; provided that their capital use is authentic and in compliance with administrative regulations on the use of income under capital accounts. The bank in charge shall follow the principle of prudential business development to manage and control relevant business risks, and conduct post spot checking on the facilitation of payment for the income under capital accounts in accordance with relevant requirements.

LAWS AND REGULATIONS ON LABOR AND SOCIAL SECURITY

Labor Law and Labor Contract Law

According to the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》), which was promulgated by the SCNPC on 5 July 1994, became effective on 1 January 1995 and last amended on 29 December 2018 and the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》), which was promulgated on 29 June 2007, amended on 28 December 2012 with the amendments coming into force on 1 July 2013, employers and employees shall enter into written employment contracts if they intend to establish employment relationships. Employers are required to inform their employees about their job responsibilities, working

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conditions, occupational hazards, remuneration and other matters with which the employees may be concerned. Employers shall pay remuneration to employees on time and comply in full with the commitments set forth in their employment contracts and with the relevant PRC laws and regulations.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》) promulgated by the SCNPC on 28 October 2010, became effective on 1 July 2011 and last amended on 29 December 2018, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) implemented since 22 January 1999 and amended on 24 March 2019, the Pilot Measures for Childbirth Insurance for Enterprise Employees (《企業職工生育保險試行辦法》) implemented since 1 January 1995, the Occupational Injury Insurance Regulations (《工傷保險條例》) implemented since 1 January 2004 and amended on 20 December 2010 with the amendments coming into effect on 1 January 2011 and the Administrative Regulations on Housing Provident Fund (《住房公積金管理條例》) promulgated on 3 April 1999 and last amended on 24 March 2019, an employer established within the PRC shall pay premium for basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and contribute to the housing provident fund for its employees. Employers that fail to promptly pay social insurance premiums in full amount will be ordered by the social insurance premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a penalty for late payment from the due date at the rate of 0.05% per day. If such payment is still not made within the stipulated period, a fine ranging from one to three times of the amount in arrears will be imposed. With respect to employers who violate the above regulations and fail to complete housing provident fund contribution registration or open housing provident fund accounts for their employees, the competent managing center of housing provident funds shall order such employers to complete such procedures within the prescribed period. Those who do not fulfill these procedures within the specified timeframe will be liable to a fine ranging from RMB10,000 to RMB50,000. In cases of overdue or insufficient payment of the housing provident fund in contravention of the regulations, the housing provident fund managing center is authorized to instruct pertinent employers to make contributions within the designated period. Failure to comply may result in an application to a people’s court for compulsory enforcement.

On July 31, 2025, the Supreme People’s Court of the PRC issued the Interpretation II by the Supreme People’s Court of the PRC on Legal Issues 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)》) (the “**Interpretation II**”), which took effect from September 1, 2025. Pursuant to the Interpretation II, the provision in a labor contract, agreed upon between an employer and an employee, or the employee’s commitment to the employer, stipulating that social insurance contributions need not be paid, shall be deemed invalid by the people’s court. If an employer fails to pay social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and demands the employer to pay economic compensation pursuant to Article 38(3) of the Labor Contract Law, the people’s court shall support such a request in accordance with the law.

LAWS AND REGULATIONS ON REAL ESTATE

State-Owned Land Use Right

According to the Land Administration Law of the People’s Republic of China promulgated by the SCNPC on 25 June 1986 and became effective on 1 January 1987 and last amended on 26 August 2019 with the amendments coming into effect on 1 January 2020, the Rules for Implementation of the Land Administration Law of the People’s Republic of China (《中華人民共和國土地管理法實施條例》) last amended by the State Council on 2 July 2021 and implemented since 1 September 2021 and the Provisional Regulations of the People’s Republic of China Concerning the Grant and Transfer of the Right to Use State Land in Urban Areas (《中華人民共

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和國城鎮國有土地使用權出讓和轉讓暫行條例》) issued by the State Council on 19 May 1990 and implemented since the same date, and last amended on 29 November 2020 and implemented since the same date, except for assignment by the state under the law as state-owned land use rights, the state implements a system of compensated use of state-owned land in accordance with the law. The methods of compensated use of state-owned land mainly include transfer of state-owned land use rights, leasing of state-owned land, and using state-owned land use rights as a way of capital contribution or investment in exchange for equity. Grant of land use rights can be conducted by means of agreement, tender and auction. Grant of land use rights requires the signing of a land use right grant contract and payment of land premium.

Real Estate Leasing

According to the Civil Code of the People’s Republic of China which became effective on 1 January 2021, owners shall have the rights to possess, use, benefit from and dispose of their real estate or movable properties in accordance with the law. The lessee may sublease the leased premises to a third party with the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee’s possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

On 1 December 2010, the MOHURD promulgated the Administrative Measures for Commodity Housing Tenancy (《商品房屋租賃管理辦法》), which became effective on 1 February 2011. According to these measures, the parties concerned to a housing tenancy shall go through the housing tenancy registration formalities with the competent construction (real estate) departments of the municipalities directly under the Central Government, cities and counties where the housing is located within 30 days after the housing tenancy contract is signed. Failure to go through the housing tenancy registration formalities within the specified period will result in an order to rectify within a prescribed time limit. If the parties concerned fail to comply with the rectification order, a fine ranging from RMB1,000 to RMB10,000 per tenancy contract may be imposed.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY

Patent

According to the Patent Law of the People’s Republic of China (《中華人民共和國專利法》) which was promulgated by the SCNPC on 12 March 1984, implemented since 1 April 1985 and last amended on 17 October 2020 with the amendments coming into force on 1 June 2021 as well as the Implementation Rules of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》) promulgated by the State Council on 15 June 2001, implemented since 1 July 2001 and last amended on 11 December 2023 with the latest revised version coming into force on 20 January 2024, patents in China are divided into invention patent, utility model patent and design patent. Invention patent shall be valid for 20 years from the date of application while utility patent shall be valid for ten years from the date of application, and design patent shall be valid for fifteen years from the date of application. The patent right entitled to its owner shall be protected by the laws. Any person shall be licensed or authorized by the patent owner before using such patent. Otherwise, the use of which constitutes an infringement of the patent right.

Trade Mark

According to the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》) (the Trademark Law) promulgated by the SCNPC on 23 August 1982 and became effective on 1 March 1983 and last amended on 23 April 2019 with the amendments coming into force on 1 November 2019 as well as the Implementation Regulation of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》) promulgated by the State Council on 3 August 2002, became effective on 15 September 2002 and amended on 29 April 2014, registered trademarks are those that have been approved and registered by the Trademark Office of China National Intellectual Property Administration, including commodity trademarks, service

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trademarks, collective marks and certification marks. The period of validity of a registered trademark shall be ten years commencing from the day the approval and registration. If a registrant needs to continue to use the registered trademark after the period of validity, an application for renewal of registration shall be made within twelve months before the expiration. The period of validity for each renewal of registration shall be ten years from the date immediately following the date of expiry of the preceding validity period of such trademark.

Copyright

According to the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》) which was promulgated by the SCNPC on 7 September 1990, became effective on 1 June 1991 and last amended on 11 November 2020 with the amendments coming into force on 1 June 2021, Chinese citizens, legal persons or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing or oral or other forms. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on 20 February 2002 and the Regulation on Computers Software Protection (《計算機軟件保護條例》) which was amended by the State Council on 30 January 2013 with the amendments coming into force on 1 March 2013, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) and the Regulation on Computers Software Protection (《計算機軟件保護條例》).

Domain Name

Domain names are protected under the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology of the PRC on 24 August 2017 and became effective on 1 November 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

LAWS AND REGULATIONS ON SECURITIES AND OVERSEAS LISTING

Securities Laws and Regulations

The Securities Law of the People’s Republic of China (中華人民共和國證券法) (the “Securities Law”), promulgated by the SCNPC on 29 December 1998 and last amended on 28 December 2019 with the amendments coming into force on 1 March 2020, comprehensively regulating activities in the mainland China securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further provides that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. China Securities Regulatory Commission (the CSRC) is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

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Overseas Listing

On 17 February 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), or the Overseas Listing Trial Measures, together with several supporting guidelines (collectively referred to as the “Overseas Listing Regulations”). Under Overseas Listing Regulations, domestic companies in Mainland China that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

The Overseas Listing Regulations provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities listing and financing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholders and actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company’s controlling shareholder or by other shareholders that are controlled by the controlling shareholder, actual controller. Additionally, the Overseas Listing Regulations stipulates that after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) a change of control thereof; (ii) investigations or penalizations imposed on the issuer by overseas securities regulators or relevant competent authorities; (iii) changes of listing status or transfers of listing segment; and (iv) a voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security.

The CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) on 24 February 2023. Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises, where a domestic enterprise provides or publicly discloses, or provides or publicly discloses through its overseas listed entity or other means, any document or material involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report it to the competent department with the examination and approval authority for approval in accordance with the law, and submit it to the secrecy administration department of the same level for filing. The working papers formed within Mainland China by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within Mainland China. Cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the state.

HISTORY AND CORPORATE STRUCTURE

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. Our Company was established in 2004 under the name of Qingzhou Tanboer Apparel Co., Ltd. (青州市坦博爾服飾有限公司), and subsequently converted into a joint stock company with limited liability in 2013. Over more than two decades, we have established a comprehensive product portfolio that caters to diverse natural environment sports, including skiing, mountaineering and hiking, as well as urban outdoor scenarios, including suburban walks, park leisure and commuting. According to CIC, we are the fourth largest domestic professional outdoor apparel brand in China in terms of retail sales value in 2025.

MILESTONES

The following table summarizes various key milestones in our corporate and business development.

Year	Milestone
2004	Our Company was established in Shandong Province.
2005	We were recognized as a “China Famous Brand (中國名牌產品),” marking steady progress in our brand strategy.
2009	Our flagship store launched on Tmall (天貓), marking our strategic entry into e-commerce.
2010	We were designated as the “China Well-Known Trademark (中國馳名商標)” by the State Administration for Industry and Commerce, enhancing our core competitiveness through trademark strategy.
2012	We established three Employee Incentive Platforms, namely Qingzhou Tanwen, Qingzhou Boshun, and Qingzhou Erya.
2013	Our Company was converted into a joint stock company with limited liability.
2015	We were awarded the “National Industrial Brand Cultivation Demonstration Enterprise (全國工業品牌培育示範企業)” by the MIIT.
2017	We were recognized as a “National Intellectual Property Advantage Enterprise (國家知識產權優勢企業)” by the China National Intellectual Property Administration, further strengthening our IP strategy and innovation capabilities.
2018	We were granted the awards of “Great Country Craftsman Brand in China’s Down Industry (中國羽絨行業大國工匠品牌),” and the “Special Contribution Award for National Apparel Standardization (全國服裝標準化工作特殊貢獻獎).”
	We were designated as the “Provincial Enterprise Technology Center (省級企業技術中心)”

HISTORY AND CORPORATE STRUCTURE

Year	Milestone
2022	We were invited to exhibit at ISPO Munich, the leading international sports equipment trade fair in Munich, Germany, showcasing the quality and innovation of Chinese brands and manufacturing capabilities in the core exhibition hall.
2023	We were awarded the “Meritorious Enterprise in China’s Down Industry (中國羽絨行業功勳企業)” and the “Corporate Social Responsibility Contribution Award (社會責任貢獻獎).” Our “Defining New Outdoor Trends (定義戶外新趨勢)” conference was held in Shanghai, leading industry development with premium outdoor products. We donated down jackets worth RMB10.05 million to earthquake-affected areas in Jishishan, Gansu Province, demonstrating our commitment to corporate social responsibility.
2024	We established partnerships with UNICEF and Narwhal Ocean Research Center. We collaborated with Beijing Institute of Fashion Technology (北京服裝學院) to establish the “Extreme Cold Technology Laboratory (極寒科技實驗室).”
2025	We became official apparel sponsor for Chinese National Nordic Combined Team (中國國家北歐兩項隊) and official supplier to the Austrian Snowboarding National Team. We were recognized as an “Outstanding Contributor to High-Quality Development of Shandong’s Private Economy (山東省民營經濟高質量發展突出貢獻企業).” Our ski collection won the Gold Award at the China Tourism Commodity Competition (Light Tourism Equipment and Creative City Gifts Innovation Design Category) (中國旅遊商品大賽(輕型旅遊裝備和文創城市禮物創新設計主題)金獎). Our “Snow Dance on the Mountain Peak (雪舞山巔)” outdoor ice and snow trend show was held in Hangzhou, contributing to the high-quality development of the ice and snow economy. We were awarded “2025 Trustworthy Award for Outdoor Sports Brand of the Year” (2025安心獎年度戶外運動品牌) by Jiemian (《界面》) a Chinese business and financial news media platform.

HISTORY AND CORPORATE STRUCTURE

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, we had the following subsidiaries which we regarded as our major subsidiaries (all of which are wholly-owned) in terms of financial contribution during the Track Record Period.

Name	Date of Establishment and Commencement of Business	Place of Establishment	Principal Business Activities
Qingzhou Tanboer Smart Technology Co., Ltd. (青州市坦博爾智慧科技有限公司) (“ Tanboer Smart Technology ”) . .	August 8, 2024	PRC	Offline retail operations
Tanboer (Shanghai) Clothing Co., Ltd. (坦博爾(上海)服飾有限公司) (“ Shanghai Tanboer ”)	November 11, 2021	PRC	R&D, sales and marketing
Tanboer (Hangzhou) E-Commerce Co., Ltd. (坦博爾(杭州)電子商務有限公司) (“ Hangzhou Tanboer ”)	November 25, 2021	PRC	Sales of products on e-commerce platforms

For details of the principal activities of the other subsidiaries of our Group, see Note 1 to the Accountants’ Report as set out in Appendix I to this document.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any acquisitions, disposals or mergers that we consider to be material to us.

MAJOR CORPORATE DEVELOPMENTS AND SHAREHOLDING CHANGES

Establishment of our Company and Subsequent Shareholding Changes

Our Company was established as a limited liability company in the PRC on April 19, 2004 under the name of Qingzhou Tanboer Apparel Co., Ltd. (青州市坦博爾服飾有限公司) with a registered capital of RMB10 million and founded by Mr. Wang Yongping (王勇萍), Ms. Wang Lili (王麗莉) and Ms. Wang Hong (王紅) (aunt of Mr. Wang Runji (王潤基), who is the son of Mr. Wang Yongping and Ms. Wang Lili and one of our Controlling Shareholders) as to 50%, 48% and 2%, respectively. After that, our Company underwent a series of capital changes and equity transfers, upon completion of which our Company was owned by Mr. Wang Yongping and Ms. Wang Lili as of 95% and 5% respectively.

Pursuant to a Shareholders’ resolution dated March 20, 2012, Ms. Wang Lili agreed to transfer RMB0.8 million registered capital of our Company to Mr. Wang Yongping. Upon completion, our Company was wholly owned by Mr. Wang Yongping.

On November 20, 2012, Shanghai Lanyin, a company established under the laws of the PRC and currently owned by Ms. Wang Lili, Mr. Wang Runji, Ms. Wang Hong and Mr. Wang Kaiyuan (grandfather of Mr. Wang Runji) as to 55.00%, 44.50%, 0.27% and 0.23%, respectively, subscribed

HISTORY AND CORPORATE STRUCTURE

for RMB64 million registered capital of our Company at a consideration of RMB64 million. The consideration was determined with reference to the then registered capital of our Company. Upon completion, our registered capital was increased to RMB80 million, of which Shanghai Lanyin and Mr. Wang Yongping held as to 80% and 20%, respectively.

On December 28, 2012, our three Employee Incentive Platforms, including (1) Qingzhou Tanwen Investment Management Center L.P. (“**Qingzhou Tanwen**”) (青州市坦文投資管理中心(有限合伙)), a limited partnership established in the PRC, the general partner of which is Ms. Wang Lili; (2) Qingzhou Boshun Investment Management Center L.P. (“**Qingzhou Boshun**”) (青州市博順投資管理中心(有限合伙)), a limited partnership established in the PRC, the general partner of which is Ms. Xiao Na, our executive Director and finance director; and (3) Qingzhou Erya Investment Management Center L.P. (“**Qingzhou Erya**”) (青州市爾雅投資管理中心(有限合伙)), a limited partnership established in the PRC, the general partner of which is Ms. Yang Xinli, a supervisor of one of our subsidiaries, subscribed for RMB3,977,200, RMB2,222,200 and RMB980,100 registered capital of our Company at the consideration of RMB6.98 million, RMB3.9 million and RMB1.72 million respectively. The considerations were determined with reference to the then registered capital of our Company and the fact that these subscribers serve as our Employee Incentive Platforms. Upon completion, our registered capital was increased to RMB87.18 million and our Company was owned by Shanghai Lanyin, Mr. Wang Yongping, Qingzhou Tanwen, Qingzhou Boshun and Qingzhou Erya as to 73.41%, 18.35%, 4.56%, 2.55% and 1.13%, respectively.

Conversion into a Joint Stock Company with Limited Liability

On June 1, 2013, the then Shareholders of our Company passed resolutions approving, among others, the conversion of our Company from a limited liability company into a joint stock company with limited liability (the “**Stock Conversion**”). According to the capital valuation report prepared by an Independent Third Party valuer, the total net asset value of our Company as of December 31, 2012 was RMB170,433,629.13, of which (i) RMB153,000,000 was converted to 153,000,000 Shares with a par value of RMB1.00 per Share, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company before the Stock Conversion; and (ii) the remaining amount of approximately RMB17,433,629.13 was converted into capital reserve.

Immediately after the Stock Conversion, the then shareholding structure of our Company was as follows:

Shareholder	Number of Shares	Shareholding Percentage
		%
Shanghai Lanyin	112,319,983	73.41
Mr. Wang Yongping	28,079,996	18.35
Qingzhou Tanwen	6,979,985	4.56
Qingzhou Boshun	3,899,960	2.55
Qingzhou Erya	1,720,076	1.13
Total	153,000,000	100.00

Capital Increase

On September 29, 2013, we entered into a capital increase agreement with Shanghai Fuxin Equity Investment Fund Partnership (Limited Partnership) (上海復新股權投資基金合夥企業(有限合伙)) (“**Shanghai Fuxin**”), Gelai Simei (Shanghai) Investment Co., Ltd. (格萊斯美(上海)投資有限公司) (“**Gelai Simei**”), Qiu Tangshan (邱堂善) and Hu Jianqiu (胡建秋), each an Independent Third Party, pursuant to which Shanghai Fuxin, Gelai Simei, Qiu Tangshan and Hu Jianqiu agreed

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to subscribe for 11,071,324, 1,500,779, 1,531,073 and 196,824 Shares, respectively (the “**Capital Increase**”). The total consideration amounted to RMB58,123,132 and was fully paid up on October 15, 2013. The relevant considerations after arm’s length negotiation with reference to the development status of our Company.

Immediately after the Capital Increase, our registered capital was increased to RMB167.3 million, and the shareholding structure of our Company was as follows:

Shareholder	Number of Shares	Shareholding Percentage %
Shanghai Lanyin	112,319,983	67.14
Mr. Wang Yongping	28,079,996	16.78
Shanghai Fuxin	11,071,324	6.62
Qingzhou Tanwen	6,979,985	4.17
Qingzhou Boshun	3,899,960	2.33
Qingzhou Erya	1,720,076	1.03
Qiu Tangshan	1,531,073	0.92
Gelai Simei	1,500,779	0.90
Hu Jianqiu	196,824	0.12
Total	167,300,000	100.00

Prior Quotation on the NEEQ

On February 16, 2015, we became quoted on the National Equities Exchange and Quotations (“**NEEQ**”) (全國中小企業股份轉讓系統) (stock code: 831967). Immediately upon quotation, our shareholding structure was the same as that after the Capital Increase.

Ceased to be Quoted on the NEEQ

In November 2017, the then shareholders of our Company passed resolutions to voluntarily terminate the quotation of our Company on the NEEQ. On December 11, 2017, our Company formally ceased to be quoted on the NEEQ, considering the following factors:

- (i) the NEEQ is a market open only to limited qualified investors and has a relatively lower trading volume and liquidity level compared to other stock exchanges, making it difficult to reflect the fair value of our Company;
- (ii) our Company has limited ability to publicly raise funds to finance its business operations and development when quoted on the NEEQ; and
- (iii) our Company intended to explore potential opportunity to list on other stock exchanges to access a more developed and international capital market, strengthen our fundraising capacity, diversify our shareholder base, and elevate our brand visibility and standards of corporate governance.

Our Directors confirm that during the period when our Company was quoted on the NEEQ and up to the cessation of quotation thereon, (i) our Company had been in compliance with all applicable laws and regulations as well as rules and regulations of the NEEQ in all material respects; (ii) our Company had not been subject to any disciplinary action by the relevant regulators in this respect; and (iii) there are no other issues relating to our quotation on the NEEQ and cessation to be quoted on the NEEQ that need to be brought to the attention of potential investors. The cessation of our Company’s quotation on the NEEQ was approved by a unanimous consent of

HISTORY AND CORPORATE STRUCTURE

all our then shareholders. Therefore, there were no circumstances requiring our Company to repurchase its shares, thereby resulting in no specific share transaction price or any valuation of our Company at that time. There were changes in the professional parties engaged by our Group between the previous listing application on the NEEQ and our [REDACTED] on the Stock Exchange, which were made for commercial reasons and after considering the experience and qualification of the relevant professional parties having regard to the nature and requirements of the respective [REDACTED], and there were no material disagreements between our Group and such professional parties.

Our PRC Legal Advisor is of the view that (i) the Company’s quotation on and the cessation of the Company’s quotation on the NEEQ of the Company were in compliance with applicable laws and regulations, (ii) during the period when the Company was quoted on the NEEQ and up to the cessation of quotation thereon, the Company had been in compliance with all applicable laws and regulations in all material respects, with no penalties or other regulatory measures imposed by regulatory authorities, and (iii) during the period when the Company was listed on the NEEQ, neither the Company nor any of the Directors had been subject to any disciplinary action or administrative penalty imposed by any regulatory authority as a result of any non-compliance.

Based on the due diligence work performed by the Sole Sponsor, there are no material findings that have come to the attention of the Sole Sponsor which would reasonably cause it to cast doubt on the Directors’ confirmations above.

Immediately upon cessation of our Company’s quotation on the NEEQ, our shareholding structure was as follows:

Shareholder	Number of Shares	Shareholding Percentage %
Shanghai Lanyin	112,319,983	67.14
Mr. Wang Yongping	42,379,996	25.33
Qingzhou Tanwen	6,979,985	4.17
Qingzhou Boshun	3,899,960	2.33
Qingzhou Erya	1,720,076	1.03
Total	167,300,000	100.00

Share Transfer

On July 7, 2022, Mr. Wang Yongping entered into an equity transfer agreement with Ms. Wang Lili, pursuant to which Mr. Wang Yongping agreed to transfer all 42,379,996 Shares that he held to Ms. Wang Lili for nil consideration, as part of their family wealth management planning. Upon completion, the shareholding structure of our Company was as follows:

Shareholder	Number of Shares	Shareholding Percentage %
Shanghai Lanyin	112,319,983	67.14
Ms. Wang Lili	42,379,996	25.33
Qingzhou Tanwen	6,979,985	4.17
Qingzhou Boshun	3,899,960	2.33
Qingzhou Erya	1,720,076	1.03
Total	167,300,000	100.00

HISTORY AND CORPORATE STRUCTURE

OUR EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, Qingzhou Tanwen, Qingzhou Boshun, and Qingzhou Erya were established as limited partnerships in the PRC as our Employee Incentive Platforms on December 25, 2012 to implement our Share Incentive Scheme. For further details of the Share Incentive Scheme, please refer to “Appendix VII — Statutory and General Information — Share Incentive Scheme”.

As of the Latest Practicable Date, the general partner of Qingzhou Tanwen was Ms. Wang Lili, the chairperson of the Board, executive Director and general manager of our Company, holding approximately 66.76% partnership interests therein, and was entitled to exercise the voting rights attached to the Shares held by Qingzhou Tanwen. Ms. Wang Lili holds her partnership interests in Qingzhou Tanwen for her own benefit and not on behalf of other grantees. As of the Latest Practicable Date, Qingzhou Tanwen owned approximately 4.17% of the issued Shares of our Company and had 13 limited partners in total, including, among others, (i) Ms. Wang Hong, aunt of Mr. Wang Runji, holding approximately 2.87% partnership interests; (ii) Mr. Hou Zengjiang, an executive Director and the deputy general manager and Board secretary of our Company, holding approximately 2.87% partnership interests; (iii) Mr. Chen Shangbiao (陳尚標), a former supervisor of our Company and currently a supervisor of one of our subsidiaries, holding approximately 2.29% partnership interests; (iv) Ms. Wu Jincai (吳金彩), a director of one of our subsidiaries, holding approximately 2.29% partnership interests; (v) Ms. Wang Xiuli (王秀麗), a former employee of our Group and sister of Ms. Wang Lili, holding approximately 2.87% partnership; (vi) Ms. Wang Liqin (王麗芹), a former employee of our Group and sister of Ms. Wang Lili, holding approximately 2.87% partnership; (vii) Ms. Wang Lixia (王麗霞), a former employee of our Group and sister of Ms. Wang Lili, holding approximately 2.87% partnership; and (viii) Mr. An Rongliang (安榮亮), a former employee of our Group and brother-in-law of Ms. Wang Lili, holding approximately 2.87% partnership. Save as disclosed above, other limited partners are current or former employees of our Group, being Independent Third Parties.

As of the Latest Practicable Date, the general partner of Qingzhou Boshun was Ms. Xiao Na, an executive Director and finance director of our Company, holding approximately 5.13% partnership interests therein, and was entitled to exercise the voting rights attached to the Shares held by Qingzhou Boshun. As of the Latest Practicable Date, Qingzhou Boshun owned approximately 2.33% of the issued Shares of our Company and had 11 limited partners in total, including, among others, (i) Ms. Wang Lili, holding approximately 66.92% partnership interests; (ii) Ms. Liu Jihua (劉繼花), a supervisor of one of our subsidiaries, holding approximately 2.56% partnership interests; (iii) Ms. Liu Yan (劉燕), a director of eight of our subsidiaries, holding approximately 3.33% partnership interests; and (iv) Ms. Zhang Chunlian (張春蓮), a director of one of our subsidiaries, holding approximately 2.56% partnership interests. Save as disclosed above, other limited partners are current or former employees of our Group, being Independent Third Parties.

As of the Latest Practicable Date, the general partner of Qingzhou Erya was Ms. Yang Xinli (楊信莉), a supervisor of eight of our subsidiaries, holding approximately 3.49% partnership interests therein, and was entitled to exercise the voting rights attached to the Shares held by Qingzhou Erya. As of the Latest Practicable Date, Qingzhou Erya owned approximately 1.03% of the issued Shares of our Company and had five limited partners in total, including, among others, (i) Ms. Wang Lili, holding approximately 79.65% partnership interests and (ii) Ms. Zhao Zhenmei (趙振美), the spouse of Mr. Hou Zengjiang, holding approximately 2.91% partnership interests. Save as disclosed above, other limited partners are current or former employees of our Group, being Independent Third Parties.

Save as disclosed above, as of the Latest Practicable Date, none of the partners of Qingzhou Tanwen, Qingzhou Boshun or Qingzhou Erya was a director, supervisor or senior management member of our Company or its subsidiaries, nor were they connected persons of our Company.

HISTORY AND CORPORATE STRUCTURE

[REDACTED]

As of the Latest Practicable Date, our Company had a total of five shareholders, including (1) Shanghai Lanyin; (2) Ms. Wang Lili; (3) Qingzhou Tanwen; (4) Qingzhou Boshun; and (5) Qingzhou Erya. Considering that: (i) Shanghai Lanyin is owned by Ms. Wang Lili (the chairperson of the Board, an executive Director and the general manager of our Company), Mr. Wang Runji, Ms. Wang Hong (aunt of Mr. Wang Runji) and Mr. Wang Kaiyuan (grandfather of Mr. Wang Runji) as to 55.0%, 44.5%, 0.27% and 0.23%, respectively; (ii) Ms. Wang Lili is the chairperson of the Board, an executive Director and the general manager of our Company; (iii) Ms. Wang Lili is the general partner of Qingzhou Tanwen and is entitled to exercise the voting rights attached to the Shares of our Company held by Qingzhou Tanwen; (iv) Ms. Xiao Na, an executive Director and finance director of our Company, is the general partner of Qingzhou Boshun, and is entitled to exercise the voting rights attached to the Shares of our Company held by Qingzhou Boshun. In addition, Ms. Wang Lili, a limited partner of Qingzhou Boshun, held approximately 66.92% of its partnership interests; and (v) Ms. Wang Lili, a limited partner of Qingzhou Erya, held approximately 79.65% of its partnership interest,

all Shares held by our existing Shareholders (including any H Shares to be converted from Unlisted Shares) will not be counted towards the [REDACTED], as these Shareholders are regarded as core connected persons of our Company.

It is expected that all H Shares to be issued by our Company in connection with the [REDACTED] will be counted towards the [REDACTED] for the purposes of Rule 8.08 of the Listing Rules. As such, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the total number of H Shares held by the [REDACTED] is expected to represent [REDACTED]% of our total issued Shares upon [REDACTED]. Pursuant to Rule 19A.13A(1) of the Listing Rules, the minimum prescribed [REDACTED] percentage threshold is [REDACTED]% (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], which is the low-point of the indicative [REDACTED] range), [REDACTED]% (assuming an [REDACTED] of HK\$[REDACTED] per H Share, which is the mid-point of the indicative [REDACTED] range) and [REDACTED]% (assuming an [REDACTED] of HK\$[REDACTED] per H Share, which is the high-point of the indicative [REDACTED] range), respectively, assuming the [REDACTED] is not exercised.

[REDACTED]

At the time of [REDACTED], our Company is expected to satisfy the [REDACTED] requirement under Rule 19A.13C(1) of the Listing Rules, with sufficient H Shares held by the [REDACTED] and available for [REDACTED].

OUR [REDACTED]

The shareholding structure of our Company is set forth below.

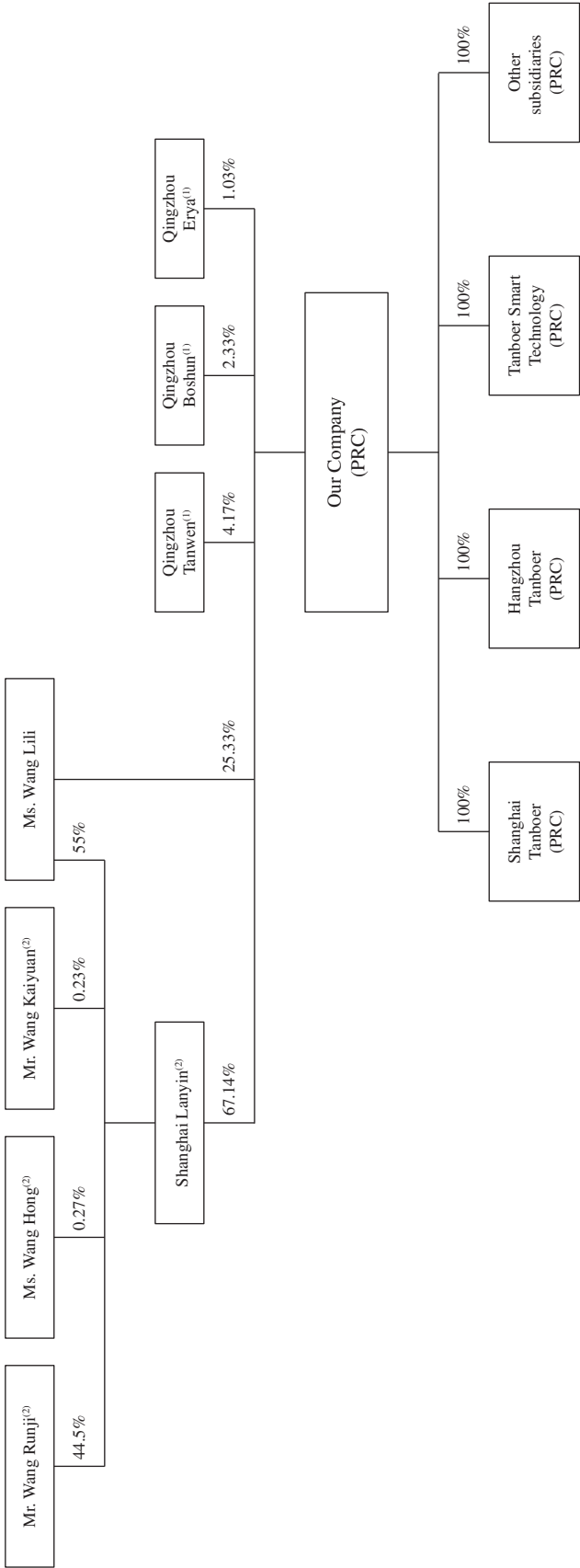
Shareholder	As of the Latest Practicable Date		Immediately upon the completion of the [REDACTED] assuming the [REDACTED] is not exercised		
	Number of Shares	Shareholding percentage	Number of Shares		Shareholding percentage
			Unlisted Shares	H Shares	
Shanghai Lanyin . . .	112,319,983	67.14%	–	[REDACTED]	[REDACTED]%
Ms. Wang Lili	42,379,996	25.33%	–	[REDACTED]	[REDACTED]%
Qingzhou Tanwen . . .	6,979,985	4.17%	–	[REDACTED]	[REDACTED]%
Qingzhou Boshun . . .	3,899,960	2.33%	–	[REDACTED]	[REDACTED]%
Qingzhou Erya	1,720,076	1.03%	–	[REDACTED]	[REDACTED]%
Other [REDACTED] Shareholders	–	–	–	[REDACTED]	[REDACTED]%
Total	167,300,000	100.00%	–	[REDACTED]	100.00%

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OUR SHAREHOLDING AND CORPORATE STRUCTURE

Immediately Prior to the [REDACTED] and as of the Latest Practicable Date

The following chart illustrates the simplified shareholding structure of our Group immediately before the completion of the [REDACTED] and as of the Latest Practicable Date:



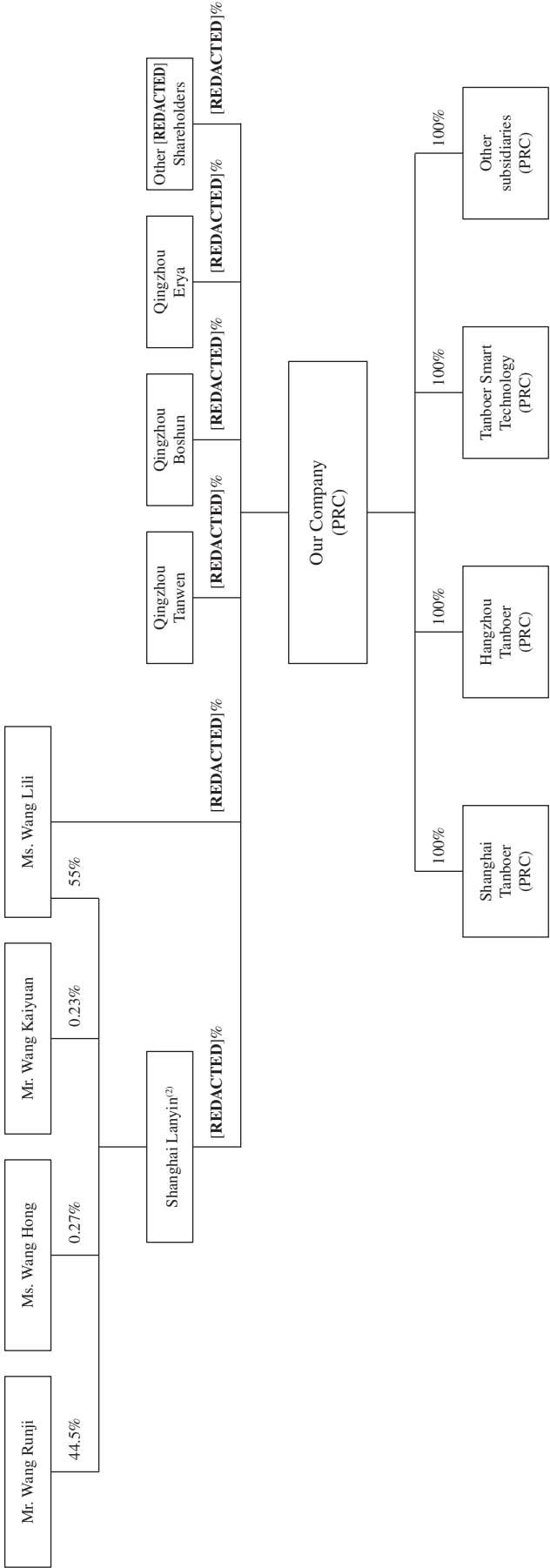
Notes:

- (1) Qingzhou Tanwen, Qingzhou Boshun, and Qingzhou Erya are our Employee Incentive Platforms. As of the Latest Practicable Date, Ms. Wang Lili holds 67% and 80% of the partnership interests in Qingzhou Boshun and Qingzhou Erya respectively, being their respective single largest limited partner. However, considering the distinct roles and powers of limited partners and general partners as stated in the respective partnership agreements of Qingzhou Boshun and Qingzhou Erya, Ms. Wang does not possess any voting right over the two employee incentive platforms nor the Shares held by them, and thus Qingzhou Boshun and Qingzhou Erya are not included as part of the group of Controlling Shareholders. For details, please refer to “— Our Employee Incentive Platforms” above.
- (2) Mr. Wang Runji is the son of Ms. Wang Yongping, Ms. Wang Hong is the aunt of Mr. Wang Runji. Mr. Wang Kaiyuan is the grandfather of Mr. Wang Runji. Shanghai Lanyin is an investment holding platform. Ms. Wang Hong and Mr. Wang Kaiyuan do not constitute members of the group of Controlling Shareholders as they are unable to exercise any voting right attached to the Shares of the Company, nor do they themselves act or intend to act in concert with any member of the group of Controlling Shareholders.

HISTORY AND CORPORATE STRUCTURE

Immediately Following the [REDACTED]

The following chart illustrates the simplified shareholding structure of our Group immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



Note: See the notes in “— Immediately Prior to the [REDACTED] and as of the Latest Practicable Date” above.

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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.

BUSINESS

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.

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

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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 superior premium 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.

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

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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 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.

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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.

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

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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.

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.

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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 are expanding our self-operated offline stores network in prime shopping malls in certain first-tier and second-tier cities, featuring immersive experience design to showcase products and convey our brand’s value. 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.

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.

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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 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.

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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 the full spectrum 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

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.

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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.

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.

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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.

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.

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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.

Backed by TORAYDELFY — 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.

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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. This 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 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.

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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. 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

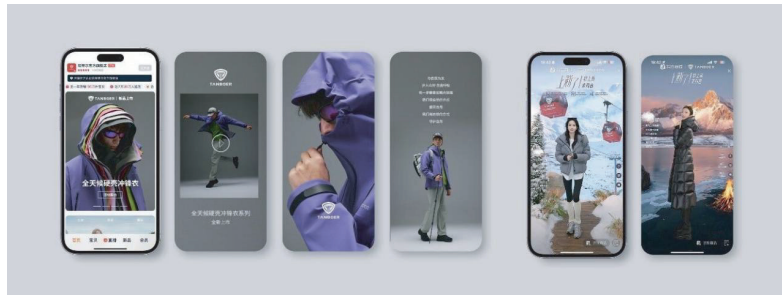
During the Track Record Period, we are actively expanding our online presence to meet the evolving needs of a broader and more diverse consumer base. Our online channels are designed to offer convenience and easy access, comprising primarily of self-operated online stores, sales to e-commerce platform 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.

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.

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

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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.

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.

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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.

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

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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.

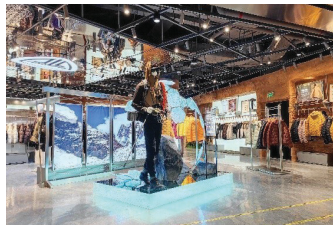
Our store network in China is strategically dispersed across various cities. While maintaining a solid foundation in cities of eastern and northern China to strengthen our brand identity and stay attuned to market trends, we have strategically expanded our focus to actively penetrate key cities of central 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

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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.

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 product 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.

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:

	<u>Buyer-seller relationship</u>	<u>Consignment arrangements</u>
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.	
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, and neither party may unilaterally use such IP without the other party's prior consent. 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

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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.

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.

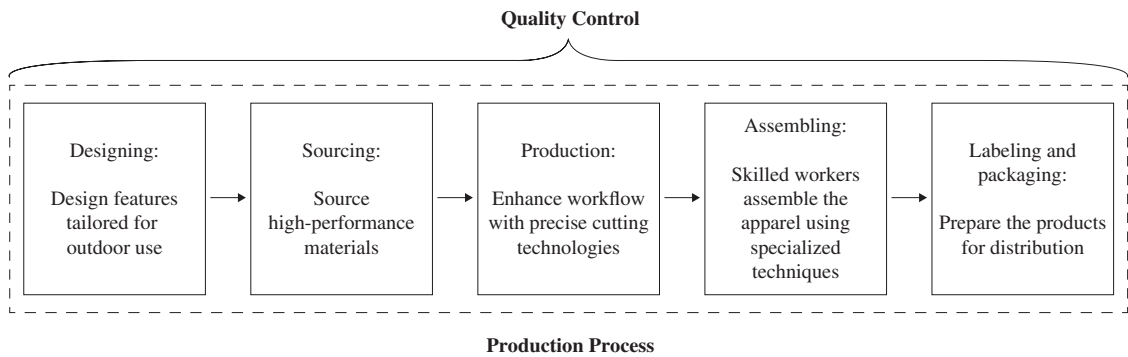
Our product development methodologies are carefully structured to ensure quality, effectiveness, and market readiness. Each season, we develop product launch plans aligned with consumer preferences, market opportunities, and brand strategy. This cross-departmental process involves management setting direction, design leading creativity, commodity ensuring commercial

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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.



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

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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.

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

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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.

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.
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- 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.
- 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.

BUSINESS

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%

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.

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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.

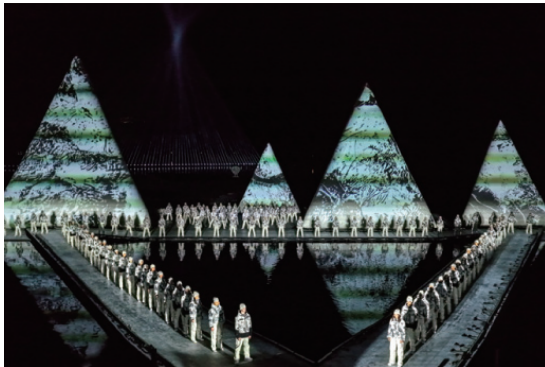
Offline Marketing Activities and Events

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,

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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

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

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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.

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.

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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.

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,

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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 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.

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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 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. 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 listing. As of the Latest Practicable Date, we have not received any notification from any government authority requiring us to apply for a cybersecurity review, nor have we received any notification regarding the need for a cybersecurity review on the grounds that our data processing activities affect or may affect national security.

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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.

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, no material non-compliance with PRC laws and regulations concerning cybersecurity, data security, and personal information protection (including cross-border data transfer) has been identified. That is, no fundamental issues

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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.

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. For products sold via our online stores, we generally allow consumers to return or exchange products in a condition suitable for a second sale within seven days from the delivery

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according to the relevant laws and regulations. We generally do not allow product returns and exchanges after the seven-day period, except for product defects. For products sold via our offline self-operated stores, we generally allow returns for product defects. For products sold to our online distributors, they 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. Offline distributors are generally granted a return and exchange allowance of a certain percentage of their purchase amount. This differentiated approach tailors return policies to online and offline distributors operational constraints, curbing potential abuse in online channels while accommodating controlled returns for offline channels to optimize localized inventory, thereby preserving overall supply chain efficiency. We maintain stringent product return policies for our online sales channels. We have primarily adopted a consignment sales model for our sales to e-commerce platforms and online distributors. Under this model, we recognize revenue upon confirmation of receipt by the end consumer. Subsequently, 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. For details, please see “— Our Sales network — Online Channels — Sales to E-commerce Platforms,” and “— Online Distributors.” In 2023, 2024 and 2025, our product returns from e-commerce platforms amounted to RMB1.1 million, RMB2.3 million and RMB5.7 million, respectively. In 2023, 2024 and 2025, our product returns from online distributors amounted to nil, RMB0.01 million and RMB0.8 million, respectively.

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, our distributors typically stock up ahead of peak selling seasons to secure product availability and timely market coverage. We allow distributors to return unsold inventory within three specified return windows so that slow-moving stock can be converted back into liquidity, thereby helping distributors maintain healthy working capital and reinvest in in-demand products. Our current 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. Operationally, the return windows are structured to facilitate our timely re-allocation of returned goods to alternative sales channels and off-season programs. Returned products are not retained as dormant inventory; they are reallocated to more suitable sales channels exhibiting more favorable demand conditions. In particular, the final return window is the last month of the first quarter each year, closing at the end of the last day of the first quarter. This allows us to consolidate returned inventory and deploy it for offseason sales, clearance initiatives or other appropriate channels, rather than leaving inventory stranded at 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, respectively. These product returns accounted 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. The aforementioned product return rate 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.

As of December 31, 2023, 2024 and 2025, our refund liabilities amounted to RMB8.8 million, RMB13.1 million and RMB34.0 million, respectively, representing the obligations arising from rights of return to refund some or all of the consideration received (or receivable) from consumers. For details, please see Note 24 to the Accountants’ Report in Appendix I to this document. During the Track Record Period and up to the Latest Practicable Date, there was no material product returns and exchanges adversely affect our business operation.

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.

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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.

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.

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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 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.

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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.
- 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

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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.

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%

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Supplier	Type of Products/ Services Provided	Background	Commencement of Business Relationship	Payment Term	Purchase Amount (RMB'000)	% of Total Purchase (%)
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%
<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

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Supplier	Type of Products/ Services Provided	Background	Commencement of Business Relationship	Payment Term	Purchase Amount (RMB'000)	% of Total Purchase (%)
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
<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, as advised by our international sanctions counsel, our Directors believe that our products are not subject to the U.S. Export Administration Regulations (“**EAR**”) as our products provided to the aforementioned customers (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. Accordingly, as advised by our international sanctions counsel, and 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, since (i) we have not conducted any business in countries or regions that are subject to comprehensive or broad 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**”); 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 concludes that (1) we have not engaged in any primary sanctioned activities; (2) secondary sanctions risks are also unlikely to be triggered; (3) 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 (4) we are not a Sanctioned Trader in accordance with the Sanctions Guidance as we did not have business

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operations in the Sanctioned Country and the absence of any transactions with Sanctioned Targets, and our international sanctions counsel is of the view, and our Directors believe, 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. 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, as advised by 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.

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 183 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

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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 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.

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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.

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.

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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 110,613.2 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.

Leased Properties

As of the Latest Practicable Date, in China, we had 82 leased properties with an aggregate GFA of approximately over 21,739.5 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.

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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 82 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 7.7% 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 78 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.”

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.

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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.

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.

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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;
- 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

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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 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

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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.

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:

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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.

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,

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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.

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.

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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.

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 listing. 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.

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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.

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.

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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.

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.

BUSINESS

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.

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.

BUSINESS

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

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:

BUSINESS

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.

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.

BUSINESS

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;
- 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.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, (1) Ms. Wang Lili directly held approximately 25.33% of the total issued share capital of our Company; (2) Shanghai Lanyin, holding approximately 67.14% of the total issued share capital of our Company, is owned by Ms. Wang Lili and Mr. Wang Runji as to 55.00% and 44.50%, respectively; and (3) Qingzhou Tanwen, holding approximately 4.17% of the total issued share capital of our Company, in which Ms. Wang Lili, as the general partner of Qingzhou Tanwen, is entitled to exercise the voting rights attached to the Shares of our Company held by Qingzhou Tanwen.

Based on the above, Ms. Wang Lili, Mr. Wang Runji, Shanghai Lanyin and Qingzhou Tanwen are regarded as a group of our Controlling Shareholders for the purposes of the Listing Rules. As of the Latest Practicable Date, our group of Controlling Shareholders were entitled to exercise the voting rights attached to approximately 96.64% of the total issued share capital of our Company. Immediately upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Ms. Wang Lili, Mr. Wang Runji, Shanghai Lanyin and Qingzhou Tanwen will be entitled to exercise the voting rights attached to approximately [REDACTED]% of our total issued share capital, and will continue to constitute a group of our Controlling Shareholders.

COMPETITION

As of the Latest Practicable Date, none of our Controlling Shareholders and their respective close associates had any interest in any business that competes or is likely to compete, either directly or indirectly with our Group’s business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Controlling Shareholders after the [REDACTED].

Management Independence

Our business is managed and conducted by the Board and senior management. Our Board consists of four executive Directors and three independent non-executive Directors. For more information, see “Directors and Senior Management.” Notwithstanding the fact that one of our executive Directors, Ms. Wang Lili, holds an overlapping directorship in Shanghai Lanyin, and serves as the general partner of Qingzhou Tanwen, our Directors believe that the Board and senior management of our Company are able to operate our business independently from our Controlling Shareholders for the following reasons:

- (i) both Shanghai Lanyin and Qingzhou Tanwen are shareholding platforms with no substantive business operations. Although Ms. Wang Lili serves as a director of Shanghai Lanyin and acts as the general partner of Qingzhou Tanwen, she doesn’t need to be involved in the day-to-day operations of either entity and does not receive any remuneration in connection with these roles;
- (ii) our Directors are aware of their fiduciary duties as a director, which require, among other things, that they act for the benefits and in the interests of our Company and all our Shareholders as a whole and do not allow any conflict between their duties as a Director and their personal interests;
- (iii) our daily management and operations are carried out by our executive Directors and senior management team. They have substantial experience in the industry in which our Company is engaged and will therefore be able to make impartial and sound business decisions that are in the best interests of our Group;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (iv) our Board acts collectively by majority vote in accordance with our Articles of Association and applicable laws and regulations, and no single Director is able to make any decisions unless authorized by the Board;
- (v) our Board has a balanced composition of executive and independent non-executive Directors, which ensures the independence of the Board in making decisions affecting our Company. Our independent non-executive Directors account for more than one-third of the Board, and do not and will not take up any position with our Controlling Shareholders. All of our three independent non-executive Directors are independent from our Controlling Shareholders and have extensive experience in their respective areas of expertise. For details, see “Directors and Senior Management.” All independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules, and certain matters of our Company must always be referred to the independent non-executive Directors for review, ensuring the decisions of the Board are made only after the due consideration of independent and impartial opinions;
- (vi) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and a Director or their respective close associate, the interested Director(s) is required to declare the nature of such interests before voting at the relevant Board meetings of our Company in respect of such transactions; and
- (vii) we have appointed Somerley Capital Limited as our compliance advisor, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and Listing Rules, including various requirements relating to Directors’ duties and corporate governance.

Operational Independence

We are in possession of all technologies relating to our Group’s business, and all requisite qualifications and approvals for conducting all our business. We have independent access to customers and suppliers and, therefore, are not dependent on our Controlling Shareholders for any significant amount of our revenue, research and development, staffing or marketing and sales activities, and we have sufficient capital, equipment and employees to operate our business independently from our Controlling Shareholders. We have an established and complete organizational structure comprising various separate departments, each charged with specific responsibilities, such as staffing, administration, finance, internal audit, research and development, sales and marketing, or company secretarial functions. These departments have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their close associates.

Financial Independence

Our Company has established its own finance department with a team of independent financial staff responsible for discharging treasury, accounting, reporting, group credit and internal control functions independently from our Controlling Shareholders and their respective close associates, as well as a sound and independent financial system, and makes independent financial decisions according to our own business needs. Our Company maintains bank accounts independently and does not share any bank account with our Controlling Shareholders. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company’s financial functions, such as cash and accounting management, invoices and bills, operate independently from our Controlling Shareholders and their respective close associates.

As of the Latest Practicable Date, the Group had an aggregate amount of approximately RMB145.4 million in bank borrowings (the “**Guaranteed Loans**”) that were guaranteed by certain of our Controlling Shareholders. In respect of the Guaranteed Loans amounting to approximately RMB74.5 million, we have obtained written confirmations from the relevant banks stating that they

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

will release the personal guarantees provided by the relevant Controlling Shareholders prior to the [REDACTED], and such guarantees will be replaced by corporate guarantees to be provided by our Company. For the remaining Guaranteed Loans amounting to approximately RMB70.9 million, we expect to repay these borrowings or procure the release of the guarantees provided by the relevant Controlling Shareholders for these borrowings prior to the [REDACTED]. Accordingly, upon [REDACTED], there will be no outstanding loans, advances, or balances of a non-trade nature due to or from, nor any pledges or guarantees provided by, our Controlling Shareholders or any of their respective close associates.

Following the [REDACTED], we do not expect to rely on financing from our Controlling Shareholders or their close associates. We expect our working capital requirements will be met through a combination of cash flows generated from operating activities, bank borrowings, equity financing, and the [REDACTED] from the [REDACTED].

CORPORATE GOVERNANCE MEASURES

Upon the [REDACTED], we will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Controlling Shareholders:

- (i) where a Board meeting is held for the matters in which any Director has a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (ii) where a Shareholders’ meeting is to be held for considering proposed transactions in which any member of our Controlling Shareholders or any of their associates has a material interest, the relevant member in our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum for the voting;
- (iii) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with any member of our Controlling Shareholders or any of their associates, our Company will comply with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, reporting and independent Shareholders’ approval requirements (if applicable) under the Listing Rules;
- (iv) our independent non-executive Directors will provide impartial and professional advice to protect the interests of our minority Shareholders;
- (v) we have established our Audit Committee, Remuneration Committee and Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code in Appendix C1 to the Listing Rules;
- (vi) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expenses; and
- (vii) we have appointed Somerley Capital Limited as our Compliance Advisor, which will provide advice and guidance to us in respect of compliance with the Listing Rules and applicable laws, rules, codes and guidelines, including but not limited to various requirements relating to Directors’ duties and internal controls.

SHARE CAPITAL

OVERVIEW

Immediately Before the [REDACTED]

As of the Latest Practical Date, our registered capital was RMB167,300,000, comprising 167,300,000 Unlisted Shares with a nominal value of RMB1.00 each. In the course of the [REDACTED], all Shareholders of our Company [have applied] to the CSRC, the Stock Exchange and other relevant regulatory authorities to convert the Unlisted Shares held by them into H Shares.

Upon the Completion of the [REDACTED]

Immediately following the completion of the [REDACTED] and the Conversion of [REDACTED] Shares into H Shares, the share capital of our Company will be as follows:

Assuming the [REDACTED] is not exercised:

Description of Shares	Number of Shares	% of the total issued share capital
H Shares converted from Unlisted Shares	167,300,000	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00

Assuming the [REDACTED] is exercised in full:

Description of Shares	Number of Shares	% of the total issued share capital
H Shares converted from Unlisted Shares	167,300,000	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00

SHARES OF OUR COMPANY

Upon completion of the [REDACTED], our Company will consist of H Shares only. H Shares generally may not be [REDACTED] for by, or traded between, legal or natural persons of the PRC, apart from certain qualified domestic institutional [REDACTED] in the PRC, the qualified PRC [REDACTED] under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold the H Shares pursuant to relevant PRC laws and regulations or upon approval by any competent authorities.

All dividends in respect of the H Shares are to be declared in RMB and paid by our Company in Hong Kong dollars or RMB. Other than cash, dividends could also be paid in the form of Shares or a combination of cash and Shares.

SHARE CAPITAL

CONVERSION OF UNLISTED SHARES INTO H SHARES

According to the regulations issued by the securities regulatory authorities of the State Council and the Articles of Association, the Unlisted Shares may be converted into H Shares, and such converted Shares may be [REDACTED] and traded on an overseas stock exchange provided that the conversion, [REDACTED] and [REDACTED] of such converted Shares have been filed with the CSRC. Additionally, such conversion, [REDACTED] and [REDACTED] shall meet any requirement of the internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

[REDACTED] Review and Filing with the CSRC

Our Company has applied for a “full circulation” filing when applying for an overseas [REDACTED] with the CSRC on [●], and submitted the application reports, authorization documents of the shareholders of unlisted shares for which an H-share “full-circulation” was applied, undertaking about the compliance of share acquisition and other documents in accordance with the requirements of CSRC.

Our Company [has received] the filing notice from the CSRC dated [●] in relation to the filing of the overseas [REDACTED] and “Full Circulation,” pursuant to which:

- (i) our Company was approved to issue no more than [●] H Shares with a nominal value of RMB1.00 each, which are all ordinary Shares, and upon this issuance the Company may be [REDACTED] on the Main Board of the Stock Exchange; and
- (ii) our Company was approved to convert a total of [167,300,000] Unlisted Shares (with a nominal value of RMB1.00 each) held by all Shareholders of our Company (the “**Full Circulation Participating Shareholders**”) into H Shares, and the relevant Shares may be [REDACTED] on the Stock Exchange upon completion of the conversion.

Where the [REDACTED] cannot be completed within one year upon receipt of the filing notice, and our Company will continue to conduct overseas [REDACTED] and [REDACTED] after that, it shall update the filing materials, and the CSRC will update the public filing information accordingly.

[REDACTED] Approval by the Stock Exchange

We have applied to the [REDACTED] Committee for the granting of [REDACTED] of, and permission to [REDACTED], our H Shares to be issued pursuant to the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]) and the H Shares to be converted from 167,300,000 Unlisted Shares on the Stock Exchange.

We will perform the following procedures for the Conversion of Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (i) giving instructions to our [REDACTED] regarding relevant share certificates of the converted H Shares; and (ii) enabling the converted H Shares to be accepted as eligible securities by [REDACTED] for deposit, clearance and settlement in the [REDACTED].

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

The PRC Company Law provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the [REDACTED]. Accordingly, Shares issued by our Company prior to the [REDACTED] shall be subject to this statutory restriction and shall not be transferred for a period

SHARE CAPITAL

of one year from the [REDACTED]. Our Company will work with the Domestic Securities Company to be engaged by our Company to restrict the [REDACTED] of the H Shares converted from Unlisted Shares technically within one year after the [REDACTED].

Pursuant to the PRC Company Law, Shares transferred by our Directors and members of the senior management each year during their term of office as determined when they assume the posts shall not exceed [REDACTED]% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the H Shares are [REDACTED] and [REDACTED], nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions on the transfer of our Shares held by our Directors and members of senior management, a summary of which is set out in “Appendix VI — Summary of Articles of Association.”

SHAREHOLDERS’ GENERAL MEETINGS

For details of circumstances under which our general Shareholders’ meeting required, see “Appendix V — Summary of Principal Legal and Regulatory Provisions” and “Appendix VI — Summary of Articles of Association.”

GENERAL MANDATE TO ISSUE H SHARES

Subject to the completion of the [REDACTED], pursuant to the Shareholders’ resolutions of the Company, our Board has been granted general mandate to issue H Shares. For details, see “Appendix VII — Statutory and General Information — Further Information about Our Group — Shareholders’ Resolutions.”

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised), the following persons will have interests and/or short positions (as applicable) in the Shares or underlying Shares of our Company, which would be required to be disclosed to us and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company:

Name of Shareholder	Nature of Interest ⁽¹⁾	Description of Shares	Shares interested in as of the Latest Practicable Date		Shares interested in immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into [REDACTED] (assuming the [REDACTED] is not exercised)		
			Number	% of shareholding in the total issued share capital of our Company	Number	% of shareholding in the Unlisted Shares/ H Shares (as applicable) ⁽²⁾	% of shareholding in the total issued share capital of our Company ⁽²⁾
Shanghai Lanyin ⁽³⁾	Beneficial owner	Unlisted Shares	112,319,983	67.14	–	–	–
		H Shares	–	–	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Wang Lili	Beneficial owner	Unlisted Shares	42,379,996	25.33	–	–	–
		H Shares	–	–	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporations ⁽⁴⁾	Unlisted Shares	124,920,004	74.67	–	–	–
		H Shares	–	–	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Wang Runji	Interest in a controlled corporation ⁽³⁾	Unlisted Shares	112,319,983	67.14	–	–	–
		H Shares	–	–	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of nil Unlisted Shares and [REDACTED] H Shares in issue immediately upon the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised).
- (3) Shanghai Lanyin, a limited liability company established in the PRC, is owned as to 55.0% by Ms. Wang Lili and 44.5% by Mr. Wang Runji. Therefore, by virtue of the SFO, each of Ms. Wang Lili and Mr. Wang Runji is deemed to be interested in the Shares held by Shanghai Lanyin.
- (4) Ms. Wang Lili is (i) the beneficial owner of Shanghai Lanyin holding 55.0% of its equity interest; (ii) the general partner of Qingzhou Tanwen holding 66.8% of its partnership interest; (iii) a limited partner of Qingzhou Boshun holding 66.8% of its partnership interest; and (iv) a limited partner of Qingzhou Erya holding 79.7% of its partnership interest. Therefore, by virtue of the SFO, Ms. Wang Lili is deemed to be interested in the Shares held in aggregate by Shanghai Lanyin, Qingzhou Tanwen, Qingzhou Boshun and Qingzhou Erya.

Save as otherwise disclosed herein, our Directors are not aware of any persons who will, immediately following the [REDACTED] and the Conversion of our Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised), have any interests and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Upon [REDACTED], the Board will consist of seven Directors, including four executive Directors and three independent non-executive Directors.

BOARD OF DIRECTORS

The following table sets forth the key information about the Directors:

Name	Age	Positions	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director
Ms. Wang Lili (王麗莉)	[54]	Chairperson of the Board, executive Director and general manager	Responsible for formulating strategic initiatives and overseeing the overall management and business operations of our Group	April 19, 2004	November 8, 2016
Mr. Hou Zengjiang (侯增江)	[54]	Executive Director, executive deputy general manager and Board secretary	Responsible for managing and coordinating the administrative and operational activities and legal and compliance matters of our Group and overseeing board affairs	April 19, 2004	November 8, 2016
Ms. Xiao Na (肖娜).	[49]	Executive Director and finance director	Responsible for overseeing financial management, regulatory compliance, budget control and investor relations of our Group	April 19, 2004	July 26, 2019
Mr. Zhuang Huangfeng (莊煌鋒)	[40]	Executive Director and director of human resources	Responsible for formulating human resources strategy and overseeing the talent management of our Group	March 28, 2022	December 23, 2022
Mr. Li Xiangdong (李向東)	[50]	Independent non-executive Director	Responsible for providing independent advice and judgment to our Board	August 27, 2025	August 27, 2025
Mr. Qu Fei (屈飛).	[45]	Independent non-executive Director	Responsible for providing independent advice and judgment to our Board	August 27, 2025	August 27, 2025
Mr. Chow Ching Ning (周政寧)	[58]	Independent non-executive Director	Responsible for providing independent advice and judgment to our Board	August 27, 2025	August 27, 2025

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Ms. Wang Lili (王麗莉) was appointed as our director in November 2016 and was then re-designated as our executive Director in September 2025.

Ms. Wang Lili is a seasoned executive with over three decades in textile fabrics, apparel, and consumer retail. She brings extensive management experience, comprehensive industry knowledge, strategic market vision, and proven excellence in cost and operational management. Anchored in fabric sourcing and apparel retail, her expertise spans textile supply chain management, merchandise planning, brand positioning, quality control, and product development. She demonstrates exceptional understanding of consumer experience, retail channel transformation, and ESG trends, having successfully navigated the industry’s transition from traditional manufacturing to digital and sustainable fashion.

Prior to 2004, Ms. Wang served as the general manager of Qingzhou Hualian Shopping Mall (青州市華聯商場). Since the establishment of our Company, Ms. Wang Lili has held the following positions within our Group: (i) a supervisor from April 2004 to March 2006; (ii) the general manager from March 2006 to July 2010; (iii) a supervisor from July 2010 to June 2013; (iv) the marketing manager from June 2013 to November 2016; (v) the chairperson of the Board since November 2016; and (vi) the general manager since March 2017. Ms. Wang Lili also holds directorships and managerial roles in our major subsidiaries, serving as director of Tanboer Smart Technology since August 2024, executive director and general manager of Hangzhou Tanboer since November 2021, and executive director and general manager of Shanghai Tanboer since November 2021.

Ms. Wang Lili has been recognized for her leadership and contributions, receiving the following awards: (i) “Elite Entrepreneur of the Top 100 Private Entrepreneurs in Weifang” (濰坊市民營企業家“掛帥出征”百強榜單菁英型企業家) by the Weifang Leading Group for Promoting the Development of Non-Public Economy (濰坊市促進非公有制經濟發展工作領導小組) in May 2023; (ii) “Pioneer of Women’s Contribution in Shandong Province” (山東省巾幗建功標兵) by the Women’s Federation of Shandong Province (山東省婦女聯合會) in October 2023; (iii) “Leader in Scientific and Technological Innovation of Shandong Textile and Apparel Industry” (山東省紡織服裝行業科技創新領軍人物) by the Shandong Textile and Apparel Association (山東省紡織服裝行業協會) in February 2023; and (iv) “Individual of Outstanding Contribution” (突出貢獻人物) by the Shandong Textile and Apparel Association (山東省紡織服裝行業協會) in January 2024.

Ms. Wang Lili obtained a master’s degree in business administration from Shanghai Jiao Tong University (上海交通大學) in the PRC in December 2008. She was certified as a senior engineer (高級工程師) by the Human Resources and Social Security Department of Weifang (濰坊市人力資源和社會保障局) in May 2024.

Mr. Hou Zengjiang (侯增江) was appointed as our director in November 2016 and was then re-designated as an executive Director in September 2025.

Mr. Hou possesses extensive expertise in quality control, executive management and operations in the textile and apparel industry. Mr. Hou served as a staff of Shandong Qingzhou Silk Reeling Factory (山東青州制絲廠) from March 1995 to March 2000 and worked at Qingzhou Huayi Silk Co., Ltd. (青州市華益絲業有限公司) from October 2001 to September 2004. Since joining our Group, Mr. Hou has held progressively senior positions within our Group: (i) office manager from April 2004 to April 2007, (ii) deputy general manager from May 2007 to February 2020 and (iii) executive deputy general manager since February 2020.

Mr. Hou has received recognition for his contributions, including the “Advanced Individual in National Garment Standardization Work” (全國服裝標準化工作先進個人) by the Standardization Administration of China (國家標準化管理委員會) in December 2016 and November 2022, and the “Advanced Worker in Non-public Enterprises Party Building of Shandong Province” (山東省非公

DIRECTORS AND SENIOR MANAGEMENT

企業黨建先進工作者) by the Shandong Individual and Private Enterprises Association (山東省個體私營企業協會) in October 2018. In addition, Mr. Hou has served as a member of the National Technical Committee for Apparel Standardization (全國服裝標準化技術委員會) since January 2012. He also serves as a member of the Standardization Technical Committee of the China National Garment Association (中國服裝協會標準化技術委員會) and the Standardization Technical Committee of the China Feather and Down Industrial Association (中國羽絨工業協會標準化技術委員會), participating in the formulation, revision, and review of apparel and related standards.

Mr. Hou obtained a master’s degree in business administration from Yunnan Normal University (雲南師範大學) in the PRC in December 2014. He was certified as a senior engineer by the Human Resources and Social Security Department of Weifang (濰坊市人力資源和社會保障局) in May 2023.

Ms. Xiao Na (肖娜) was appointed as our director in July 2019 and was then re-designated as an executive Director in September 2025.

Ms. Xiao has extensive experience in financial management and operations. Her professional experience includes: (i) accounting officer of our Group from May 2004 to October 2008; (ii) finance manager of our Group from November 2008 to May 2018; and (iii) finance director of our Group since May 2018.

Ms. Xiao obtained a bachelor’s degree in accounting from Shandong Agricultural University (山東農業大學) in the PRC in January 2014 through on-the-job study. Ms. Xiao obtained the Intermediate Accounting Qualification Certificate (會計中級資格證) issued by the Human Resources and Social Security Department of Shandong Province (山東省人力資源和社會保障廳) in January 2013.

Mr. Zhuang Huangfeng (莊煌鋒) was appointed as our director in December 2022 and was then re-designated as an executive Director in September 2025.

Mr. Zhuang brings comprehensive expertise in multinational human resources systems to our Company. Prior to joining our Group, he served as the human resources manager and human resources business partner at FILA Sports Co., Ltd. (斐樂體育有限公司) from January 2015 to May 2019. He subsequently served as the human resources business partner at Ports (China) Co., Ltd. (寶姿(中國)有限公司) from June 2019 to December 2020. From April 2021 to January 2022, Mr. Zhuang served as senior manager of human resources and administration at Pou Sheng International (Holdings) Limited (寶勝國際(控股)有限公司), a Chinese sportswear and footwear company listed on the Stock Exchange (stock code: 3813). Since March 2022, Mr. Zhuang has been serving as the director of human resources of our Group.

Mr. Zhuang obtained a college diploma in business administration from Fujian Radio and Television University (福建廣播電視大學) in the PRC in July 2006 and graduated from an undergraduate correspondence course at Jimei University (集美大學) in the PRC, majoring in business administration, in 2017.

Independent Non-executive Directors

Mr. Li Xiangdong (李向東) was appointed as an independent non-executive Director of our Company in August 2025.

Mr. Li possesses over 20 years of professional experience in automation technology, robotics, and intelligent systems. From August 2001 to July 2007, he served as a research and development engineer at National Grid Smart Technology Co., Ltd. (國網智慧科技股份有限公司).

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Mr. Li currently holds the following positions: (i) director of the smart sensing research department at Shandong Academy of Sciences (山東省科學院自動化研究所智慧感測研究室) since November 2018. He has worked at the Shandong Academy of Sciences (山東省科學院自動化研究所) since August 2007 and previously served as its deputy director of research division from July 2009 to October 2018; (ii) chairman of the board of Shandong Shanke Sensing Intelligence Technology Co., Ltd. (山東山科感測智慧科技有限公司) since January 2021; and (iii) member of the Ninth Council of Shandong Automation Society (山東省自動化學會第九屆理事會) from December 30, 2022 to December 30, 2027.

Mr. Li has received recognition for his research and contributions, including: (i) the Second Prize of the Golden Bridge Award of China Technology Market Association (中國技術市場協會金橋獎二等獎) by China Technology Market Association (中國技術市場協會) in 2024; (ii) the First Prize of the Golden Bridge Award of Shandong Technology Market Association (山東省技術市場協會金橋獎一等獎) by Science and Technology Golden Bridge Award Committee of the Shandong Technology Market Association (山東省技術市場協會科技金橋獎獎勵委員會) in 2024; and (iii) the Urgently Needed Talent Introduced to Key Supported Regions of Shandong Province (山東省重點扶持區域引進急需緊缺人才) by Shandong Provincial Development and Reform Commission (山東省發展和改革委員會) in 2022.

Mr. Li obtained a bachelor’s degree in applied electronic technology from Shandong Polytechnic University (山東工業大學) (currently known as Shandong University (山東大學)) in the PRC in July 1998 and a master’s degree in control engineering from Shandong University in the PRC in June 2007.

Mr. Qu Fei (屈飛) was appointed as an independent non-executive Director of our Company in August 2025.

Mr. Qu has dedicated his career to the textile and apparel industry since 2005. He has been working at China National Garment Association (中國服裝協會), successively serving as assistant director of the membership department from June 2005 to April 2012, deputy director and subsequently director of its Shanghai office from May 2012 to April 2016, deputy secretary-general from April 2016 to May 2024, and secretary-general since May 2024, culminating in nearly two decades of leadership in advancing China’s apparel industry development. From April 2017 to June 2024, Mr. Qu served as deputy director at the Brand Work Office of China National Textile and Apparel Council (中國紡織工業聯合會品牌工作辦公室). Mr. Qu has been serving as vice president and secretary-general of the China National Garment Association (中國服裝協會) since November 2025.

Mr. Qu obtained a college diploma in business management from Renmin University of China (中國人民大學) in the PRC in June 2004. He received a completion certificate for the Middle-Aged and Young Cadre Development Program (中青年幹部培訓班) organized by the Business Executives Academy Dalian of the State-owned Assets Supervision and Administration Commission (國務院國資委大連高級經理學院) in 2022. He was honored as “Outstanding Manager of the Year 2016” (2016年度優秀管理者) by China National Garment Association (中國服裝協會) in December 2016 and “2016 Advanced Worker of the China National Textile and Apparel Council” (2016年度中國紡織工業聯合會先進工作者) by China National Textile and Apparel Council (中國紡織工業聯合會) in January 2017.

Mr. Chow Ching Ning (周政寧) was appointed as an independent non-executive Director of our Company in August 2025.

Mr. Chow has over 25 years of investment experience and is currently a managing partner with Radiant Tech Ventures, a SFC licensed asset management company that invests in technology-empowered sectors across various geographical markets. Mr. Chow also has experience in reviewing financial statements of public companies. He currently serves as an independent non-executive director of China HK Power Smart Energy Group Limited (formerly known as China

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LNG Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 931)), and Shanshan Brand Management Co., Ltd. (a company listed on the Main Board of the Stock Exchange (stock code: 1749)). Additionally, Mr. Chow was an independent non-executive director of Sino Sun Technology Co Ltd., a company listed on Shenzhen Stock Exchange (stock code: 300333) from April 2017 to April 2020.

Mr. Chow obtained a bachelor’s degree in business studies from the Hong Kong Polytechnic University in November 1990. He is a CFA Charter holder of the CFA institute and fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Chow is also a responsible officer for type 9 (asset management) regulated activities under the SFO.

SENIOR MANAGEMENT

The senior management currently consists of three members who are responsible for our day-to-day management and operation. The following table sets forth the key information about our senior management:

Name	Age	Positions	Roles and responsibilities	Date of joining our Group	Date of appointment as a senior management
Ms. Wang Lili (王麗莉)	[54]	Chairperson of the Board, executive Director and executive general manager	Responsible for formulating strategic initiatives and overseeing the overall management and business operations of our Group	April 19, 2004	March 20, 2017
Mr. Hou Zengjiang (侯增江)	[54]	Executive Director, deputy general manager and Board secretary	Responsible for managing and coordinating the administrative and operational activities and legal and compliance matters of our Group and overseeing board affairs	April 19, 2004	May 15, 2007
Ms. Xiao Na (肖娜).	[49]	Executive Director and finance director	Responsible for overseeing financial management, regulatory compliance, budget control and investor relations of our Group	April 19, 2004	May 21, 2018

For biography of each of Ms. Wang Lili, Mr. Hou Zengjiang and Ms. Xiao Na, see “— Board of Directors — Executive Directors” in this section.

OTHER INFORMATION IN RELATION TO OUR DIRECTORS AND SENIOR MANAGEMENT

To the best knowledge, information and belief of the Directors having made all reasonable inquiries, there are no material matters relating to their appointment as a Director or senior management member that need to be brought to the attention of our Shareholders and there is no other information in relation to his or her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, none of our Directors and senior management held any other directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this document. Save as disclosed above, none of our Directors and senior management is related to other Directors and senior management.

Our Company dissolved the supervisory board in August 2025. As advised by our PRC Legal Advisors, such dissolution was made in accordance with the requirements of the PRC Company Law and relevant rules including the Notice on Transitional Arrangements for the Implementation of Supporting System Rules for the New Company Law (《關於新<公司法>配套制度規則實施相關過渡期安排》) issued by the CSRC on December 27, 2024, and is in compliance with applicable PRC laws and the CSRC’s regulatory requirements.

JOINT COMPANY SECRETARIES

Mr. Hou Zengjiang (侯增江) was appointed as one of the joint company secretaries of our Company in September 2025. For details of his biography, see “— Board of Directors — Executive Directors” above.

Mr. Chang Eric Jackson (張世澤) (with a former name as Chang Eric Jackson (張再祖)), was appointed as one of our joint company secretaries in September 2025.

Mr. Chang has over 20 years of experience in accounting, finance, business advisory work, and corporate service field. Mr. Chang worked successively as an associate and a senior manager in PricewaterhouseCoopers Ltd. (羅兵咸永道會計師事務所) from September 2002 to September 2013. From October 2013 to July 2015, Mr. Chang served as the chief finance officer of Henan Zensun Enterprises Company Limited (河南正商置業有限公司). He acted as the chief financial officer and company secretary for various listed companies in Hong Kong. From July 2015 to March 2017, Mr. Chang served as the executive director and company secretary of Zensun Enterprises Limited (正商實業有限公司) (formerly known as ZH International Holdings Limited), a company listed on the Stock Exchange (stock code: 185) and also served as its chief finance officer from September 2016 to March 2017. From March 2017 to July 2019, Mr. Chang served as the chief finance officer and company secretary of Culture Landmark Investment Limited (中國唐商控股有限公司), a company listed on the Stock Exchange (stock code: 674). From July 2019 to December 2021, Mr. Chang served as the chief finance officer and company secretary of Sanxun Holdings Group Limited (三巽控股集團有限公司), a company listed on the Stock Exchange (stock code: 6611). From June 2022 to February 2026, Mr. Chang served as an independent non-executive director of Yik Wo International Holdings Ltd. (易和國際控股有限公司), a company listed on the Stock Exchange (stock code: 8659).

He currently serves as the founder and the director of AXE Advisory and Consulting Services Limited (財斧諮詢及顧問服務有限公司) since January 2022 and is responsible for the provision of corporate secretarial and compliance services to listed company clients. Currently, Mr. Chang is serving as an independent non-executive director of the following listed companies: (i) DL Holdings Group Ltd. (德林控股集團有限公司), a company listed on the Stock Exchange (stock code: 1709), since May 2018; (ii) Transmit Entertainment Ltd. (傳遞娛樂有限公司), a company listed on the Stock Exchange (stock code: 1326), since December 2017; and (iii) Ganglong China Property Group Limited (港龍中國地產集團有限公司), a company listed on the Stock Exchange (stock code: 6968), since October 2025. Mr. Chang also serves as a company secretary for the following listed companies: (i) Zensun Enterprises Ltd. (正商實業有限公司), a company listed on the Stock Exchange (stock code: 185), since February 2024; (ii) Xingye Wulian Service Group Co, Ltd. (興業物聯服務集團有限公司), a company listed on the Stock Exchange (stock code: 9916), since July 2022; (iii) Ximei Resources Holding Ltd. (稀美資源控股有限公司), a company listed on the Stock Exchange (stock code: 9936), since May 2024; (iv) Leader Education Ltd. (立德教育股份有限公司), a company listed on the Stock Exchange (stock code: 1449), since February 2020; and (v) IDT International Limited (萬威國際有限公司), a company listed on the Stock Exchange (stock code: 0167), since February 2026.

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Mr. Chang obtained a bachelor of commerce degree from University of British Columbia in May 2002. He has been a member of Hong Kong Institute of Certified Public Accountants since September 2005. He has been registered as a Certified Public Accountant by the Accounting and Financial Reporting Council of Hong Kong (“AFRC”) since November 2024.

BOARD COMMITTEES

Our Company has established three committees under the Board in accordance with the applicable PRC laws and regulations, the Articles and the Corporate Governance Code under the Listing Rules, including the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

We have established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee include (i) assisting our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, (ii) overseeing the audit process, and (iii) performing other duties and responsibilities as assigned by our Board. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Li Xiangdong, Mr. Qu Fei and Mr. Chow Ching Ning. Mr. Li Xiangdong is the chairperson of the Audit Committee. Mr. Chow Ching Ning holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

We have established a Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration Committee include (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management, and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) providing advice on the specific remuneration packages of all Directors and senior management; (iii) reviewing and approving remuneration proposals in accordance with the corporate policies and objectives resolved by our Board; and (iv) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time, including matters relating to share schemes (if any) under Chapter 17 of the Listing Rules. The Remuneration Committee comprises one executive Director, namely, Ms. Xiao Na, and two independent non-executive Directors, namely, Mr. Li Xiangdong, and Mr. Qu Fei. Mr. Qu Fei is the chairperson of the Remuneration Committee.

Nomination Committee

We have established a Nomination Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee include (i) reviewing the structure, size and composition of our Board, (ii) assessing the independence of independent non-executive Directors; and (iii) making recommendations to our Board on matters relating to the appointment of Directors. The Nomination Committee comprises one executive Director, namely, Ms. Wang Lili, and two independent non-executive Directors, namely, Mr. Li Xiangdong and Mr. Qu Fei. Ms. Wang Lili is the chairperson of the Nomination Committee.

DIRECTORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE CODE

We recognize the importance of incorporating elements of good corporate governance in our management structure and internal control procedures as to achieve effective accountability. We have adopted the code provisions stated in the Corporate Governance Code. We are committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board that can effectively exercise independent judgment.

To accomplish the high standards of corporate governance, we will comply with all code provisions in the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the associated Listing Rules after the [REDACTED], except for Code Provision C.2.1 of Part 2 of the Corporate Governance Code, which provides that the roles of chairperson of the board and chief executive officer should be separate and should not be performed by the same individual.

The roles of chairperson of the Board and general manager are currently performed by Ms. Wang Lili. In view of Ms. Wang Lili’s substantial contribution to our Group since its establishment and her extensive experience in the industry and corporate management, we consider that having Ms. Wang Lili acting as both our chairperson of the Board and general manager will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it appropriate and beneficial to our business development and prospects that Ms. Wang Lili continues to act as both our chairperson of the Board and general manager after the [REDACTED], and therefore currently do not propose to separate the functions of chairperson of the Board and chief executive officer of the Company.

While this would constitute a deviation from Code Provision C.2.1 of Part 2 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Ms. Wang Lili and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of our Company and the Shareholders and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairperson of the Board and chief executive of the Company is necessary.

BOARD DIVERSITY POLICY

Our Board [has adopted] a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of our Company’s strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. We select potential Board candidates based on merit and their potential contribution to our Board while taking into consideration our own business model and specific needs from time to time.

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Our Board has a balanced mix of knowledge, skills and experience. They completed studies in various majors including but without limitation to business administration, accounting and applied electronic technology. We have three independent non-executive Directors who have different industry backgrounds. Furthermore, our Directors are of a wide range of age, from 39 to 57 years old. Taking into account our business model and specific needs as well as the presence of two female Directors out of a total of seven Board members, we consider that the composition of our Board satisfies our board diversity policy.

We recognize the particular importance of gender diversity on our Board. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Our board diversity policy provides that our Board shall take opportunities when selecting and making recommendations on suitable candidates for Board appointments with the aim of increasing the proportion of female members over time after [REDACTED]. In particular, taking into account the business needs of our Group and changing circumstances that may affect our business plans, we will actively identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be periodically reviewed by our Nomination Committee in order to develop a pipeline of potential successors to our Board and promote gender diversity. We will also ensure that there is gender diversity when recruiting staff at the mid- to senior- levels so that we have a pipeline of female senior management and potential successors to our Board going forward. We plan to offer well-rounded trainings to female employees whom we consider have the requisite experience, skills and knowledge of our operation and business, on topics including but not limited to business operation, management, accounting and finance, and legal compliance. We are of the view that such strategies will provide our Board with ample opportunities to identify capable female employees to be nominated as Directors in the future, fulfilling our aim to develop a pipeline of female candidates to achieve greater gender diversity in our Board in the long run.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After [REDACTED], our Nomination Committee will review our board diversity policy and its implementation annually to monitor its continued effectiveness and we will disclose the implementation of our board diversity policy, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives, in our corporate governance report on an annual basis.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Our Compliance Advisor will advise our Company pursuant to Rules 3A.23 and 3A.24 of the Listing Rules. The term of appointment of our Compliance Advisor shall commence on the [REDACTED] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The Directors and senior management members who receive remuneration from the Company are paid in forms of fees, wages, salaries, bonuses, pension scheme contributions, and other benefits in kind. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of our Company, the Shareholders' meetings and the Board of Directors take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration. As required by the relevant PRC laws and regulations, our Company also participates in various defined contribution plans organized by relevant provincial

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and municipal government authorities and welfare schemes for employees of our Company, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

For the years ended December 31, 2023, 2024 and 2025, the total amount of remuneration (including fees, wages, salaries, bonuses and pension scheme contributions) and other benefits in kind (if applicable) paid to our Directors were RMB4.1 million, RMB4.5 million and RMB4.7 million, respectively.

According to existing effective arrangements, we estimate the total remuneration before taxation to be accrued to our Directors in kind for their service for the year ending December 31, 2026 to be approximately RMB4.9 million. The actual remuneration of our Directors in 2026 may be different from the expected remuneration.

For the years ended December 31, 2023, 2024 and 2025, the total emoluments paid to the five highest paid individuals (excluding three, three and two Directors, respectively) by us amounted to RMB1.7 million, RMB3.6 million, and RMB5.4 million, respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries. During the Track Record Period, none of our Directors waived any remuneration.

Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals of our Group during the Track Record Period. For details on Directors’ and information on the five highest paid individuals’ remuneration during the Track Record Period, see Notes 8 and 9 to the Accountant’s Report.

CONFIRMATIONS FROM OUR DIRECTORS

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on September 15, 2025, and (ii) understands his or her obligations as a director of a [REDACTED] on the Stock Exchange under the Listing Rules.

Each of the independent non-executive Directors has confirmed (i) that his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules; and (iii) that there are no other factors that may affect his independence at the time of his appointment.

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

SHARE INCENTIVE SCHEME

Please see “Appendix VII — Statutory and General Information — Share Incentive Scheme” for details.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our historical financial information, together with the accompanying notes, included in the Accountants’ Report in Appendix I to this document. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report and not rely solely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual performance may differ materially from those anticipated in these forward-looking statements, as a result of various risks and uncertainties over which we do not have full control. For details, see “Forward-looking Statements” and “Risk Factors.”

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. Our product portfolio includes professional outdoor apparel, primarily consisting of professional down jackets, 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. According to CIC, we are the fourth largest domestic professional outdoor apparel brand in China in terms of retail sales value in 2025.

We achieved continuous growth during the Track Record Period. In 2023 and 2024, our total revenue amounted to RMB1,021.0 million and RMB1,302.5 million, respectively. Notably, our total revenue increased by 68.1% from RMB1,302.5 million in 2024 to RMB2,189.5 million in 2025, as a result of the growing market demand for and the expansion of our product portfolio, as well as our effective marketing strategies that enhanced brand visibility. Our gross profit was RMB576.4 million, RMB715.1 million and RMB1,232.2 million in 2023, 2024 and 2025, respectively, and our gross profit margin for each corresponding year was 56.5%, 54.9% and 56.3%, respectively.

BASIS OF PREPARATION

The historical financial information of we have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the “IASB”), which comprise all standards and interpretations approved by IASB. All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been adopted by us in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income which have been measured at fair value. The new and amended IFRS Accounting Standards that issued but not yet effective are set out in Note 2.2 to the Accountants’ Report in Appendix I to this document.

FINANCIAL INFORMATION

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

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

Macro Economy and Demand for Professional Outdoor Apparel in China

The continuous development of China’s professional outdoor apparel industry and our business are subject to a number of factors, including, without limitation, the development of China’s macro economy, changes in consumers’ disposable income and per capita expenditure on professional outdoor apparel, increasing health awareness and popularity of outdoor lifestyles, as well as governmental policies and incentives affecting the industry.

The professional outdoor apparel industry in China has experienced rapid expansion, driven by an increasing popularity of outdoor activities across China, particularly winter sports. According to CIC, the size of the professional outdoor apparel market in China grew from RMB71.2 billion in 2020 to RMB152.3 billion in 2025, representing a CAGR of 16.4%, and is projected to reach RMB326.4 billion in 2030, representing a CAGR of 16.5% from 2025 to 2030. According to the same source, while the professional outdoor apparel market in China is relatively fragmented, 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 2.2%. We believe this positive market outlook, combined with our expanding brand presence and product development capabilities, positions us well to capitalize on these significant opportunities for market expansion and drive our future growth.

Expanding and Maintaining Our Sales Network

Our multichannel sales strategy combines a consistent offline presence with an expanding online coverage to drive our business growth and enhance brand impact. Our strategically positioned offline stores — both operated by ourselves and distributors — serve as immersive brand showcases which provide hands-on product experiences and personalized service for consumers in major commercial areas and high-traffic shopping malls. Complementing our brick-and-mortar network, we have developed our online sales capabilities featuring livestreaming initiatives, and collaboration with popular KOLs that have significantly accelerated our e-commerce performance. Our multichannel sales strategy allows us to build direct connections with consumers while utilizing the expansive reach of major e-commerce platforms, driving steady sales growth.

We are proactively expanding our online presence through self-operated online stores, e-commerce platforms, and online distributors to reach a broader consumer base and improve accessibility. 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 platforms such as Douyin, Kuaishou and WeChat store. Our revenue generated from online channels grew significantly during the Track Record Period, increasing by 79.6% from RMB348.6 million in 2023 to RMB626.2 million in 2024, and by 100.2% to RMB1,253.7 million in 2025. We are committed to continuously strengthening our online presence and deepening our collaborations with leading platforms to support sustainable growth and enhance the consumer experience.

During the Track Record Period, a substantial portion of our revenue was derived from offline channels, including self-operated offline stores and distributor-operated offline stores, benefiting from our established brand recognition and market presence. Most of our stores are located in major commercial areas and high-traffic shopping malls, serving as critical brand touch points where we reinforce our market positioning. Our distributor-operated offline stores allow us to extend our presence into remote regions where coverage is difficult and management expenses tend to be high. Our offline sales channels are critical to our success during the Track Record Period, generating revenue of RMB638.6 million, RMB635.4 million and RMB875.4 million in 2023, 2024 and 2025, respectively.

FINANCIAL INFORMATION

Diversified and Promising Products Empowered by R&D Capabilities

Our product portfolio spans the full spectrum of professional outdoor apparels, primarily including professional down apparel, hardshell jackets and softshell jackets. Designed to support both demanding natural-environment pursuits, such as skiing, trekking, and mountaineering, as well as urban outdoor activities including leisure sports, spring outings, and glamping, our products offer the versatility and performance required across diverse terrains and weather conditions. Designed for extreme environments such as skiing, high-altitude hiking, and polar exploration, our Elite Performance Series primarily caters to professional athletes, scientific expedition experts, and extreme outdoor enthusiasts. Our Performance Outdoor Series focuses on meeting essential functional needs for moderate to high-intensity, such as mountaineering, camping, and mid-to-low altitude hiking, ensuring warmth and breathability while prioritizing comfort and ease of movement. Our Urban Expedition Series, designed for urban dwellers, blends city living and outdoor exploration, covering scenarios such as suburban walks, park leisure and commuting. As of December 31, 2025, our apparel product portfolio comprised 687 SKUs, serving a broad community of users, from seasoned professionals to weekend adventurers.

Our products integrate technologies specifically designed to meet the distinct functional requirements and consumer expectations of each product series, underpinned by our continuous R&D effort and a strong commitment to quality. We have developed proprietary technologies such as waterproof breathable membranes and advanced structural customizations. These innovations enable our products to deliver high-level performance in moisture management, thermal regulation, and durability. We also partner with top fabric suppliers and research institutions for joint R&D efforts, allowing us to continually meet the consumers’ evolving demands. Our efforts on R&D strengthened our market position in the professional outdoor apparel industry and support both our current success and future growth.

Branding and Marketing Activities

The effectiveness of our branding and marketing initiatives is a critical to our brand awareness and business success. We engage consumers through integrated online and offline marketing activities, with a dedication to building a brand image that resonates with urban consumers seeking inner balance through outdoor exploration and environmental consciousness.

Our branding and marketing efforts focus on promoting a commitment to nature, community, and a high-quality lifestyle. For example, we have established a museum at our headquarters that serves as a brand experience destination and showcases our dedication in outdoor apparel. Leveraging marketing campaigns on social media and influencer collaborations, we aim to create captivating content that highlights our products and engages outdoor enthusiasts. In addition, we proactively organize and sponsor events to demonstrate our commitment in outdoor and adventurous lifestyle. In September 2025, we held our “Snow Dance on the Mountain Peak” outdoor ice and snow trend show at Hangzhou’s West Lake. We also collaborate with celebrities, KOLs and outdoor communities and athletes to strengthen the customer recognition of our products. For details, please see “Business — Branding and Marketing — Online Marketing Initiatives.” We also sponsored the Austrian Snowboarding National Team and the Chinese Nordic Combined Team who competed at the 2026 Winter Olympics and achieved reliable performance, which further enhanced our brand visibility. Meanwhile, we are upgrading our self-operated offline stores to enhance consumer offline shopping experience. As a result, we strive to more efficiently identify and engage target consumers through effective branding and marketing activities.

In support of these activities, our selling and distribution expenses amounted to RMB355.6 million, RMB508.4 million and RMB808.6 million in 2023, 2024 and 2025, respectively, representing 34.8%, 39.0% and 36.9% of total revenue during the corresponding years. While we expect to continue investment in branding and marketing activities, we aim to improve operational efficiency across our sales and distribution network and leverage economies of scale as we enhance our market presence.

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Supply Chain Management and Logistics Efficiency

Our supply chain management is a critical contributor to maintaining product quality, ensuring operational stability, and supporting consistent financial performance. We collaborate closely with a network of contractual manufacturers, many of whom we have worked with for years. Our long-term partnerships ensure consistent production quality and stable sourcing channels. To support our growing business, we continue to expand this network by engaging additional qualified manufacturers. Our on-site management expertise further enhances production efficiency, ensuring our rigorous quality standards are met. Additionally, we also operate self-production facilities. Through exploring production management in these facilities, we have developed inspection protocols for large-scale production based on specific product categories and then replicated these quality control measures with our contractual manufacturers, thereby improving the quality, efficiency, and cost-effectiveness of our contractual manufacturers.

Material quality, especially fabric, is fundamental to the performance and durability of our professional outdoor apparel. We maintain long-term partnerships with leading international and domestic raw material suppliers to ensure a reliable supply with favorable commercial terms.

Our network of contractual manufacturers and material suppliers is further supported by our warehousing and logistics system. 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. 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 facilities, we coordinate shipments to retail outlets, distributors, e-commerce platforms and directly to consumers for certain online orders. We engage third-party logistics providers through rigorous selection process and establish long-term partnerships with them, enabling us to maintain a low capital expenditure while ensuring smooth and reliable logistics operations.

Seasonality

Our results of operations are exposed to seasonal fluctuations. Our product sales exhibit seasonal patterns, influenced by factors such as holiday promotions and related consumer behaviors. Historically, we typically experience higher sales in the first and fourth quarters of each year. We typically formulate the sales plan for the subsequent 12 months at the end of each year. Accordingly, we commence raw material procurement at the beginning of each year and place orders with contractual manufacturers starting from the first quarter, and build up inventory in preparation for the peak sales season. See “Risk Factors — Risks Relating to Our Business and Industry — Our business, results of operations and financial condition may be affected due to seasonality and changes in climate in markets where we sell our products.”

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

We have identified certain accounting policies that we believe are most material to the preparation of our historical financial statements. Some of our material accounting policies involve subjective assumptions and estimates, as well as complex judgments by our management relating to accounting items. Our material accounting policies are set forth in details in Note 2.3 to the Accountants’ Report in Appendix I to this document.

The preparation of our historical financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. Our significant accounting judgements and estimates are set forth in detail in Note 3 to the Accountants’ Report in Appendix I to this document.

FINANCIAL INFORMATION

DESCRIPTION OF MAJOR COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Revenue	1,021,042	100.0	1,302,479	100.0	2,189,464	100.0
Cost of sales	(444,598)	(43.5)	(587,352)	(45.1)	(957,264)	(43.7)
Gross profit	576,444	56.5	715,127	54.9	1,232,200	56.3
Other income and gains	43,387	4.2	25,038	1.9	28,164	1.3
Selling and distribution expenses . . .	(355,646)	(34.8)	(508,403)	(39.0)	(808,570)	(36.9)
Administrative expenses	(75,494)	(7.4)	(100,523)	(7.7)	(172,775)	(7.9)
(Impairment)/Reversal of impairment on financial assets, net	(2,265)	(0.2)	1,267	0.1	148	0.0
Other expenses	(3,830)	(0.4)	(2,120)	(0.2)	(6,331)	(0.3)
Finance costs	(5,856)	(0.6)	(9,518)	(0.7)	(18,203)	(0.8)
Profit before tax	176,740	17.3	120,868	9.3	254,633	11.6
Income tax expense	(37,495)	(3.7)	(13,554)	(1.0)	(31,375)	(1.4)
Profit for the year	139,245	13.6	107,314	8.2	223,258	10.2
Attributable to:						
Owners of the parent	139,245	13.6	107,314	8.2	223,258	10.2

Revenue

During the Track Record Period, we have achieved continuous and sustained revenue growth. Our revenue was primarily generated from the sales of professional outdoor apparel in China, with an insignificant portion derived from accessories.

Revenue by Product Series

Our product portfolio primarily comprises three series — Elite Performance Series, Performance Outdoor Series, and Urban Expedition Series — each designed to address different wearing scenarios.

The following table sets forth a 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	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

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The following table sets forth the sales volume and average selling prices of our apparel products by 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, we priced our products in a higher range, benefiting from the increasing consumer recognition, as we consistently enhanced the quality and functionality of our products through sourcing premium raw materials, adopting new technologies and collaborating with selected contractual manufacturers.

During the Track Record Period, we have strategically diversified our product portfolio by expanding beyond our established Urban Expedition Series into a diversity of quality professional outdoor offerings. This shift is reflected in the strong revenue growth of our Performance Outdoor Series. The contribution of our Performance Outdoor Series to our revenue remained relatively stable at 25.3% and 25.4% in 2023 and 2024, respectively. It increased to 31.9% in 2025, demonstrating the significant consumer recognition for its technical innovation, advanced functionality, and professional-grade performance. Furthermore, we remained dedicated to and have achieved remarkable results from our strategic expansion into winter sports and extreme-weather apparels, demonstrated by the significant sales growth of our Elite Performance Series. Our revenue from Elite Performance Series increased from RMB6.8 million in 2023 to RMB50.9 million in 2024, and further to RMB122.5 million in 2025.

Sales volume for our Urban Expedition Series declined during 2024 primarily due to our efforts to elevate brand positioning and optimize channel efficiency. As we continued to upgrade the quality and functionality of our products, we successfully elevated the brand positioning of Urban Expedition Series, which shifted the customer purchases towards products at higher average selling price but with lower volume. On the channel side, we discontinued certain underperforming stores to optimize our store network. Some of these stores primarily sold the Urban Expedition Series, which contributed to lower sales volume for this series. Such efforts also resulted in the increase in the average selling price of and revenue from this series throughout the Track Record Period, despite the the temporary decline in sales volume.

The average selling price of our Elite Performance Series decreased during 2024 and 2025, 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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Revenue by Sales Channels

During the Track Record Period, we sell our products through an extensive sales network that integrates online and offline channels. The following table sets forth a breakdown of our revenue by sales channels, 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	%
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 manufacturer and produce goods to their specifications. These partnerships drive scale, strengthen our association with recognized enterprises, and enhance our brand visibility.

We sell our products through a comprehensive sales network that integrates both online and offline channels. Our online channels have demonstrated strong growth, reflecting the successful implementation of our strategy to leverage online platforms in reaching and engaging consumers. The revenue growth from online channels was primarily attributable to our strategic focus on expanding the online presence and reaching a broader consumer base through (i) establishing a matrix of stores on e-commerce and social commerce platforms, which target different consumer demographics and usage scenarios, (ii) enhancing online marketing efforts through livestreaming initiatives, strategic KOL collaborations and online advertising placement, and (iii) increasing sales to major e-commerce platforms benefiting from strengthened collaborations.

Meanwhile, a substantial portion of our revenue was derived from offline channels during the Track Record Period, including self-operated offline stores and distributor-operated offline stores, benefiting from our established store network, brand recognition and market presence.

Revenue by Geographical Locations

During the Track Record Period, we primarily sell our products in Chinese Mainland. The following table sets forth a breakdown of our revenue by geographical location, 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	%
Chinese mainland	1,013,198	99.2	1,294,591	99.4	2,185,455	99.8

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	For the Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Rest of Asia ⁽²⁾	6,715	0.7	3,495	0.3	2,910	0.1
Others ⁽¹⁾	1,129	0.1	4,393	0.3	1,099	0.1
Total	1,021,042	100.0	1,302,479	100.0	2,189,464	100.0

Notes:

- (1) Others primarily include North America and Europe.
- (2) Rest of Asia refers to the countries of the Asian continent excluding China.

Offline Revenue by City Tier

The following table sets forth a breakdown of our offline sales revenue by city tier in Chinese Mainland:

	For the Year ended December 31,								
	2023			2024			2025		
				(RMB in thousands)					
	Self-operated offline stores	Distributor-operated offline stores	Total	Self-operated offline stores	Distributor-operated offline stores	Total	Self-operated offline stores	Distributor-operated offline stores	Total
First tier and new first tier cities	70,364	23,313	93,677	67,864	31,671	99,535	66,080	41,844	107,924
Second tier and new second tier cities	139,938	51,609	191,547	136,252	56,898	193,150	152,366	89,586	241,952
Third tier cities	137,168	115,662	252,830	124,549	108,316	232,865	128,001	180,355	308,356
Others ⁽¹⁾	58,194	42,324	100,518	61,002	48,813	109,815	128,601	88,609	217,210
Total	405,664	232,908	638,572	389,667	245,698	635,365	475,048	400,394	875,442

Note:

- (1) Others primarily comprises cities below the third tier, such as Xuchang, Rizhao and Zaozhuang city.
- (2) The city tier classifications for each year during the Track Record Period are determined based on the the 2025 report published by Rising Lab (新一線城市研究所).

Cost of Sales

Our cost of sales mainly consists of (i) procurement costs, mainly consisting of raw materials including down and fabrics, (ii) contractual manufacturing costs, and (iii) other costs mainly including logistics costs, self-production costs and labor costs. The following table sets forth a breakdown of our cost of sales by nature, both in absolute amounts and as percentages of total cost of sales, for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Procurement costs	282,938	63.6	386,775	65.9	621,075	64.9
Contractual manufacturing costs	135,878	30.6	168,660	28.7	280,923	29.3
Others	25,782	5.8	31,917	5.4	55,266	5.8
Total	444,598	100.0	587,352	100.0	957,264	100.0

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Sensitivity Analysis

The following sensitivity analysis illustrates the impact of hypothetical fluctuation in our cost of raw materials on our profit before tax during the Track Record Period:

Hypothetical changes in the cost of raw materials	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
± 2%	5,659	7,736	12,422
± 5%	14,147	19,339	31,054
± 10%	28,294	38,678	62,108

Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, our gross profit amounted to RMB576.4 million, RMB715.1 million and RMB1,232.2 million, respectively. Our overall gross profit margin was 56.5%, 54.9% and 56.3% in the same years, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by product series for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%
Elite Performance Series	4,228	62.3	32,268	63.4	77,601	63.4
Performance Outdoor Series	166,894	64.7	198,376	59.9	413,082	59.2
Urban Expedition Series	405,008	53.9	483,608	52.8	739,982	54.3
Accessories	314	6.2	875	16.0	1,535	22.5
Total	576,444	56.5	715,127	54.9	1,232,200	56.3

The gross profit margin of our various product series is primarily influenced by the raw materials and technologies used to meet the diverse requirements of outdoor activities. Each series is tailored to address different performance needs, ranging from casual urban and outdoor use to professional-grade activities in extreme conditions. Higher-performance products, such as Elite Performance Series and Performance Outdoor Series, designed for more demanding conditions, typically incorporate advanced materials and specialized technologies to ensure durability, functionality and comfort. These factors contribute to variations in production costs while allowing us to charge premium prices and achieve higher margins.

The following table sets forth a breakdown of our gross profit and gross profit margin by sales channel for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%
Online channels	169,927	48.7	333,786	53.3	697,797	55.7
Offline channels	393,380	61.6	370,234	58.3	515,940	58.9
Others ⁽¹⁾	13,137	38.8	11,107	27.1	18,463	30.6
Total	576,444	56.5	715,127	54.9	1,232,200	56.3

Note:

(1) Others mainly include sales to enterprise customers.

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Our online channel’s gross profit margin continuously improved over the Track Record Period, from 48.7% in 2023 to 53.3% in 2024, and further to 55.7% in 2025. During the Track Record Period, we increased our focus on online channels, investing in their expansion and diversification. Supported by our enhanced promotional efforts, including celebrity endorsements, KOL collaborations and partnerships with professional sports teams, our brand recognition improved among consumers. Our enhanced brand recognition, together with sustained product quality, enabled us to increase the sales contribution of higher-margin products in our online product mix, thereby achieving higher average selling prices and improving our online gross profit margin. Further, as our online channel operations matured, we were able to reach a larger consumer base with a stable and experienced online operations team, achieving greater economies of scale. This was supported by the successful execution of our online channel strategy, as reflected in the increasing revenue contribution from our self-operated online stores, which generally carry higher gross profit margins compared to other online sales channels. We see significant potential for further growth as our online sales and marketing strategies continue to mature. For offline sales, the gross profit margin was primarily affected by incentives and discounts offered to distributors to boost sales and market penetration.

During the Track Record Period, our gross profit margin was higher through offline channels than the gross profit margin through online channels, primarily because (i) we leveraged the broad consumer reach of our online channels to conduct market testing for new products, for which we usually offer a small discount; and (ii) promotional activities such as price discounts, which were recorded as deductions on revenue, were conducted more frequently in online channels than in offline channels.

Other Income and Gains

Our other income primarily consists of (i) government grants, mainly including non-recurring financial incentives to support the our research activities and the construction of our plant and buildings; (ii) interest income from a related company, associated with our loan to Shandong LanYin Real Estate Co. (“Shandong Lanyin”) which has been fully settled as of the Latest Practicable Date; (iii) bank interest income; (iv) rental income; and (v) others. Our gains in 2023 and 2024 primarily consist of gain on disposal of items of property, plant and equipment and gain on disposal of items of land use right. These gains represent the compensation received for demolition of legacy facilities before relocating to Tanboer technology park. The following table sets forth a breakdown of our other income and gains for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Other income			
Government grants	2,540	11,872	18,076
Interest income from a related company . .	10,045	10,740	5,853
Bank interest income	1,376	1,690	1,815
Rental income	462	434	740
Others	408	302	1,450
Subtotal	14,831	25,038	27,934
Gains	28,556	–	230
Total	43,387	25,038	28,164

Selling and Distribution Expenses

Our selling and distribution expenses consist of (i) salaries and benefits for sales personnels; (ii) offline store management expenses associated with our self-operated offline stores; (iii) advertising and promotion expenses for both of our online and offline marketing activities; (iv)

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online service fees, mainly include service fees paid to e-commerce platforms and fees and commissions paid to KOLs who serve as livestream shopping hosts; (v) depreciation and amortization; (vi) logistics and delivery expenses; and (vii) others, primarily including office expenses and traveling expenses.

The following table sets forth a breakdown of our selling and distribution expenses, both in absolute amounts and as percentages of total selling and distribution expenses, for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Salaries and benefits for sales						
personnels	114,199	32.1	153,610	30.2	223,834	27.7
Offline store management expenses . .	108,126	30.4	127,057	25.0	150,062	18.6
Advertising and promotion expenses. .	56,369	15.8	112,881	22.2	195,571	24.2
Online service fees	32,696	9.2	41,943	8.2	123,935	15.3
Depreciation and amortization	12,208	3.4	20,178	4.0	26,385	3.3
Logistics and delivery expenses	10,056	2.8	10,465	2.1	12,833	1.6
Others	21,991	6.2	42,268	8.3	75,950	9.4
Total	355,646	100.0	508,403	100.0	808,570	100.0

During the Track Record Period, we carried out a range of branding and marketing initiatives that enhanced brand awareness and drove business growth, in particular the sales growth through our online sales channels. For sales made through our self-operated online stores, we incur e-commerce platform service fees, calculated based on sales value on these platforms, which are recognized under online service fees. The service fees paid to e-commerce platforms amounted to RMB13.2 million, RMB25.6 million and RMB53.2 million in 2023, 2024 and 2025, respectively, representing an overall effective service fee rate of 5.0%, 4.7% and 4.6% in the corresponding years. According to CIC, these platform service fee rates are comparable to those incurred by other merchants selling similar products on the same platforms.

We also engaged KOLs across two principal categories to facilitate our offline branding and online sales, including (i) outdoor sports influencers with credible outdoor expertise to reinforce our brand’s professional positioning, and (ii) livestream shopping hosts with strong presentation skills and consumer appeal to facilitate our online sales. See “Business — Branding and Marketing — Celebrity Endorsement and KOL Engagement” for details. In 2023, 2024 and 2025, we collaborated with a total of 133, 216 and 322 KOLs, respectively. The fees and commissions paid to outdoor sports influencers, recognized under advertising and promotion expenses, amounted to RMB0.2 million, RMB3.5 million and RMB9.1 million in 2023, 2024 and 2025, respectively, and the fees and commissions paid to livestream shopping hosts, recognized under online service fees, amounted to RMB20.2 million, RMB17.7 million and RMB73.8 million in the corresponding years.

Administrative Expenses

Our administrative expenses consist of (i) employee salaries and benefits for our administrative personnels; (ii) research and development expenses for product and technology development; (iii) depreciation and amortization; (iv) taxes and surcharges; (v) office expenses; (vi) professional service fees, primarily including recruitment fees and accounting fees; (vii) travel expenses incurred by our management personnels; (viii) [REDACTED] expenses; and (ix) others expenses used in our daily operations.

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The following table sets forth a breakdown of our administrative expenses, both in absolute amounts and as percentages of total administrative expenses, for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Employee salaries and benefits	24,704	32.7	33,741	33.6	50,855	29.4
Research and development expenses . .	33,973	45.0	36,811	36.6	53,479	31.0
Depreciation and amortization	3,944	5.2	8,953	8.9	23,636	13.7
Taxes and Surcharges	2,751	3.6	3,575	3.6	7,059	4.1
Office expenses	3,615	4.8	7,607	7.6	10,896	6.3
Professional service fees.	4,234	5.6	3,219	3.2	5,330	3.1
Travel expenses	1,293	1.7	2,792	2.8	2,474	1.4
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	980	1.3	3,825	3.8	6,354	3.7
Total	75,494	100.0	100,523	100.0	172,775	100.0

(Impairment)/Reversal of Impairment on Financial Assets, Net

Our net impairment and reversal of impairment on financial assets is primarily related to our provision for credit impairment losses. We perform impairment analysis at the end of each year during the Track Record Period using a provision matrix or individually to measure expected credit losses. We incurred net impairment on financial assets of RMB2.3 million in 2023. We recorded net reversal of impairment on financial assets of RMB1.3 million and RMB0.1 million in 2024 and 2025, respectively.

Other Expenses

Our other expenses primarily represent donations. In 2023, 2024 and 2025, our other expenses amounted to RMB3.8 million, RMB2.1 million and RMB6.3 million, respectively.

Finance Costs

Our finance costs consist of interest on bank and other borrowings and lease liabilities. In 2023, 2024 and 2025, our finance costs amounted to RMB5.9 million, RMB9.5 million and RMB18.2 million, respectively.

Income Tax Expense

We recorded income tax expense of RMB37.5 million, RMB13.6 million and RMB31.4 million in 2023, 2024 and 2025, respectively.

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Chinese Mainland are subject to corporate income tax at a rate of 25% on the taxable income. We qualify as a High and New Technology Enterprise and was entitled to a preferential enterprise income tax rate of 15% for three consecutive years starting from December 2024.

During the Track Record Period and as of the Latest Practicable Date, we did not have any disputes or unresolved tax issues with the relevant tax authorities.

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Profit for the Year

As a result of the foregoing, we recorded a profit of RMB139.2 million, RMB107.3 million and RMB223.3 million in 2023, 2024 and 2025, respectively.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 68.1% from RMB1,302.5 million in 2024 to RMB2,189.5 million in 2025.

We achieved revenue growth for all product series in 2025, primarily attributable to (i) the growing market demand for our professional outdoor apparels with functionality and consistent quality, driven by the popularity of the outdoor lifestyle and sports; and (ii) a substantial increase in the sales volume across all product series, as we continued expanding our product portfolio that caters to diverse natural environments such as skiing, mountaineering and hiking, as well as urban scenarios including suburban walks, park leisure and commuting, resorting to a broad consumer base.

Our revenue from both online and offline channels increased during the year. Notably, our revenue from online channels increased from RMB626.2 million in 2024 to RMB1,253.7 million in 2025, while our revenue from offline channels increased from RMB635.4 million in 2024 to RMB875.4 million in 2025. Such increases were mainly due to our effective marketing strategies that enhanced brand visibility and drove both online and offline sales, including (i) targeted campaigns on social media, (ii) celebrity endorsements and KOL collaborations, and (iii) strategic offline promotions at high-traffic outdoor activity locations. In 2025, we collaborated with a total of 322 KOLs, including prominent livestream shopping hosts and outdoor sports influencers. We conducted three major offline promotion activities, primarily consisting of product launches and skiing community events at ski resorts. For details, see “Business — Branding and Marketing — Offline Marketing Activities and Events.”

Cost of Sales

Our cost of sales increased from RMB587.4 million in 2024 to RMB957.3 million in 2025, primarily due to an increase of RMB234.3 million in procurement costs and an increase of RMB112.3 million in contractual manufacturing costs, in line with our revenue growth.

Gross Profit and Gross Profit Margin

As a result of foregoing, our gross profit increased by 72.3% from RMB715.1 million in 2024 to RMB1,232.2 million in 2025.

Our overall gross profit margin increased from 54.9% in 2024 to 56.3% in 2025. This growth was primarily attributable to the improvement of gross profit margin for Urban Expedition Series from 52.8% in 2024 to 54.3% in 2025 driven by the higher average selling price as a result of elevated brand positioning. Our gross profit margins for both the Elite Performance Series and the Performance Outdoor Series remained relatively stable during 2024 and 2025. We maintained a gross profit margin of 63.4% in each of 2024 and 2025 for Elite Performance Series, while we recorded a gross profit margin of 59.9% and 59.2% in 2024 and 2025, respectively, for Performance Outdoor Series.

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Other Income and Gains

Our other income and gains increased from RMB25.0 million in 2024 and RMB28.2 million in 2025, primarily due to the compensation received in connection with our relocation of facilities.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 59.0% from RMB508.4 million 2024 to RMB808.6 million in 2025, primarily due to (i) an increase of RMB70.2 million in salaries and benefits for sales personnels, primarily attributable to the increased sales and marketing personnels to support our business growth; (ii) an increase of RMB82.0 million in online service fees in line with the increased sales volume through our online channels; (iii) an increase of RMB23.0 million in offline store management expenses, primarily due to upgrade and renovation of certain of our self-operated offline stores; and (iv) an increase of RMB82.7 million in advertising and promotion expenses as a result of the enhancement of our marketing initiatives.

Administrative Expenses

Our administrative expenses increased by 71.9% from RMB100.5 million in 2024 to RMB172.8 million in 2025, primarily due to (i) an increase of RMB14.7 million in depreciation and amortization; (ii) an increase of RMB16.7 million in research and development expenses, primarily attributable to our continuous efforts in aesthetic design and fabric development; (iii) an increase of RMB17.1 million in employee salaries and benefits, primarily attributable to the increase in compensation to our employees in recognition of their performance; and (iv) an increase of RMB[REDACTED] in [REDACTED] expenses.

Reversal of Impairment on Financial Assets, Net

Our net reversal of impairment on financial assets decreased by 88.3% from RMB1.3 million in 2024 to RMB0.1 million in 2025, primarily due to the continued improvement in the collection of receivables.

Other Expenses

Our other expenses increased significantly from RMB2.1 million in 2024 to RMB6.3 million in 2025, mainly attributable to charitable donation to support disaster relief efforts in connection with the Wung Fuk Court fire in Hong Kong.

Finance Costs

Our finance costs increased significantly from RMB9.5 million in 2024 to RMB18.2 million in 2025, primarily due to an increase of RMB6.5 million in interest on bank and other borrowings as a result of increased borrowings to support our business expansion.

Income Tax Expense

We recorded income tax expense of RMB13.6 million and RMB31.4 million in 2024 and 2025, respectively.

Profit for the Year

As a result of the foregoing, our profit was RMB107.3 million and RMB223.3 million in 2024 and 2025, respectively.

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Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 27.6% from RMB1,021.0 million in 2023 to RMB1,302.5 million in 2024.

Our revenue from all products series increased during the period. Notably, (i) our revenue from sales of Performance Outdoor Series increased from RMB257.9 million in 2023 to RMB330.9 million in 2024, primarily due to the increased sales volume from 516.9 thousand units in 2023 to 649.5 thousand units in 2024, driven by the enhanced market demand for our products, which balance functionality and comfort across various outdoor activities; and (ii) our revenue from sales of Urban Expedition Series increased from RMB751.3 million in 2023 to RMB915.2 million in 2024, primarily attributable to the increase in average selling price from RMB282 per unit in 2023 to RMB358 per unit in 2024, reflecting a growing consumer recognition of our everyday wear products that provide essential protection for general outdoor scenarios.

Our revenue from online channels increased from RMB348.6 million in 2023 to RMB626.2 million in 2024, primarily due to increased traffic at our self-operated online stores resulting from successful marketing initiatives on social media, complemented by celebrity endorsements and KOL collaborations. We engaged 133 and 216 KOLs, in 2023 and 2024, respectively, including prominent live shopping influencers. See “Business — Branding and Marketing — Online Marketing Initiatives.” Meanwhile, our revenue from offline channels slightly decreased from RMB638.6 million in 2023 to RMB635.4 million in 2024, primarily arising from our strategic store network transition, where we closed smaller-scale stores and opened new locations in premium shopping malls to better target high-potential consumers.

Cost of Sales

Our cost of sales increased by 32.1% from RMB444.6 million in 2023 to RMB587.4 million in 2024, primarily due to an increase of RMB103.8 million in procurement costs and an increase of RMB32.8 million in contractual manufacturing costs, in line with our revenue growth.

Gross Profit and Gross Profit Margin

As a result of foregoing, our gross profit increased by 24.1% from RMB576.4 million for the year ended December 31, 2023 to RMB715.1 million for the year ended December 31, 2024.

Our overall gross profit margin decreased slightly from 56.5% in 2023 to 54.9% in 2024. This was mainly due to a decrease in the gross profit margin through offline channels from 61.6% in 2023 to 58.3% in 2024, as a result of (i) more favorable prices offered to our offline distributors; (ii) the higher incentive rebates offered to our offline distributors; and (iii) higher costs of functional fabrics that provided better windproof and waterproof properties to our professional outdoor apparels.

Other Income and Gains

Our other income and gains decreased by 42.3% from RMB43.4 million in 2023 to RMB25.0 million in 2024, primarily due to a decrease of RMB28.6 million in gains as we have fully recognized the gain on disposal of items of land use right relating to the relocation of our facilities in 2023.

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Selling and Distribution Expenses

Our selling and distribution expenses increased by 43.0% from RMB355.6 million in 2023 to RMB508.4 million in 2024, primarily due to (i) an increase of RMB56.5 million in advertising and promotion expenses due to our enhanced marketing activities; (ii) an increase of RMB39.4 million in employee salaries and benefits, resulting from the expansion of our sales and marketing team; and (iii) an increase of RMB20.3 million in others.

Administrative Expenses

Our administrative expenses increased by 33.2% from RMB75.5 million in 2023 to RMB100.5 million in 2024, primarily due to (i) an increase of RMB9.0 million in employee salaries and benefits driven by an increase in compensation to our employees to award their performance; (ii) an increase of RMB5.0 million in depreciation and amortization; and (iii) an increase of RMB4.0 million in office expenses along with our business expansion.

(Impairment)/Reversal of Impairment on Financial Assets, Net

We recorded net impairment on financial assets of RMB2.3 million in 2023 and net reversal of impairment on financial assets of RMB1.3 million in 2024, primarily due to the improvement in the collection of receivables.

Other Expenses

Our other expenses decreased slightly from RMB3.8 million in 2023 to RMB2.1 million in 2024, which was in line with our charity projects.

Finance Costs

Our finance costs increased by 62.5% from RMB5.9 million in 2023 to RMB9.5 million in 2024, primarily due to an increase of RMB3.2 million in interest on bank and other borrowings mainly for the construction of our TANBOER Technology Park.

Income Tax Expense

Our income tax expense amounted to RMB37.5 million and RMB13.6 million in 2023 and 2024, respectively. Such decrease was because we were entitled to a preferential enterprise income tax rate of 15% as a High and New Technology Enterprise starting from December 2024.

Profit for the Year

As a result of the foregoing, our profit was RMB139.2 million and RMB107.3 million in 2023 and 2024, respectively.

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DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a breakdown of our consolidated statement of financial position as of the dates indicated, which has been extracted from our audited consolidated financial statements included in Appendix I to this document:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total non-current assets	763,503	673,684	653,477
Total current assets	713,105	1,633,669	2,002,983
Total assets	1,476,608	2,307,353	2,656,460
Total current liabilities	583,646	1,282,771	1,792,916
Net current assets	129,459	350,898	210,067
Total non-current liabilities	258,952	283,123	188,735
Total liabilities	842,598	1,565,894	1,981,651
Net assets	634,010	741,459	674,809

Non-current Assets and Liabilities

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current Assets			
Property, plant and equipment	333,672	530,709	505,945
Investment properties	1,768	1,556	1,345
Right-of-use assets	94,672	120,967	121,031
Intangible assets	4,800	5,946	7,988
Financial assets at fair value through other comprehensive income	800	900	—
Prepayments, other receivables and other assets	327,684	13,435	7,654
Deferred tax assets	107	171	9,514
Total non-current assets	763,503	673,684	653,477
Non-Current Liabilities			
Interest-bearing bank loans and other borrowings	52,386	79,996	16,130
Lease liabilities	16,445	28,481	14,090
Deferred income	189,003	173,689	158,515
Deferred tax liabilities	1,118	957	—
Total non-current liabilities	258,952	283,123	188,735

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of buildings, plant and machinery, office equipment, motor vehicles, electronic equipment, construction in progress and leasehold improvements. Our property, plant and equipment increased from RMB333.7 million as of December 31, 2023 to RMB530.7 million as of December 31, 2024, mainly related to the construction of our TANBOER Technology Park and the expansion of our offline stores along with

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our business expansion. Our property, plant and equipment decreased from RMB530.7 million as of December 31, 2024 to RMB505.9 million as of December 31, 2025, mainly because we have substantially completed the construction of TANBOER Technology Park in 2024.

Right-of-Use Assets

Our right-of-use assets consisted of stores and office premises and land use rights. Our right-of-use assets increased from RMB94.7 million as of December 31, 2023 to RMB121.0 million as of December 31, 2024, primarily related to our newly leased retail area for our offline stores. Our right-of-use assets remained stable at RMB121.0 million as of December 31, 2025.

Deferred Income

Our deferred income consisted of government grants which had not been recognized in profit or loss. Our deferred income decreased from RMB189.0 million as of December 31, 2023 to RMB173.7 million as of December 31, 2024 and further to RMB158.5 million as of December 31, 2025, reflecting the gradual recognition and settlement of government grants.

Current Assets and Liabilities

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Current Assets				
Inventories	256,518	693,204	925,700	890,166
Trade and bills receivables	229,121	279,022	593,863	330,656
Prepayments, other receivables and other assets	98,044	436,800	119,084	87,517
Tax recoverable	48	27	576	576
Restricted cash	44,010	70,948	100,549	202,709
Cash and cash equivalents	85,364	153,668	263,211	322,636
Total current assets	713,105	1,633,669	2,002,983	1,834,260
Current Liabilities				
Trade and bills payables	275,966	753,445	1,081,362	955,881
Other payables and accruals	233,029	293,878	306,501	116,439
Interest-bearing bank borrowings . . .	30,076	189,842	342,349	228,854
Lease liabilities	9,588	24,391	22,752	21,131
Tax payable	29,079	5,901	24,778	12,618
Deferred income	5,908	15,314	15,174	15,174
Total current liabilities	583,646	1,282,771	1,792,916	1,350,097
Net current assets	129,459	350,898	210,067	484,163

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We recorded net current assets of RMB129.5 million, RMB350.9 million, RMB210.1 million and RMB484.2 million as of December 31, 2023, 2024, 2025, and February 28, 2026, respectively.

Our net current assets increased from RMB129.5 million as of December 31, 2023 to RMB350.9 million as of December 31, 2024, primarily due to an increase in our current assets as a result of (i) an increase of RMB436.7 million in inventories, primarily due to adjustment in inventory policy for advancing procurement schedules to ensure adequate stock availability; and (ii) an increase of RMB68.3 million in cash and cash equivalents in line with our business growth, and (iii) an increase of RMB49.9 million in trade and bills receivables, as a result of the growth of our business scale. This was partially offset by an increase in our current liabilities as a result of (i) an increase of RMB477.5 million in trade and bills payables, which was mainly the increased procurement; and (ii) an increase of RMB159.8 million in interest-bearing bank borrowings, reflecting our strategic financial planning to support our continuous business expansion.

Our net current assets decreased from RMB350.9 million as of December 31, 2024 to RMB210.1 million as of December 31, 2025, primarily due to an increase in our current liabilities as a result of (i) an increase of RMB327.9 million in trade and bills payables, mainly due to increased procurement; and (ii) an increase of RMB152.5 million in interest-bearing bank borrowings, which was due to the increase of bank borrowings to support our continuous business expansion. This was partially offset by an increase in our current assets as a result of (i) an increase of RMB314.8 million in trade and bills receivables, in line with our business growth; and (ii) an increase of RMB232.5 million in inventories.

Our net current assets increased from RMB210.1 million as of December 31, 2025 to RMB484.2 million as of February 28, 2026, primarily due to a decrease in our current liabilities mainly as a result of a decrease of RMB190.1 million in other payables and accruals, a decrease of RMB125.5 million in trade and bills payables, and a decrease of RMB113.5 million in interest-bearing bank and other borrowings. This was partially offset by a decrease in our current assets mainly as a result of a decrease of RMB263.2 million in trade and bills receivables.

Inventories

Our inventories consisted of raw materials and finished goods. Our inventory management policies are designed to effectively manage our supply chain and production. We select and procure high-quality raw materials, and negotiate favorable price with suppliers, thereby ensuring efficient control over our supply chain. In accordance with our sales and production plan, we typically commence inventory build-up in the first quarter to secure consistent quality raw materials at favorable costs, leverage abundant production capacity from our contract manufacturers and maintain sufficient safety stock to meet year-round product demand. A substantial portion of our finished goods are sold during the peak selling season that begins in November and extends through the Chinese New Year period. See “Business — Inventory Management and Logistics — Inventory Build-up Strategy.”

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Raw materials	79,128	201,120	200,411
Finished goods	177,390	492,084	725,289
Total	256,518	693,204	925,700

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Our inventories increased significantly from RMB256.5 million as of December 31, 2023 to RMB693.2 million as of December 31, 2024, primarily because we stocked up based on our strong sales projection. Our inventories further increased to RMB925.7 million as of December 31, 2025, primarily due to the stocking up of raw material and finished goods in preparation for sales during Chinese New Year in 2026.

The following table sets forth the aging analysis of our inventories as of the dates indicated:

	As of December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Within one year	194,656	75.9	668,144	96.4	876,046	94.6
1 to 2 years	60,051	23.4	20,814	3.0	49,313	5.3
2 to 3 years	1,812	0.7	4,246	0.6	340	0.0
Total	256,518	100.0	693,204	100.0	925,700	100.0

Our management team reviews the inventory aging, and turnover analysis of inventories periodically, and maintain a relatively low level of inventories aged one year or above. We organize promotions for slow-moving products such as unsold off-season inventories and in-season defective products. For inventories that have been held for longer periods, we adopt a tiered discounting policy under which higher price discounts are offered. Our management estimates the net realizable value for such inventories primarily based on the latest invoice prices and current market conditions. A write-down of inventories to net realizable value is made based on the estimated net realizable value of inventories, taking into account inventory aging and turnover. The assessment of provision requires the management's estimates and judgment. Where the actual outcome or expectation in the future differs from the estimates, the change in carrying value of inventories results in the write-down/write-back of inventories in the period in which such estimate has been changed. In view of the foregoing, we recorded provision of impairment for inventories of RMB30.3 million, RMB46.7 million and RMB72.0 million as of December 31, 2023, 2024 and 2025, respectively. We have not experienced any noticeable decreases in selling prices, and inventories aged one year or above only accounted for a small portion of our inventories as of December 31, 2025. Considering these factors, market developments and our business plan, we believe that sufficient provision had been made against our inventories as of December 31, 2025.

The following table sets forth our inventory turnover days during the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	242.0	295.1	308.6

Note:

- (1) Calculated as the average of the beginning and ending balance of inventories for the year divided by the cost of sales for that year and multiplied by 365 days.

In 2023, 2024 and 2025, our inventory turnover days were 242.0 days, 295.1 days, and 308.6 days, respectively. Our inventory turnover days increased from 242.0 days in 2023 to 295.1 days in 2024, and further increased to 308.6 days in 2025, primarily due to our strategic plan to build up inventory in anticipation of future sales. The relatively high inventory turnover days are mainly because, as part of our business strategies, we continuously build up our inventory starting from the first quarter in preparation for the peak sales season.

As of April 20, 2026, RMB539.4 million, or 54.1%, of our inventories as of December 31, 2025 had been sold or utilized. In particular, substantially all raw materials held as of December 31, 2025 were subsequently consumed in production and converted into finished goods. Of the finished goods produced from such raw materials, approximately half were prepared to support our planned sales in subsequent periods, and the remainder were prepared as replenishment for certain continuing, high-demand styles ahead of the peak selling season in the second half of the year. In addition, as of April 20, 2026, RMB339.7 million, or approximately 42.6%, of the finished goods

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as of December 31, 2025 were subsequently sold. With respect to the remaining inventories, our management has formulated and is executing sales plans and channel initiatives, including continued sales through various e-commerce channels and related marketing activities. Such initiatives typically extend through August. We also continue to implement inventory management measures to align inventory levels with expected demand.

We conducted regular assessments of inventory impairment, taking into account factors such as expected future sales prices and discounts, market demand, and expected future settlement, to ensure that inventories are stated at the lower of cost and net realizable value. Based on these assessments and the subsequent sales/utilisation observed after December 31, 2025, we concluded that there was no indication of material inventory impairment and that no material provision was required.

Trade and Bills Receivables

Our trade and bills receivables were primarily related to sales to e-commerce platform partners and consumers’ payments remitted to shopping malls under the commission model. The following table sets forth details of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	230,716	282,971	588,138
Bills receivable	7,470	3,430	8,032
Total	238,186	286,401	596,170
Impairment	(9,065)	(7,379)	2,307
Net carrying amount	229,121	279,022	593,863

Our trade and bills receivables increased from RMB229.1 million as of December 31, 2023 to RMB279.0 million as of December 31, 2024, and further increased to RMB593.9 million as of December 31, 2025, primarily due to an increase of trade receivables driven by an increase in our product sales.

The following table sets forth an aging analysis of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 3 months	215,900	271,010	588,119
3 to 6 months	11,068	2,445	4,555
6 to 12 months	1,613	4,894	1,011
1 to 2 years	540	673	178
Total	229,121	279,022	593,863

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The following table sets forth our trade and bills receivables turnover days during the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
Trade and bills receivables turnover days ⁽¹⁾	76.4	71.2	72.8

Note:

- (1) Calculated as the average of the beginning and ending balance of trade and bills receivables for the year divided by the revenue for that year and multiplied by 365 days.

In 2023, 2024 and 2025, our trade and bills receivables turnover days were 76.4 days, 71.2 days and 72.8 days, respectively. Our trade and bills receivables turnover days decreased from 76.4 days in 2023 to 71.2 days in 2024, primarily due to the increased contribution of online sales, which typically has shorter credit period. Our trade and bills receivables turnover days remained relatively stable at 72.8 days in 2025.

We have been making continual efforts to collect our trade and bills receivables. As a general policy, we periodically evaluate the recoverability of our trade and bills receivables and maintain amicable business relationships and frequently communicate with our e-commerce platform partners and shopping malls to control credit risks. For accounts with extended receivable cycles, we assign dedicated personnel to monitor their collection status and conduct regular follow-ups to ensure timely recovery. We also prioritize customers that align with our strategic focus to ensure long-term and stable partnerships. Through these stringent credit management efforts, we expect to effectively manage our trade and bills receivables. As a result of these initiatives, we have made progress in the collection of trade and bills receivables. Having considered that (i) the trade and bills receivables balances were mainly due from customers with ongoing business relationships with us, (ii) we maintain an amicable relationship with these customers and there were no material ongoing disputes, (iii) these customers had been making continuous subsequent repayment to us and their historical repayment patterns were generally consistent during the Track Record Period, and (iv) we have continuously carried out stringent credit management policy and increased effort in trade and bills receivables collection, our Directors believe that there is no material recoverability issue and that we have sufficient provision for impairment.

As of April 20, 2026, RMB579.5 million, or 97.2% of our trade and bills receivables as of December 31, 2025 had been subsequently collected.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consisted of (i) other receivables, (ii) deposits, (iii) prepayments, (iv) right-of-return assets, (v) value-added-tax recoverable, (vi) due from a related company, and (vii) deferred [REDACTED] expenses. The following table sets forth the details of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Other receivables	60,830	65,652	67,065
Deposits	17,515	22,192	20,158
Prepayments	16,222	30,957	19,280
Right-of-return assets	3,373	5,272	16,975

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	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Value-added-tax recoverable	116	2,371	36
Due from a related company	328,809	325,184	—
Deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Impairment allowance	(1,137)	(1,393)	(788)
Total	425,728	450,235	126,738
Analyzed into:			
Current portion	98,044	436,800	119,084
Non-current portion	327,684	13,435	7,654

Our prepayments, other receivables and other assets increased from RMB425.7 million as of December 31, 2023 to RMB450.2 million as of December 31, 2024, primarily due to an increase of RMB2.3 million in value-added tax recoverable in relation to the increased sales volume.

Our prepayments, other receivables and other assets decreased from RMB450.2 million as of December 31, 2024 to RMB126.7 million as of December 31, 2025, primarily due to a decrease of RMB325.2 million in amount due from a related company as Shandong Lanyin repaid the loan.

As of April 20, 2026, RMB51.3 million, or 40.2% of our prepayments, other receivables and other assets as of December 31, 2025 had been subsequently settled.

Trade and Bills Payables

Our trade and bills payables primarily related to purchase of raw materials and payment to contractual manufacturers. Our trade payables are normally settled on 30 days to 300 days by cash or bills. The following table sets forth the details of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Bills payables	83,304	206,098	364,037
Trade payables	192,662	547,347	717,325
Total	275,966	753,445	1,081,362

Our trade and bills payables increased from RMB276.0 million as of December 31, 2023 to RMB753.4 million as of December 31, 2024 and further to RMB1,081.4 million as of December 31, 2025, primarily due to the increased procurement of raw materials and engagement of contractual manufacturers in support of our sales growth.

During the Track Record Period, a substantial majority of our trade and bills payables were outstanding for less than one year. The following table sets forth an aging analysis of our trade and bills payables on invoice date as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	273,700	751,566	1,080,121
1 to 2 years	2,266	753	377
Over 2 years	—	1,126	864

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	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total	275,966	753,445	1,081,362

The following table sets forth our trade payables turnover days for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
Trade payables turnover days ⁽¹⁾	159.4	229.9	241.1

Note:

- (1) Calculated as the average of the beginning and ending balance of trade payables for the year divided by the cost of sales for that year and multiplied by 365 days.

Our trade payables turnover days increased from 159.4 days in 2023 to 229.9 days in 2024, and further to 241.1 days in 2025, primarily due to (i) our continuous inventory build-up in line with our business expansion, (ii) we obtained longer credit terms with certain suppliers, and (iii) a higher proportion of settlement through notes with relatively long maturity.

As of April 20, 2026, RMB697.3 million, or 64.5%, of our trade and bills payables as of December 31, 2025 had been settled.

Other Payables and Accruals

Our other payables and accruals consisted of (i) other payables in relation to the construction of our TANBOER Technology Park; (ii) other tax payables, mainly including VAT and related surcharges; (iii) payroll payables; (iv) deposits; (v) refund liabilities; (vi) contract liabilities, representing the advance payments received from our distributors; and (vii) payable for [REDACTED] expenses.

The following table sets forth details of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Other payables	92,485	151,638	131,273
Other tax payables	61,590	15,946	52,308
Payrolls payables	29,244	38,784	39,470
Deposit	22,237	29,241	30,782
Refund liabilities	8,848	13,113	33,956
Contract liabilities	18,625	45,156	16,854
Payable for [REDACTED] expenses . . .	[REDACTED]	[REDACTED]	[REDACTED]
Total	233,029	293,878	306,501

Our other payables and accruals increased from RMB233.0 million as of December 31, 2023 to RMB293.90 million as of December 31, 2024, primarily due to (i) an increase of RMB59.2 million in other payables primarily in relation to the construction of our TANBOER Technology Park, and (ii) an increase of RMB26.5 million in contract liabilities, mainly associated with the expansion of our offline distributor network. This was partially offset by a decrease of RMB45.6 million in other tax payables in line with our increased procurement. Our other payables and

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accruals increased from RMB293.9 million as of December 31, 2024 to RMB306.5 million as of December 31, 2025, respectively primarily due to an increase of RMB36.4 million in other tax payable, partially offset by a decrease of RMB28.3 million in contract liabilities as we accelerated the fulfillment of delivery obligations to our distributors.

As of April 20, 2026, RMB155.6 million, or 50.8%, of our other payables and accruals as of December 31, 2025 had been settled.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from proceeds from our business operations, capital contribution from Shareholders and bank borrowings. After the [REDACTED], we intend to finance our future capital requirements through the [REDACTED] from the [REDACTED], cash generated from our business operations and bank borrowings. We do not anticipate any changes to the availability of financing to fund our operations in the future.

As of February 28, 2026, the latest practicable date for determining our indebtedness, we had cash and cash equivalents of RMB322.6 million. As of February 28, 2026, our unutilized banking facilities amounted to RMB60.9 million. See “Risk Factors — Risks Relating to Our Business and Industry — We may require additional funding to finance our operations and expand our business, which may not be available on favorable terms or at all.” Considering our internal resources, our cash flow from operations and the estimated [REDACTED] from the [REDACTED], our Directors confirm that the working capital available to us is sufficient at present and for at least the next 12 months from the date of this document.

Summary of Consolidated Statements of Cash Flow

The following table sets forth a summary of our consolidated cash flow for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash flows generated			
from operating activities	249,793	80,185	136,038
Net cash flows			
(used in)/generated from investing			
activities	(194,911)	(170,342)	247,084
Net cash flows (used in)/generated from			
financing activities	(26,802)	158,461	(252,032)
Net increase in cash and cash equivalents	28,080	68,304	109,543
Cash and cash equivalents at beginning of			
year	57,284	85,364	153,668
Cash and cash equivalents at end of the			
year	85,364	153,668	263,211

Net Cash Flows Generated from Operating Activities

In 2025, we had net cash flows generated from operating activities of RMB136.1 million, which represents our profit before taxation of RMB254.6 million, as adjusted by non-cash and non-operating items, primarily comprising (i) depreciation of property, plant and equipment of RMB66.6 million, and (ii) impairment of inventories of RMB52.3 million. This was adjusted by

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changes in working capital, primarily comprising (i) an increase of RMB307.1 million in trade and bills receivables, (ii) an increase of RMB284.8 million in inventories, and (iii) an increase of RMB319.9 million in trade and bills payables.

In 2024, we had net cash flows generated from operating activities of RMB80.2 million, which represents our profit before taxation of RMB120.9 million, as adjusted by non-cash and non-operating items, primarily comprising (i) depreciation of property, plant and equipment of RMB36.3 million, (ii) impairment of inventories of RMB36.1 million, and (iii) depreciation of right-of-use assets of RMB18.1 million. This was adjusted by changes in working capital, primarily comprising (i) an increase in inventories of RMB472.8 million, (ii) an increase in trade and bills payables of RMB477.5 million, and (iii) an increase in other payables and accruals of RMB9.9 million.

In 2023, we had net cash flows generated from operating activities of RMB249.8 million, which represents our profit before taxation of RMB176.7 million, as adjusted by non-cash and non-operating items, primarily comprising (i) gain on disposal of items of property, plant and equipment of RMB22.4 million, (ii) depreciation of property, plant and equipment of RMB18.7 million, and (iii) impairment of inventories of RMB19.3 million. This was adjusted by changes in working capital, primarily comprising (i) an increase in other payables and accruals of RMB57.3 million, (ii) a decrease in inventories of RMB57.4 million, and (iii) an increase in trade and bills receivables of RMB32.3 million.

Net Cash Flows (Used in)/Generated from Investing Activities

In 2025, we had net cash flows generated from investing activities of RMB247.1 million, primarily attributable to proceeds from repayment of loans to a related company of RMB323.6 million, partially offset by purchases of items of property, plant and equipment of RMB62.8 million.

In 2024, we had net cash flows used in investing activities of RMB170.3 million, primarily attributable to purchases of items of property, plant and equipment of RMB178.5 million, partially offset by proceeds from repayment of loans to a related company of RMB14.6 million.

In 2023, we had net cash flows used in investing activities of RMB194.9 million, primarily attributable to (i) advances of loans to a related company of RMB198.3 million, and (ii) purchases of items of property, plant and equipment of RMB152.4 million, partially offset by repayment from a related company of RMB37.0 million.

Net Cash Flows (Used in)/Generated from Financing Activities

In 2025, we had net cash flows used in financing activities of RMB252.0 million, primarily attributable to (i) dividend paid of RMB290.0 million, and (ii) repayment of bank and other borrowings of RMB216.4 million; partially offset by new bank and other borrowings of RMB305.3 million.

In 2024, we had net cash flows generated from financing activities of RMB158.5 million, primarily attributable to new bank and other borrowings of RMB217.3 million, partially offset by (i) lease payments of RMB19.4 million, and (ii) repayment of bank and other borrowings of RMB30.1 million.

In 2023, we had net cash flows used in financing activities of RMB26.8 million, primarily attributable to repayment of bank and other borrowings of RMB103.3 million, partially offset by new bank and other borrowings of RMB93.1 million.

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INDEBTEDNESS

As of December 31, 2023, 2024, 2025 and February 28, 2026, being the most recent practicable date for determining our indebtedness, except as disclosed in the table below, we did not have any material indebtedness. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Current				
Interest-bearing bank borrowings	30,076	189,842	342,439	228,854
Lease liabilities	9,588	24,391	22,752	21,131
Non-current				
Interest-bearing bank borrowings	52,386	79,996	16,130	89,395
Lease liabilities	16,445	28,481	14,090	15,195
Total	108,495	322,710	395,321	354,575

Our Directors confirmed that there has not been any material change in our indebtedness since February 28, 2026 to the date of this document. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, we did not have plans for material external debt financing.

Interest-Bearing Bank Borrowings

As of December 31, 2023, 2024, 2025, and February 28, 2026, we had total borrowings of RMB82.5 million, RMB269.8 million, RMB358.5 million and RMB318.2 million, respectively.

Our bank borrowings bear interest ranging from 3.20% to 4.80% per annum, 3.20% to 4.65% per annum and 3.10% to 4.80% per annum as of December 31, 2023, 2024 and 2025, respectively. As of the same date, certain of our bank loans of RMB82.5 million, RMB259.8 million and RMB289.7 million were guaranteed by our Shareholders and Controlling Shareholders. As confirmed by our Directors, the aforementioned guarantees are expected to be release prior to [REDACTED]. See Note 25 to the Accountants’ Report in Appendix I to this document.

Our Directors confirm that we did not experience any difficulty in obtaining bank loans, default in payment of bank loans or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

Our lease liabilities primarily related to the leased properties for our self-operated offline stores.

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Our lease liabilities increased from RMB26.0 million as of December 31, 2023 to RMB52.9 million as of December 31, 2024, primarily due to increased number of leased properties in line with our expansion of offline retail stores. Our lease liabilities decreased to RMB36.8 million as of December 31, 2025 primarily due to our adjustment of business strategies to focus on online channels.

CAPITAL EXPENDITURE

During the Track Record Period, our capital expenditures consisted of building, plant and machinery, office equipment, motor vehicle, electronic equipment, construction in progress and leasehold improvement. The following table sets forth our capital expenditures for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Building	3	—	—
Plant and machinery	13,494	15,191	6,731
Office equipment	2,277	6,736	3,374
Motor vehicle	132	272	574
Electronic equipment	1,100	2,030	1,832
Construction in progress	101,264	158,022	7,413
Leasehold improvement	27,087	51,152	21,943
Total	145,357	233,403	41,867

We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance and cash generated from our operation activities. We will continue to make capital expenditures to meet the expected growth of our business. See the section “Future Plans and [REDACTED]” in this document for details.

COMMITMENTS

As of December 31, 2023, 2024 and 2025, we had commitments contracted for but not yet provided of RMB2.0 million, RMB1.4 million and RMB2.4 million, primarily in connection with contracts in relation to our TANBOER Technology Park and renovation of our offline self-operated stores.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024, 2025 and February 28, 2026, we had no significant contingent liabilities.

KEY FINANCIAL RATIOS

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

	As of/For the Year Ended December 31,		
	2023	2024	2025
	(%)		
Turnover growth ⁽¹⁾	39.4	27.6	68.1
Gross profit margin ⁽²⁾	56.5	54.9	56.3
Return on equity ⁽³⁾	24.7	15.6	31.5

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Notes:

- (1) Turnover growth represents the revenue of the year divided by the revenue of the previous year minus one.
- (2) Gross profit margin represents gross profit for the year divided by revenue for the year and multiplied by 100%.
- (3) Return on equity represents in percentage terms the net profit for the year divided by average shareholders equity.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. See Note 33 to the Accountants’ Report in Appendix I to this document. Our Directors confirm that each of the material related party transactions during the Track Record Period were conducted on an arm’s-length basis, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any outstanding off-balance sheet arrangements.

PROPERTY VALUATION

In accordance with the requirement of Rule 5.07 of the Listing Rules, APAC Asset Valuation and Consulting Limited, an independent property valuer, has valued the relevant property interests as of January 31, 2026. Particulars of our property interests are set out in “Appendix III — Property Valuation Report” to this document.

The table below sets out the reconciliation between the net book value of our property as of December 31, 2025 in the Accountants’ Report set out in Appendix I to this document and the market value of our property as of January 31, 2026 in the property valuation report set out in Appendix III to this document.

(RMB in thousands)

Net book value of our selective property as of December 31, 2025	399,784
Depreciation adjustments	(1,773)
Net book value as of January 31, 2026	398,011
Valuation surplus as of January 31, 2026	83,803
Valuation as of January 31, 2026 as set out in the Property Valuation Report set out in Appendix III to this document	481,814

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Our principal financial instruments include interest-bearing bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for our operations. We have various other financial assets and liabilities such as trade and other receivables, other payables and accruals and trade and bills payables, which arise directly from its operations.

The main risks arising from our financial instruments are credit risk and liquidity risk. For further details, including relevant sensitivity analysis, see Note 36 to the Accountants’ Report in Appendix I to this document.

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DIVIDENDS

We did not declare dividends in 2023 or 2024. In 2025, we declared and fully paid dividends of RMB290.0 million to our Shareholders.

We currently do not have any fixed dividend pay-out ratio. Our Board may determine the dividends we pay, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our Shareholders in a general meeting may approve any declaration of dividends recommended by our Board.

RETAINED PROFITS

As of December 31, 2025, we had retained profits of RMB356.6 million.

[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per Share), representing approximately [REDACTED]% of the estimated [REDACTED] from the [REDACTED] assuming no Shares are issued pursuant to the [REDACTED]. The [REDACTED] consist of (i) [REDACTED]-related expenses, including [REDACTED] commission, of approximately HK\$[REDACTED], and (ii) non-[REDACTED]-related expenses of approximately HK\$[REDACTED], comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK\$[REDACTED], and (b) other fees and expenses of approximately HK\$[REDACTED]. During the Track Record Period, the [REDACTED] charged to our consolidated statements of profit or loss were HK\$[REDACTED] and the issue costs, which was recognized as prepayments and are expected to be deducted from equity upon the [REDACTED], were HK\$[REDACTED]. After the Track Record Period, approximately HK\$[REDACTED] is expected to be charged to our consolidated statements of profit or loss, and approximately HK\$[REDACTED] is expected to be accounted for as a deduction from equity upon the [REDACTED]. We do not believe any of the above fees or expenses are material or are unusually high for us. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See “Appendix II — Unaudited [REDACTED] Financial Information.”

NO MATERIAL ADVERSE CHANGE

The Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or [REDACTED] position or prospects since December 31, 2025 and up to the date of this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

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

FUTURE PLANS AND [REDACTED]

FUTURE PLANS AND PROSPECTS

See “Business — Our Growth Strategies” for a detailed description of our future plans.

[REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED] commissions, fees and estimated expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range stated in this document, and the [REDACTED] is not exercised. If the [REDACTED] is set at HK\$[REDACTED] per Share, being the high end of the indicative [REDACTED] range, the [REDACTED] from the [REDACTED] will increase by approximately HK\$[REDACTED]. If the [REDACTED] is set at HK\$[REDACTED] per Share, being the low end of the indicative [REDACTED] range, the [REDACTED] from the [REDACTED] will decrease by approximately HK\$[REDACTED].

Assuming an [REDACTED] at the mid-point of the indicative [REDACTED] range, we currently intend to apply these [REDACTED] for the following purposes:

- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for the advancement of our technological R&D system.
- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for the research and development of professional outdoor fabrics, advanced materials, and manufacturing processes. In particular, we plan to focus on the development of professional outdoor functional materials, aiming to develop new fabrics that are lightweight, waterproof, breathable, and environmentally sustainable. Meanwhile, we intend to optimize down-filling processes and garment design to enhance product durability and comfort in extreme environments, thereby further strengthening our technological barriers. We plan to use the [REDACTED] for (i) procuring advanced materials, conducting market research, and collaborating with third-party institutions for further R&D; and (ii) recruiting approximately 11 R&D personnel within the next five years, with annual budget of roughly HK\$[REDACTED].
- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used to establish overseas research and development centers. We plan to establish one R&D center in each of the leading fashion and technology hubs of Paris and London. We plan to lease these R&D centers and equip them with advanced innovation machinery and testing equipment. This infrastructure will support product development and ensure rigorous quality evaluation aligned with industry standards. These centers are designed to attract top international design teams and materials science experts, track global professional outdoor industry technology trends, accelerate the utilization of new technologies, and promote product internationalization and differentiation. We plan to use the [REDACTED] for (i) leasing overseas research centers, as well as purchasing relevant equipment, including (a) sewing and down-filling equipment with a typical useful life of eight to ten years; (b) specialized equipment for professional outdoor apparel with a typical useful life of eight to ten years; and (c) office equipment with a typical useful life of four to five years; and (ii) recruiting approximately 14 local staff within the next five years, with annual budget of roughly HK\$[REDACTED].
- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used to upgrade our innovation laboratories and strengthen the integration of industry education. We plan to upgrade two of our digital R&D laboratories, namely the R&D lab in our TANBOER Technology Park and the Extreme Cold Technology Laboratory (極寒實驗室), by equipping them with advanced testing instruments and simulation systems. In addition, we intend to strengthen industry-academia-research collaborations with universities to build cooperative research platforms jointly. We plan to use the [REDACTED] for (i) procuring R&D equipment for our laboratories, primarily including climate simulation chambers, thermal-wet

FUTURE PLANS AND [REDACTED]

comfort test mannequins, and fully automatic laser cutting and marking machines, as well as the AI-assisted material design and performance prediction platform, each typically with a useful life of eight to ten years; and (ii) recruiting approximately 15 R&D talents within the next five years, with annual budget of roughly HK\$[REDACTED].

- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for brand building and multichannel network enhancement.
- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for comprehensive brand building activities. We intend to establish a strong professional outdoor brand identity and actively engage with the outdoor enthusiast community by collaborating with international brand ambassadors, partnering with leading outdoor sports events and premier ski resorts, strengthening our ESG measures and enhancing our digital marketing capabilities. We plan to use the [REDACTED] for (i) placing banner advertisements on e-commerce platforms and establishing communities on social-commerce platforms; (ii) collaborating with brand ambassadors, impactful KOLs and sports teams; and (iii) sponsoring outdoor sports events and ski resorts.
- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used to refine and optimize multichannel sales network operations. We aim to open more offline stores in prime commercial areas in first tier, new first tier and second tier and new second tier cities to boost offline consumer interaction, among which we plan to open over 80 experiential stores within the next five years.

The following table sets forth the number of offline stores to be established within the next five years by city tier:

			Total new offline permanent stores to be established in the next five years*
Self-operated offline stores	First tier and new	Experiential stores: 21	178
	first tier cities	Regular stores: 157	
	Second tier and new	Experiential stores: 14	150
	second tier cities	Regular stores: 136	
	Third tier cities	Experiential stores: 1	113
		Regular stores: 112	
	Others	Experiential stores: 3	43
		Regular stores: 40	
	Total	Experiential stores: 39	484
		Regular stores: 445	
Distributor- operated offline stores	First tier and new	Experiential stores: 12	89
	first tier cities	Regular stores: 77	
	Second tier and new	Experiential stores: 6	96
	second tier cities	Regular stores: 90	
	Third tier cities	Experiential stores: 6	172
		Regular stores: 166	
	Others	Experiential stores: 3	36
		Regular stores: 33	
	Total	Experiential stores: 27	393
		Regular stores: 366	

* The number of stores are for illustrative purpose, subject to any adjustments we may make due to changes in market conditions, execution or other uncertainties.

FUTURE PLANS AND [REDACTED]

We also plan to establish in-store live streaming spaces, which enables online consumers to have an immersive shopping experience and engage with our products. We plan to use the [REDACTED] for (i) establishing our offline stores, and (ii) procuring live-streaming equipments.

- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used to establish a membership system and a consumer experience platform to increase consumer loyalty and retention. We plan to establish a precise tiered membership system that integrates online and offline consumer data to offer personalized product recommendations and exclusive benefits. Our membership upgrade strategy focuses on three main areas: building a digital experience platform, enhancing value-added member benefits, and enriching member experience activities. The digital experience platform aims to optimize consumer experience and operational efficiency by connecting consumer and retail staff touchpoints, precisely capturing consumer purchasing data, empowering retail staff with AI-based recommendations and streamlining live streaming operations to boost private domain traffic conversion. The value-added benefits will be upgraded from the existing framework through digital services, diversified benefits, and experiential scenarios, including digitalized repair services with one-click appointment booking and real-time status tracking; expanded categories of points redemption options, and exclusive annual member events to strengthen member identity. Membership operations will cover the full lifecycle and multiple key scenarios, with a dedicated focus on high-tier members through an enriched points program and diverse re-engagement tactics to increase engagement and loyalty, build differentiated member experiences, and ultimately drive overall member value growth.
- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used to reinforce sustainable supply chain management:
- Approximately [REDACTED]%, HK\$[REDACTED], is expected to be used to establish a global supply chain base at our headquarters, Qingzhou, Shandong province. We will continuously develop the digitalized industrial base integrating research and development, production, and logistics. Our proposed global supply chain industrial base will integrate research and development, production, warehousing, logistics and office functions. At the infrastructure level, the base will feature full-coverage 5G networks, IoT sensors and RFID tags at key production and warehousing nodes to enable end-to-end traceability. At the application level, we plan to deploy integrated digital systems for property management (including energy monitoring, smart security and building automation), multi-channel sales operations (including order management, POS, CRM and intelligent inventory replenishment) and production and supply chain coordination (including MES, WMS, SRM and TMS), achieving full data connectivity from order intake through to distribution. By consolidating upstream and downstream resources, introducing green manufacturing processes and clean energy, we aim to achieve a full-process low-carbon and transparent supply chain visualization platform from raw material procurement to finished product delivery. We plan to use the [REDACTED] for (i) constructing the digitalized industrial base and procuring related equipment, primarily including storage equipment, handling equipment, and packaging equipment, each typically with a useful life of eight to ten years; and (ii) recruiting approximately 44 professional staff specializing in supply chain management within the next five years, with annual budget of roughly HK\$[REDACTED].
- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used to strengthen our inventory management capabilities. We plan to strategically build our own warehouses by leveraging accumulated sales data and considering factors such as the 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. The following table sets forth the number and location of leased warehouses to be established:

FUTURE PLANS AND [REDACTED]

Location	Number of warehouse(s)
South China	1
Northwest China	1
Northeast China	1
East China*	1-2

* As of the Latest Practicable Date, the establishment of these warehouses are pending. The location and number of such warehouses will depend on, among other things, prevailing business density, market conditions and operational requirements in the relevant regions.

We believe that expanding our warehouse matrix by establishing regional distribution centers in key sales markets will reduce transportation costs and transition time, enhance overall inventory turnover efficiency, and optimize the consumer experience. In addition, in light of our ongoing efforts to diversify our product portfolio and robust revenue growth, we plan to expand our warehousing network before our existing warehouses reach capacity, as the construction or leasing of new warehouses requires lead time. Notwithstanding that we operated nine leased warehouses in China as of the Latest Practicable Date, we consider it necessary to build and lease additional warehouses for the following reasons: (i) our revenue grew significantly during the Track Record Period, and the utilization rate of our existing warehouses reached approximately 90% of its full capacity during the peak season, leaving limited spare capacity to support further growth; (ii) all of our existing warehouses are leased from third-party logistics parks and are subject to limitations in terms of long-term cost efficiency, customized digitalization and operational stability that are increasingly incompatible with our strategic requirements; and (iii) our existing warehouse network has coverage gaps in the South China, Northwest and Northeast regions, which necessitates a hybrid warehousing strategy comprising self-built primary warehouses supplemented by flexible regional leased facilities. We plan to primarily use the [REDACTED] for (i) building self-owned warehouses — one in Suzhou, Jiangsu Province, and one in Zhengzhou, Henan Province — as our primary warehouses in southern and northern Chinese Mainland, while also leasing warehouses in major regions to supplement on-demand capacity; and (ii) recruiting approximately 57 employees within the next five years, with annual budget of roughly HK\$[REDACTED].

- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for strategic mergers and acquisitions and expanding our brand portfolio.
- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for strategic merger and acquisition. We plan to acquire or invest in domestic and overseas (i.e., Europe, North America, Japan and Korea) brands that strategically specialize in outdoor apparel to quickly enter emerging markets, expand the product portfolio, and create brand synergy. Our target brands typically possess well-established market recognition and specialized expertise in outdoor performance wear. We generally expect our acquisition targets to have annual revenue of no less than RMB50 million and an operating history of no fewer than 10 years, and to possess a satisfactory track record of operations and sound internal control mechanisms. Following an acquisition, we intend to integrate the acquired brands into our existing sales channels and deploy focused marketing initiatives to strengthen brand alignment and maximize market penetration. We intend to retain the independent brand identity and market positioning of each acquired brand and to sell such brands under their own names. We will establish a dedicated retail section for the newly acquired brand, separate from our TANBOER brand, so as to avoid consumer confusion and preserve the distinct equity of each brand. Whether

FUTURE PLANS AND [REDACTED]

we pursue a controlling or minority shareholding will depend on the particular circumstances of each target. For details, please see “Business — Our Strategies.” As of the Latest Practicable Date, we do not have a identified acquisition targets. According to CIC, there were hundreds of suitable targets currently, based on initial identification through desk research and public searches to filter players meeting the target selection criteria, followed by expert interviews and data from our database to locate those targets that met the acquisition standards. 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.”

- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used to establish our own brand portfolio. We aim to establish a portfolio of brands covering multiple market segments through product line extensions and a tiered brand management strategy. This approach is intended to further refine the product offering and market positioning of each brand, cater to the diverse preferences of different consumer groups, and enhance our overall brand competitiveness and market penetration across market segments. We plan to use the [REDACTED] for (i) covering content production and marketing operation expenses related to brand portfolio development; and (ii) paying for systems and labor costs associated with building the brand portfolio.
- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used for working capital and general corporate purpose.

As advised by our international sanctions counsel, having considered the recent developments in trade restriction and tariff-related policies, as well as potential sanctions risks, and based on the current scope of our planned overseas activities and target markets, we are not subject to any trade restrictions, tariff measures, or sanctions that would materially impede the implementation of our current overseas acquisition strategy or the establishment and operation of the overseas R&D centers as presently contemplated. In addition, our PRC Legal Advisors have confirmed that there are currently no restrictions under PRC laws that would materially affect these plans, subject to we will duly complying with all necessary approval or filing procedures for domestic enterprises conducting overseas investments as required by applicable laws.

IMPLEMENTATION TIMELINE

The table below sets out the expected implementation timetable for the planned [REDACTED]:

	FY2026	FY2027	FY2028 onwards	Total
	(HK\$ in million)			
The advancement of our technological R&D system . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Brand building and multichannel network enhancement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Reinforce sustainable supply chain management	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

FUTURE PLANS AND [REDACTED]

	FY2026	FY2027	FY2028 onwards	Total
	<i>(HK\$ in million)</i>			
Strategic mergers and acquisitions and expanding our brand portfolio	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Working capital and general corporate purpose	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

The above allocation of the [REDACTED] from the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the indicative [REDACTED] range stated in this document.

To the extent that the [REDACTED] from the [REDACTED] (including the [REDACTED] from the exercise of the [REDACTED]) are either more or less than expected, we will adjust our allocation of the [REDACTED] for the above purposes on a pro rata basis.

To the extent that the [REDACTED] from the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short-term interest-bearing amounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Future Ordinance or the applicable laws and regulations in other jurisdictions.

We will issue an appropriate announcement if there is any material change to the above proposed [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

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ACCOUNTANTS’ REPORT

The following is the text of a report on Tanboer Group Co., Ltd. prepared for the purpose of incorporation in this document received from the reporting accountants of our Company, [●], Certified Public Accountants, Hong Kong.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TANBOER GROUP CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED.

Introduction

We report on the historical financial information of Tanboer Group Co., Ltd. (the “Company”), and its subsidiaries (together, the “Group”) set out on pages [●] to [●], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “Relevant Periods”), and the consolidated statements of financial position of the Group as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [●] to [●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] [REDACTED] in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[●] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

Yours faithfully,

Certified Public Accountants

Hong Kong

[●]

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ACCOUNTANTS’ REPORT

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
REVENUE	5	1,021,042	1,302,479	2,189,464
Cost of sales		(444,598)	(587,352)	(957,264)
Gross profit		576,444	715,127	1,232,200
Other income and gains	5	43,387	25,038	28,164
Selling and distribution expenses		(355,646)	(508,403)	(808,570)
Administrative expenses		(75,494)	(100,523)	(172,775)
(Impairment)/reversal of impairment on financial assets, net	6	(2,265)	1,267	148
Other expenses		(3,830)	(2,120)	(6,331)
Finance costs	7	(5,856)	(9,518)	(18,203)
PROFIT BEFORE TAX	6	176,740	120,868	254,633
Income tax expense	10	(37,495)	(13,554)	(31,375)
PROFIT FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>139,245</u>	<u>107,314</u>	<u>223,258</u>
OTHER COMPREHENSIVE INCOME				
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:				
Financial assets designated at fair value through other comprehensive income:				
Changes in fair value		(100)	100	108
Income tax effect		<u>25</u>	<u>35</u>	<u>(16)</u>
		(75)	135	92
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods		<u>(75)</u>	<u>135</u>	<u>92</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR NET OF TAX		<u>(75)</u>	<u>135</u>	<u>92</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>139,170</u>	<u>107,449</u>	<u>223,350</u>

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ACCOUNTANTS’ REPORT

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Profit attributable to:				
Owners of the parent		<u>139,245</u>	<u>107,314</u>	<u>223,258</u>
Total comprehensive income				
attributable to:				
Owners of the parent		<u>139,170</u>	<u>107,449</u>	<u>223,350</u>
EARNINGS PER SHARE				
ATTRIBUTABLE TO ORDINARY				
EQUITY HOLDERS OF THE				
PARENT				
Basic and diluted (RMB)	12	<u>0.83</u>	<u>0.64</u>	<u>1.33</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	333,672	530,709	505,945
Investment properties	14	1,768	1,556	1,345
Right-of-use assets	15(a)	94,672	120,967	121,031
Intangible assets	16	4,800	5,946	7,988
Financial assets at fair value through other comprehensive income	17	800	900	–
Prepayments, other receivables and other assets	21	327,684	13,435	7,654
Deferred tax assets	18	107	171	9,514
Total non-current assets		763,503	673,684	653,477
CURRENT ASSETS				
Inventories	19	256,518	693,204	925,700
Trade and bills receivables	20	229,121	279,022	593,863
Prepayments, other receivables and other assets	21	98,044	436,800	119,084
Prepaid income tax		48	27	576
Restricted cash	22	44,010	70,948	100,549
Cash and cash equivalents	22	85,364	153,668	263,211
Total current assets		713,105	1,633,669	2,002,983
CURRENT LIABILITIES				
Trade and bills payables	23	275,966	753,445	1,081,362
Other payables and accruals	24	233,029	293,878	306,501
Interest-bearing bank and other borrowings	25	30,076	189,842	342,349
Lease liabilities	15(b)	9,588	24,391	22,752
Tax payable		29,079	5,901	24,778
Deferred income	26	5,908	15,314	15,174
Total current liabilities		583,646	1,282,771	1,792,916
NET CURRENT ASSETS		129,459	350,898	210,067
TOTAL ASSETS LESS CURRENT LIABILITIES				
		892,962	1,024,582	863,544
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	25	52,386	79,996	16,130
Lease liabilities	15(b)	16,445	28,481	14,090

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ACCOUNTANTS’ REPORT

		As at 31 December		
	<i>Notes</i>	2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Deferred income	26	189,003	173,689	158,515
Deferred tax liabilities	18	1,118	957	–
Total non-current liabilities		<u>258,952</u>	<u>283,123</u>	<u>188,735</u>
Net assets		<u>634,010</u>	<u>741,459</u>	<u>674,809</u>
EQUITY				
Equity attributable to owner of the parent				
Share capital	27	167,300	167,300	167,300
Reserves	28	<u>466,710</u>	<u>574,159</u>	<u>507,509</u>
Total equity		<u>634,010</u>	<u>741,459</u>	<u>674,809</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent					Total equity
	Share capital	Share premium*	Statutory reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Retained profits*	
	RMB'000 Note 27	RMB'000	RMB'000 Note 28	RMB'000	RMB'000	RMB'000
At 1 January 2023	<u>167,300</u>	<u>76,722</u>	<u>28,052</u>	<u>450</u>	<u>222,316</u>	<u>494,840</u>
Profit for the year	–	–	–	–	139,245	139,245
Other comprehensive loss for the year:						
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	<u>–</u>	<u>–</u>	<u>–</u>	<u>(75)</u>	<u>–</u>	<u>(75)</u>
Total comprehensive income for the year	–	–	–	(75)	139,245	139,170
Transfer to statutory reserve . .	<u>–</u>	<u>–</u>	<u>13,604</u>	<u>–</u>	<u>(13,604)</u>	<u>–</u>
At 31 December 2023	<u>167,300</u>	<u>76,722</u>	<u>41,656</u>	<u>375</u>	<u>347,957</u>	<u>634,010</u>

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ACCOUNTANTS’ REPORT

Year ended 31 December 2024

	Attributable to owners of the parent					Total equity
	Share capital	Share premium*	Statutory reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Retained profits*	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 27</i>		<i>Note 28</i>			
At 1 January 2024	167,300	76,722	41,656	375	347,957	634,010
Profit for the year	–	–	–	–	107,314	107,314
Other comprehensive income for the year:						
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	–	–	–	135	–	135
Total comprehensive income for the year.	–	–	–	135	107,314	107,449
Transfer to statutory reserve . .	–	–	9,630	–	(9,630)	–
At 31 December 2024	<u>167,300</u>	<u>76,722</u>	<u>51,286</u>	<u>510</u>	<u>445,641</u>	<u>741,459</u>

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Year ended 31 December 2025

	Attributable to owners of the parent					
	Share capital	Share premium*	Statutory reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Retained profits*	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 27</i>		<i>Note 28</i>			
At 1 January 2025 . . .	167,300	76,722	51,286	510	445,641	741,459
Profit for the year . . .	–	–	–	–	223,258	223,258
Other comprehensive income for the year:						
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax . .	–	–	–	92	–	92
Total comprehensive income for the year .	–	–	–	92	223,258	223,350
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	–	(602)	602	–
Transfer to statutory reserve	–	–	22,910	–	(22,910)	–
Dividend declared . . .	–	–	–	–	(290,000)	(290,000)
At 31 December 2025 .	<u>167,300</u>	<u>76,722</u>	<u>74,196</u>	<u>–</u>	<u>356,591</u>	<u>674,809</u>

* These reserve amounts comprise the consolidated reserves of RMB466,710,000, RMB574,159,000 and RMB507,509,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		176,740	120,868	254,633
Adjustments for:				
Finance costs	7	5,856	9,518	18,203
Interest income	5	(11,421)	(12,430)	(7,668)
(Gain)/loss on disposal of items of property, plant and equipment.	5, 6	(22,427)	—	40
Gains on disposal of land use rights	5, 6	(6,129)	—	—
Depreciation of property, plant and equipment.	6	18,662	36,328	66,556
Depreciation of right-of-use assets	6	11,136	18,065	29,463
Depreciation of investment properties	6	211	212	211
Amortisation of intangible assets	6	675	752	1,234
Amortisation of deferred income	26	(2,272)	(5,908)	(15,314)
Impairment losses/(reversal of impairment) of on trade and bills receivables and other receivables, net	6	2,265	(1,267)	(148)
Write-down of inventories to net realisable value.	6	19,252	36,081	52,323
Loss on termination of leases.	6	55	31	730
		192,603	202,250	400,263
Decrease/(increase) in inventories		57,365	(472,767)	(284,819)
Increase in trade and bills receivables		(32,318)	(48,215)	(307,079)
Increase in restricted cash		(1,479)	(26,938)	(29,601)
(Increase)/decrease in prepayments, other receivables and other assets		(8,105)	(26,296)	5,067
Increase in trade and bills payables		2,866	477,479	319,885
Increase in other payables and accruals		57,286	9,883	32,322
Cash generated from operations.		268,218	115,396	136,038
Interest received		1,376	1,690	1,815
Income tax paid.		(19,801)	(36,901)	(23,362)
Net cash flows generated from operations		249,793	80,185	114,491

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		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(152,363)	(178,533)	(62,761)
Purchases of land use rights		(6,250)	—	(17,364)
Proceeds from disposal of items of property, plant and equipment		—	38	35
Purchases of intangible assets		(2,480)	(1,898)	(3,276)
Proceeds from disposal of financial assets at fair value through other comprehensive income		—	—	1,008
Government grants received for property, plant and equipment and land use rights		57,991	—	—
Repayment from a related company		37,000	14,551	323,589
Advances to a related company		(198,306)	—	—
Increase in other payable		—	(4,500)	—
Interest income received		—	—	5,853
Decrease in prepayments, other receivables and other assets		69,497	—	—
Net cash flows (used in)/generated from investing activities		(194,911)	(170,342)	247,084
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid		—	—	(290,000)
New bank and other borrowings	29(b)	93,133	217,260	305,307
Repayment of bank and other borrowings	29(b)	(103,259)	(30,099)	(216,389)
Lease payments	29(b)	(10,831)	(19,403)	(31,109)
Interest paid	29(b)	(5,845)	(9,297)	(16,294)
[REDACTED] expense paid		[REDACTED]	[REDACTED]	[REDACTED]
Net cash flows (used in)/generated from financing activities		(26,802)	158,461	(252,032)
NET INCREASE IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of year		57,284	85,364	153,668
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		85,364	153,668	263,211

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ACCOUNTANTS’ REPORT

		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
ANALYSIS OF BALANCES OF				
CASH AND CASH EQUIVALENTS				
Cash and bank balances	22	129,374	224,616	363,760
Less: Restricted cash	22	44,010	70,948	100,549
CASH AND CASH EQUIVALENTS				
AS STATED IN THE				
CONSOLIDATED STATEMENTS				
OF FINANCIAL POSITION AND				
CONSOLIDATED STATEMENTS				
OF CASH FLOWS.	22	85,364	153,668	263,211

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	332,316	529,094	498,563
Investment properties	14	1,768	1,556	1,345
Right-of-use assets	15(a)	83,885	86,345	85,198
Intangible assets	16	4,786	5,933	7,977
Financial assets at fair value through other comprehensive income	17	800	900	–
Investments in subsidiaries	38	2,889	5,992	14,592
Deferred tax assets	18	–	–	4,525
Prepayments, other receivables and other assets	21	327,536	11,759	5,098
Total non-current assets		753,980	641,579	617,298
CURRENT ASSETS				
Inventories	19	256,450	690,652	917,106
Trade and bills receivables	20	228,470	254,804	585,820
Prepayments, other receivables and other assets	21	97,606	436,574	109,919
Restricted cash	22	44,010	70,948	100,549
Cash and cash equivalents	22	76,925	132,516	205,686
Total current assets		703,461	1,585,494	1,919,080
CURRENT LIABILITIES				
Trade and bills payables	23	277,062	745,584	1,069,121
Other payables and accruals	24	251,933	302,445	295,956
Interest-bearing bank and other borrowings	25	25,023	164,872	292,405
Lease liabilities	15(b)	5,954	7,738	3,091
Tax payable		28,930	2,686	23,520
Deferred income	26	5,908	15,314	15,174
Total current liabilities		594,810	1,238,639	1,699,267
NET CURRENT ASSETS		108,651	346,855	219,813
TOTAL ASSETS LESS CURRENT LIABILITIES				
		862,631	988,434	837,111
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	25	37,446	79,996	16,130
Lease liabilities	15(b)	9,119	11,714	871
Deferred income	26	189,003	173,689	158,515
Deferred tax liabilities	18	1,104	637	–
Total non-current liabilities		236,672	266,036	175,516
Net assets		625,959	722,398	661,595
EQUITY				
Share capital	27	167,300	167,300	167,300
Reserves	28	458,659	555,098	494,295
Total equity		625,959	722,398	661,595

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company registered in the People’s Republic of China (the “PRC”) on 19 April 2004. The registered office address of the Company is located at No. 8333, Yiwangfu South Road, Yunmenshan Street, Qingzhou City, Weifang City, Shandong Province, PRC.

On 5 June 2013, the then shareholders of the Company passed resolutions approving, among others, the conversion of the Company from a limited liability company into a joint stock limited company (the “Stock Conversion”). On 5 July 2013, the name of the Company was changed from Qingzhou Tanboer Garment Limited (“青州坦博爾服飾有限公司”) to Qingzhou Tanboer Garment Co., Ltd. (“青州市坦博爾服飾股份有限公司”). On 3 January 2025, the Company’s name was changed from Qingzhou Tanboer Garment Co., Ltd. to Tanboer Group Co., Ltd (“坦博爾集團股份有限公司”).

In the opinion of the directors, the immediate and ultimate holding company of the Company is Shanghai LanYin Investment Management Co., Ltd.

During the Relevant Periods, the Company and its subsidiaries (together, the “Group”) were involved in the design, production, and sales of apparel products in the Chinese mainland.

As at the end of the Relevant Periods, the Company had all direct interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of the Company’s subsidiaries of which are set out below:

Name	Place of establishment and date of registration	Paid up/ registered capital	Percentage of equity directly attributable to the Company	Principal activities
青州辰羽电子商务有限公司 (“Qingzhou Chenyu E-commerce Co., Ltd.”)*	PRC/Chinese mainland 10 April 2012	RMB1,000,000	100%	Sale of apparel products
坦博尔(杭州)电子商务有限公司 (“Tanboer (Hangzhou) E-commerce Co., Ltd.”)*	PRC/Chinese mainland 25 November 2021	RMB2,000,000	100%	Sale of products on e-commerce platforms
海南坦博尔智慧科技有限公司 (“Hainan Tanboer Smart Technology Co., Ltd.”)*	PRC/Chinese mainland 23 September 2021	RMB2,000,000	100%	Sale of apparel products
青州市坦博尔智慧科技有限公司 (“Qingzhou Tanboer Smart Technology Co., Ltd.”)*	PRC/Chinese mainland 8 August 2024	RMB1,000,000	100%	Offline retail operations
坦博尔(上海)服飾有限公司 (“Tanboer (Shanghai) Clothing Co., Ltd.”)*	PRC/Chinese mainland 11 November 2021	RMB5,000,000	100%	Research and Development, sales and marketing
上海樣作服飾有限公司 (“Shanghai Sample Clothing Co., Ltd.”)*	PRC/Chinese mainland 27 July 2022	RMB3,000,000	100%	Design and Sale of apparel products
青州在現電子商貿有限公司 (“Qingzhou Zaixian E-commerce Co., Ltd.”)*	PRC/Chinese mainland 1 August 2022	RMB1,000,000	100%	Sale of apparel products
坦博爾(青島)智慧科技有限公司 (“Tanboer (Qingdao) Smart Technology Co., Ltd.”)*	PRC/Chinese mainland 2 March 2023	RMB2,000,000	100%	Sale of apparel products
武漢坦文服飾有限公司 (“Wuhan Tanwen Clothing Co., Ltd.”)*	PRC/Chinese mainland 22 May 2024	RMB1,000,000	100%	Sale of apparel products

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Name	Place of establishment and date of registration	Paid up/ registered capital	Percentage of equity directly attributable to the Company	Principal activities
坦博爾(成都)服飾有限公司 (“Tanboer (Chengdu) Clothing Co., Ltd.”)*	PRC/Chinese mainland 19 June 2024	RMB500,000	100%	Sale of apparel products
淄博坦文服飾有限公司 (“Zibo Tanwen Clothing Co., Ltd.”)* . . .	PRC/Chinese mainland 30 August 2024	RMB500,000	100%	Sale of apparel products
坦博爾(濟寧)服飾有限公司 (“Tanboer (Jining) Clothing Co., Ltd.”)*	PRC/Chinese mainland 14 October 2024	RMB500,000	100%	Sale of apparel products
坦博爾(長沙)服裝有限公司 (“Tanboer (Changsha) Clothing Co., Ltd.”)*	PRC/Chinese mainland 5 September 2024	RMB500,000	100%	Sale of apparel products
坦博爾(宜賓)服飾有限公司 (“Tanboer (Yibin) Clothing Co., Ltd.”)*	PRC/Chinese mainland 21 October 2024	RMB500,000	100%	Sale of apparel products
坦博爾(鄭州)服飾有限公司 (“Tanboer (Zhengzhou) Clothing Co., Ltd.”)*	PRC/Chinese mainland 31 December 2024	RMB500,000	100%	Sale of apparel products
許昌坦博爾服飾有限公司 (“Xuchang Tanboer Clothing Co., Ltd.”)* . . .	PRC/Chinese mainland 19 June 2025	RMB500,000	100%	Sale of apparel products
杭州坦博爾戶外運動科技有限公司 (“Hangzhou Tambor Outdoor Sports Technology Co., Ltd.”)* . .	PRC/Chinese mainland 27 August 2025	RMB1,000,000	100%	Sales of apparel products
禹州市坦博爾服飾有限公司 (“Yuzhou Tanboer Clothing Co., Ltd.”)*	PRC/Chinese mainland 10 September 2025	RMB300,000	100%	Sale of apparel products
新鄉坦博爾服飾有限公司 (“Xinxiang Tanboer Clothing Co., Ltd.”)* . . .	PRC/Chinese mainland 11 September 2025	RMB500,000	100%	Sale of apparel products
許昌坦文服飾有限公司 (“Xuchang Tanwen Clothing Co., Ltd.”)* . . .	PRC/Chinese mainland 30 September 2025	RMB300,000	100%	Sale of apparel products
新鄉坦博爾商貿有限公司 (“Xinxiang Tanboer Trading Co., Ltd.”)*	PRC/Chinese mainland 16 October 2025	RMB500,000	100%	Sale of apparel products

* The English names of the companies registered in the PRC represent the best efforts made by the directors of the Company to translate the Chinese names of these companies as they do not have official English names.

No audited financial statements have been prepared for these subsidiaries for the years ended 31 December 2023, 2024 and 2025 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of registration.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the “IASB”), which comprise all standards and interpretations approved by the IASB.

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods. They have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income which have been measured at fair value.

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Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19 and its amendments.	Subsidiaries without Public Accountability: Disclosures ²
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to IFRS 10 and IAS 28.	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to IFRS Accounting Standards Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

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The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. The new requirements are expected to impact the Group’s presentation of the statement of profit or loss and other comprehensive income and disclosures of the Group’s financial performance. So far, the Group considers that the new and amended standards are unlikely to have a significant impact on the Group’s results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its financial assets at fair value through other comprehensive income at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | | |
|---------|---|---|
| Level 1 | – | based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | – | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | – | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

	<u>Estimated useful lives</u>
Buildings	20 years
Plant and machinery	3 to 10 years
Office equipment	5 years
Motor vehicles	4 to 5 years
Electronic equipment	3 to 5 years
Leasehold improvements	Over the shorter of the lease terms and 3 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in buildings held to earn rental income and/or for capital appreciation. Such properties are measured at cost, including transaction costs.

Depreciation is calculated on the straight-line and the estimated useful lives of buildings are as follows:

	<u>Estimated useful lives</u>
Buildings	20 years

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 to 10 years.

Research and development expenses

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

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Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Stores and office premises	14 to 72 months
Land use rights	50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

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Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in other income and gains in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

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Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

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- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals and interest-bearing bank borrowings.

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade and bills payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group’s normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

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Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of certain products for general replacement of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of replacements. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of apparel products

The Group primarily sells its products to customers through online channels such as direct online sales and online distributors, and offline channels such as offline stores and offline distributors.

The performance obligation is recognised at point in time when control of the asset is transferred to the customer, generally on delivery of the goods or upon the confirmation by the customer.

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(b) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(c) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Rental income is recognised on a time proportion basis over the lease terms.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Other employee benefits

Pension scheme

The employees of the Group which operates in Chinese mainland are required to participate in central pension schemes operated by the local municipal government and the central government. These subsidiaries are required to contribute a certain percentage of payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s Historical Financial Information required management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Revenue from contracts with customers

The Group applied the following judgement that significantly affected the determination of the amount of revenue from contracts with customers:

Determining the method to estimate variable consideration and assessing the constraint for the sale of products.

Certain contracts for the sale of products include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of products with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of products with volume rebates, the Group determined that using a combination of the most likely amount method and the expected value method is appropriate. The selected method that better predicts the amount of variable consideration related to volume rebates is primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold. Before including any amount of variable consideration in the transaction price, the

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Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on invoice for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in note 20 to the Historical Financial Information.

Net realisable value of inventories

Net realisable value of inventories is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. These estimates, based on the current market condition and the historical experience in selling goods of a similar nature, include but not limited to economic outlook, sales forecasts and the forecast market value for the inventory items. They could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of the reporting period. The carrying amount of inventories is given in note 19 to the Historical Financial Information.

Variable consideration for returns and volume rebates

The Group estimates variable consideration to be included in the transaction price for the sale of products with rights of return and volume rebates.

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each product to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group’s expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer’s historical rebate entitlement and accumulated purchases to date.

The Group has applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

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The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group’s past experience regarding returns and rebate entitlements may not be representative of customers’ actual returns and rebate entitlements in the future.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit and only has one reportable operating segment. Management monitors the overall operating results of the Group as a whole for the purpose of making decisions about resource allocation and performance assessment. Accordingly, no further analysis of the single segment is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Chinese mainland	1,013,198	1,294,591	2,185,455
Other countries.	7,844	7,888	4,009
Total revenue.	<u>1,021,042</u>	<u>1,302,479</u>	<u>2,189,464</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

As all non-current assets of the Group were located in Chinese mainland during the Relevant Periods, no geographical information is presented.

Information about major customers

No revenue amounting to 10 percent or more of the Group’s total revenue was derived from sales to a single customer during the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from contracts with customers.	<u>1,021,042</u>	<u>1,302,479</u>	<u>2,189,464</u>

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Revenue from contracts with customers

Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of goods			
Apparel products	1,015,984	1,296,994	2,182,628
Accessories	5,058	5,485	6,836
	<u>1,021,042</u>	<u>1,302,479</u>	<u>2,189,464</u>
Timing of revenue recognition			
Goods transferred at a point in time	<u>1,021,042</u>	<u>1,302,479</u>	<u>2,189,464</u>

The following table shows the amount of revenue recognised in the Relevant Periods that was included in the contract liabilities at the beginning of the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of goods	<u>10,961</u>	<u>8,150</u>	<u>35,861</u>

Performance obligations

Information about the Group’s performance obligations is summarised below:

Sale of products

The Group primarily sells its products to customers through online channels such as direct online sales and online distributors, and offline channels such as offline stores and offline distributors.

The performance obligation is satisfied upon delivery of the goods or upon the confirmation by the customer and payment is mainly on cash or credit card settlement simultaneously. The Group usually grants a credit period of 4 days to 30 days to online platforms, 30 days to 60 days to offline stores, and 10 days to 60 days to enterprise customers. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

All contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Bank interest income	1,376	1,690	1,815
Interest income from a related company	10,045	10,740	5,853
Government grants*.	2,540	11,872	18,076
Rental income	462	434	740
Others	<u>408</u>	<u>302</u>	<u>1,450</u>
Subtotal	<u>14,831</u>	<u>25,038</u>	<u>27,934</u>

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	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Gains			
Foreign exchange gains, net	–	–	230
Gain on disposal of land use rights	6,129	–	–
Gain on disposal of items of property, plant and equipment	22,427	–	–
Subtotal	28,556	–	230
Total	43,387	25,038	28,164

* Various government grants have been received to support the research activities of the Group and the construction of the Company’s plant and buildings. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statements of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cost of inventories sold*		425,346	551,271	904,941
Depreciation of property, plant and equipment	13	18,662	36,328	66,556
Amortisation of right-of-use assets	15(a)	11,136	18,065	29,463
Depreciation of investment properties	14	211	212	211
Amortisation of intangible assets***	16	675	752	1,234
Research and development costs*		33,973	36,811	53,479
Lease payments not included in the measurement of lease liabilities	15(c)	1,806	6,393	26,618
Foreign exchange differences, net	5	–	–	(230)
[REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expenses (including directors’ and chief executive’s remuneration (note 8)):				
Wages and salaries		92,455	124,129	150,395
Pension scheme contributions		8,911	13,394	16,412
Total		101,366	137,523	166,807
Impairment losses/(reversal of impairment) of trade and bills receivables, net	20	1,592	(1,686)	270
Impairment losses/(reversal of impairment) of other receivables, net		673	419	(418)
		2,265	(1,267)	(148)
Write-down of inventories to net realisable value	19	19,252	36,081	52,323
(Gain)/loss on disposal of items of property, plant and equipment**	5	(22,427)	–	40
Loss on termination of leases**	15(c)	55	31	730
Gain on disposal of land use rights**	5, 15	(6,129)	–	–

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* Cost of inventories sold and research and development costs include expenses relating to employee expenses, depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above for these types of expenses.

** These items for the Relevant Periods were included in “Other expenses” or “Other incomes and gains”.

*** The amortisation of intangible assets is included in “Administrative expenses”.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Interest on lease liabilities	15(c)	1,398	1,851	2,186
Interest on bank and other borrowings . .		5,832	9,512	16,017
Subtotal		7,230	11,363	18,203
Less: Interest capitalised		1,374	1,845	–
Total		5,856	9,518	18,203

8. DIRECTORS’, CHIEF EXECUTIVE’S AND SUPERVISORS’ REMUNERATION

The remuneration of the Company’s directors, chief executive and supervisors is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees	–	–	79
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind	3,047	3,366	3,887
Performance related bonuses*.	1,481	1,649	914
Pension scheme contributions	356	390	363
Total	4,884	5,405	5,243

* Certain executive directors of the Company are entitled to bonus payments which are determined by key performance indicators.

(a) Non-executive directors and independent non-executive directors

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Mr. Li Xiangdong	–	–	30
Mr. Chow Ching Ning	–	–	49
Mr. Qu Fei	–	–	–
Total	–	–	79

Mr. Li Xiangdong, Mr. Chow Ching Ning and Mr. Qu Fei were appointed as an independent non-executive director in August 2025.

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(b) Executive directors, the chief executive and supervisors

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023				
Executive Directors:				
Ms. Wang Lili (i)	780	280	138	1,198
Mr. Hou Zengjiang (ii)	299	155	18	472
Ms. Xiao Na (iii)	238	283	18	539
Mr. Zhuang Huangfeng (iv)	565	206	106	877
Mr. Yu Xiaofei (v)	652	338	44	1,034
Subtotal	2,534	1,262	324	4,120
Supervisors:				
Ms. Liu Jihua (vii)	160	121	18	299
Ms. Yang Xinli (viii)	84	31	14	129
Mr. Chen Shangbiao (ix)	269	67	–	336
Subtotal	513	219	32	764
Total	3,047	1,481	356	4,884

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024				
Executive Directors:				
Ms. Wang Lili (i)	782	370	142	1,294
Mr. Hou Zengjiang (ii)	279	190	21	490
Ms. Xiao Na (iii)	285	268	21	574
Mr. Zhuang Huangfeng (iv)	750	215	133	1,098
Mr. Yu Xiaofei (v)	617	411	35	1,063
Subtotal	2,713	1,454	352	4,519
Supervisors:				
Ms. Liu Jihua (vii)	147	99	21	267
Ms. Yang Xinli (viii)	89	55	17	161
Mr. Chen Shangbiao (ix)	417	41	–	458
Subtotal	653	195	38	886
Total	3,366	1,649	390	5,405

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contribution	Total remuneration
	RMB'000	RMB'000	RMB'000	
Year ended 31 December 2025				
Executive Directors:				
Ms. Wang Lili (i)	1,060	280	148	1,488
Mr. Hou Zengjiang (ii)	224	260	21	505
Ms. Xiao Na (iii)	311	276	21	608
Mr. Zhuang Huangfeng (iv)	1,358	50	148	1,556
Ms. Wang Hong (vi)	501	–	–	501
Subtotal	3,454	866	338	4,658

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	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contribution	Total remuneration
	RMB’000	RMB’000	RMB’000	
Supervisors:				
Ms. Liu Jihua (vii)	112	24	14	150
Ms. Yang Xinli (viii)	75	15	11	101
Mr. Chen Shangbiao (ix)	246	9	–	255
Subtotal	433	48	25	506
Total	3,887	914	363	5,164

Notes:

- (i) Ms. Wang Lili was appointed as a director in November 2016 and was then re-designated as an executive director and chief executive in September 2025.
- (ii) Mr. Hou Zengjiang was appointed as a director in November 2016 and was then re-designated as an executive director in September 2025.
- (iii) Ms. Xiao Na was appointed as a director in July 2019 and was then re-designated as an executive Director in September 2025.
- (iv) Mr. Zhuang Huangfeng was appointed as a director in December 2022 and was then re-designated as an executive director in September 2025.
- (v) Mr. Yu Xiaofei was appointed as a director of the Company in December 2022 and resigned as the director in January 2025.
- (vi) Ms. Wang Hong was appointed as a director of the Company in June 2014 and resigned in December 2022. She was designated as a director of the Company from January 2025 and resigned in September 2025.
- (vii) Ms. Liu Jihua was appointed as a supervisor of the Company in January 2022.
- (viii) Ms. Yang Xinli was appointed as a supervisor of the Company in January 2022.
- (ix) Mr. Chen Shangbiao was appointed as a supervisor of the Company in January 2022.

Pursuant to a resolution of the shareholders’ meeting in August 2025, the Company resolved to dissolve the board of supervisors.

9. FIVE HIGHEST PAID EMPLOYEES

The five individuals with the highest emoluments in the Group during the years ended 31 December 2023, 2024 and 2025 include 3, 3 and 2 directors, respectively, details of whose remuneration are set out above. Details of the remuneration of the remaining 2, 2 and 3 highest paid employees who are neither a director nor supervisor of the Group for the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, allowances and benefits in kind	975	1,781	3,010
Performance related bonuses	698	1,802	2,201
Pension scheme contributions	48	43	175
Total	1,721	3,626	5,386

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The numbers of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December		
	2023	2024	2025
Nil to HK\$1,000,000	2	—	—
HK\$1,000,001 to HK\$1,500,000	—	1	1
HK\$1,500,001 to HK\$2,000,000	—	—	1
HK\$2,000,001 to HK\$2,500,000	—	1	1
Total	2	2	3
	=	=	=

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and/or operate.

Pursuant to the Corporate Income Tax Law of Chinese mainland and the respective regulations (the “CIT Law”), the subsidiaries which operate in Chinese mainland are subject to CIT at a rate of 25% on the taxable income.

The Company was qualified as a High and New Technology Enterprises in 2024 and is entitled to a preferential tax rate of 15% from 2024 to 2026.

All subsidiaries of the Group, except Qingzhou Tanbor Intelligent Technology Co., Ltd., Qingzhou Chenyu E-commerce Co., Ltd., Tanboer (Hangzhou) E-commerce Co., Ltd. and Xuchang Tanboer Clothing Co., Ltd., have applied the small-scaled minimal profit corporate income tax preferential policy announced by the State Administration of Taxation of Chinese mainland. For these subsidiaries who satisfied the related regulatory requirements were subject to a preferential effective CIT tax rate of 5% during the Relevant Periods.

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current tax – charge for the year	25,784	13,744	41,585
Deferred tax – charge/(credit) (<i>note 18</i>)	11,711	(190)	(10,210)
Total tax charged for the year.	37,495	13,554	31,375
	=	=	=

A reconciliation of tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and its subsidiaries are domiciled and/or operate to the income tax expense at the effective income tax rate for each of the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before tax	176,740	120,868	254,633
Tax at the statutory tax rate	44,185	30,217	63,658
Effect of different tax rates	(739)	(10,709)	(24,081)
Expenses not deductible for tax	201	247	243
Effect on opening deferred tax of decrease in rates	—	(411)	—
Additional deduction on research and development costs	(6,152)	(5,790)	(8,445)
Tax charge at the Group’ effective tax rate.	37,495	13,554	31,375
	=	=	=

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11. DIVIDENDS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Dividends	—	—	290,000
	<u>—</u>	<u>—</u>	<u>290,000</u>

The Company declared and fully paid dividends of RMB290,000,000 during the year ended 31 December 2025.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts during the Relevant Periods is based on the profit attributable to ordinary equity holders of the parent for the Relevant Periods and the weighted average numbers of ordinary shares outstanding during the Relevant Periods.

The calculation of basic earnings per share is based on:

	Year ended 31 December		
	2023	2024	2025
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB'000)	139,245	107,314	223,258
	<u>139,245</u>	<u>107,314</u>	<u>223,258</u>
Shares			
Weighted average number ('000) of ordinary shares outstanding during the year used in the basic earnings per share calculation	167,300	167,300	167,300
	<u>167,300</u>	<u>167,300</u>	<u>167,300</u>

The Group had no potentially dilutive ordinary shares in issue throughout the Relevant Periods.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Plant and machinery	Office equipment	Motor vehicles	Electronic equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023								
At 1 January 2023:								
Cost	50,447	11,329	21,250	1,982	7,629	146,747	21,025	260,409
Accumulated depreciation	(27,999)	(2,984)	(7,149)	(1,619)	(6,253)	—	(3,060)	(49,064)
Net carrying amount . . .	<u>22,448</u>	<u>8,345</u>	<u>14,101</u>	<u>363</u>	<u>1,376</u>	<u>146,747</u>	<u>17,965</u>	<u>211,345</u>
At 1 January 2023, net of accumulated depreciation	22,448	8,345	14,101	363	1,376	146,747	17,965	211,345
Additions	3	13,494	2,277	132	1,100	101,264	27,087	145,357
Disposals	(4,368)	—	—	—	—	—	—	(4,368)
Depreciation provided during the year (note 6)	<u>(2,318)</u>	<u>(1,412)</u>	<u>(3,250)</u>	<u>(112)</u>	<u>(619)</u>	<u>—</u>	<u>(10,951)</u>	<u>(18,662)</u>
At 31 December 2023, net of accumulated depreciation	<u>15,765</u>	<u>20,427</u>	<u>13,128</u>	<u>383</u>	<u>1,857</u>	<u>248,011</u>	<u>34,101</u>	<u>333,672</u>

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	Buildings	Plant and machinery	Office equipment	Motor vehicles	Electronic equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023:								
Cost	40,059	24,823	23,527	2,114	8,729	248,011	48,112	395,375
Accumulated depreciation	(24,294)	(4,396)	(10,399)	(1,731)	(6,872)	—	(14,011)	(61,703)
Net carrying amount . . .	<u>15,765</u>	<u>20,427</u>	<u>13,128</u>	<u>383</u>	<u>1,857</u>	<u>248,011</u>	<u>34,101</u>	<u>333,672</u>
	Buildings	Plant and machinery	Office equipment	Motor vehicles	Electronic equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000

31 December 2024

At 1 January 2024:								
Cost	40,059	24,823	23,527	2,114	8,729	248,011	48,112	395,375
Accumulated depreciation	(24,294)	(4,396)	(10,399)	(1,731)	(6,872)	—	(14,011)	(61,703)
Net carrying amount . . .	<u>15,765</u>	<u>20,427</u>	<u>13,128</u>	<u>383</u>	<u>1,857</u>	<u>248,011</u>	<u>34,101</u>	<u>333,672</u>
At 1 January 2024, net of accumulated depreciation	15,765	20,427	13,128	383	1,857	248,011	34,101	333,672
Additions	—	15,191	6,736	272	2,030	158,022	51,152	233,403
Disposals	—	—	—	(24)	(14)	—	—	(38)
Depreciation provided during the year (note 6)	(7,932)	(3,018)	(2,846)	(108)	(887)	—	(21,537)	(36,328)
Transfer	<u>406,033</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(406,033)</u>	<u>—</u>	<u>—</u>
At 31 December 2024, net of accumulated depreciation	<u>413,866</u>	<u>32,600</u>	<u>17,018</u>	<u>523</u>	<u>2,986</u>	<u>—</u>	<u>63,716</u>	<u>530,709</u>
At 31 December 2024:								
Cost	446,092	40,014	30,263	1,911	10,456	—	99,264	628,000
Accumulated depreciation	(32,226)	(7,414)	(13,245)	(1,388)	(7,470)	—	(35,548)	(97,291)
Net carrying amount . . .	<u>413,866</u>	<u>32,600</u>	<u>17,018</u>	<u>523</u>	<u>2,986</u>	<u>—</u>	<u>63,716</u>	<u>530,709</u>

	Buildings	Plant and machinery	Office equipment	Motor vehicles	Electronic equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025								
At 1 January 2025:								
Cost	446,092	40,014	30,263	1,911	10,456	—	99,264	628,000
Accumulated depreciation . . .	(32,226)	(7,414)	(13,245)	(1,388)	(7,470)	—	(35,548)	(97,291)
Net carrying amount	<u>413,866</u>	<u>32,600</u>	<u>17,018</u>	<u>523</u>	<u>2,986</u>	<u>—</u>	<u>63,716</u>	<u>530,709</u>
At 1 January 2025, net of accumulated depreciation	413,866	32,600	17,018	523	2,986	—	63,716	530,709
Additions	—	6,731	3,374	574	1,832	7,413	21,943	41,867
Disposals	(4)	(68)	(2)	—	(1)	—	—	(75)

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	Buildings	Plant and machinery	Office equipment	Motor vehicles	Electronic equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation provided during the year								
(note 6)	(21,491)	(4,173)	(4,676)	(267)	(1,271)	–	(34,678)	(66,556)
Transfer	7,413	–	–	–	–	(7,413)	–	–
At 31 December 2025, net of accumulated depreciation	<u>399,784</u>	<u>35,090</u>	<u>15,714</u>	<u>830</u>	<u>3,546</u>	<u>–</u>	<u>50,981</u>	<u>505,945</u>
At 31 December 2025:								
Cost	453,501	46,091	33,294	2,485	12,277	–	121,207	668,855
Accumulated depreciation . . .	<u>(53,717)</u>	<u>(11,001)</u>	<u>(17,580)</u>	<u>(1,655)</u>	<u>(8,731)</u>	<u>–</u>	<u>(70,226)</u>	<u>(162,910)</u>
Net carrying amount	<u>399,784</u>	<u>35,090</u>	<u>15,714</u>	<u>830</u>	<u>3,546</u>	<u>–</u>	<u>50,981</u>	<u>505,945</u>

As at 31 December 2023, 2024 and 2025, certain of the Group’s property, plant and equipment amounting to RMB194,353,000, RMB290,715,000 and RMB293,714,000, respectively, were pledged to secure bank borrowings of the Group (note 25).

The Company

	Buildings	Plant and machinery	Office equipment	Motor vehicles	Electronic equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023								
At 1 January 2023:								
Cost	50,447	11,329	21,250	1,982	7,629	146,747	21,025	260,409
Accumulated depreciation	<u>(27,999)</u>	<u>(2,984)</u>	<u>(7,149)</u>	<u>(1,619)</u>	<u>(6,253)</u>	<u>–</u>	<u>(3,060)</u>	<u>(49,064)</u>
Net carrying amount . . .	<u>22,448</u>	<u>8,345</u>	<u>14,101</u>	<u>363</u>	<u>1,376</u>	<u>146,747</u>	<u>17,965</u>	<u>211,345</u>
At 1 January 2023, net of accumulated depreciation	22,448	8,345	14,101	363	1,376	146,747	17,965	211,345
Additions	3	13,494	2,212	132	763	101,264	26,133	144,001
Disposals	(4,368)	–	–	–	–	–	–	(4,368)
Depreciation provided during the year	<u>(2,318)</u>	<u>(1,412)</u>	<u>(3,250)</u>	<u>(112)</u>	<u>(619)</u>	<u>–</u>	<u>(10,951)</u>	<u>(18,662)</u>
At 31 December 2023, net of accumulated depreciation	<u>15,765</u>	<u>20,427</u>	<u>13,063</u>	<u>383</u>	<u>1,520</u>	<u>248,011</u>	<u>33,147</u>	<u>332,316</u>
At 31 December 2023:								
Cost	40,059	24,823	23,462	2,114	8,392	248,011	47,158	394,019
Accumulated depreciation	<u>(24,294)</u>	<u>(4,396)</u>	<u>(10,399)</u>	<u>(1,731)</u>	<u>(6,872)</u>	<u>–</u>	<u>(14,011)</u>	<u>(61,703)</u>
Net carrying amount . . .	<u>15,765</u>	<u>20,427</u>	<u>13,063</u>	<u>383</u>	<u>1,520</u>	<u>248,011</u>	<u>33,147</u>	<u>332,316</u>

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	Buildings	Plant and machinery	Office equipment	Motor vehicles	Electronic equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024								
At 1 January 2024:								
Cost	40,059	24,823	23,462	2,114	8,392	248,011	47,158	394,019
Accumulated depreciation	(24,294)	(4,396)	(10,399)	(1,731)	(6,872)	—	(14,011)	(61,703)
Net carrying amount . . .	<u>15,765</u>	<u>20,427</u>	<u>13,063</u>	<u>383</u>	<u>1,520</u>	<u>248,011</u>	<u>33,147</u>	<u>332,316</u>
At 1 January 2024, net of accumulated depreciation	15,765	20,427	13,063	383	1,520	248,011	33,147	332,316
Additions	—	15,191	6,507	272	1,984	158,022	50,460	232,436
Disposals	—	—	—	(24)	(14)	—	—	(38)
Depreciation provided during the year	(7,932)	(3,018)	(2,813)	(108)	(767)	—	(20,982)	(35,620)
Transfer	<u>406,033</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(406,033)</u>	<u>—</u>	<u>—</u>
At 31 December 2024, net of accumulated depreciation	<u>413,866</u>	<u>32,600</u>	<u>16,757</u>	<u>523</u>	<u>2,723</u>	<u>—</u>	<u>62,625</u>	<u>529,094</u>
At 31 December 2024:								
Cost	446,092	40,014	29,969	1,911	10,074	—	97,618	625,678
Accumulated depreciation	(32,226)	(7,414)	(13,212)	(1,388)	(7,351)	—	(34,993)	(96,584)
Net carrying amount . . .	<u>413,866</u>	<u>32,600</u>	<u>16,757</u>	<u>523</u>	<u>2,723</u>	<u>—</u>	<u>62,625</u>	<u>529,094</u>

	Buildings	Plant and machinery	Office equipment	Motor vehicles	Electronic equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025								
At 1 January 2025:								
Cost	446,092	40,014	29,969	1,911	10,074	—	97,618	625,678
Accumulated depreciation . .	(32,226)	(7,414)	(13,212)	(1,388)	(7,351)	—	(34,993)	(96,584)
Net carrying amount	<u>413,866</u>	<u>32,600</u>	<u>16,757</u>	<u>523</u>	<u>2,723</u>	<u>—</u>	<u>62,625</u>	<u>529,094</u>
At 1 January 2025, net of accumulated depreciation	413,866	32,600	16,757	523	2,723	—	62,625	529,094
Additions	—	6,671	3,115	574	717	7,413	15,606	34,096
Disposals	(4)	(68)	(2)	—	(1)	—	—	(75)
Depreciation provided during the year	(21,491)	(4,173)	(4,607)	(267)	(1,061)	—	(32,953)	(64,552)
Transfer	<u>7,413</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(7,413)</u>	<u>—</u>	<u>—</u>
At 31 December 2025, net of accumulated depreciation	<u>399,784</u>	<u>35,030</u>	<u>15,263</u>	<u>830</u>	<u>2,378</u>	<u>—</u>	<u>45,278</u>	<u>498,563</u>

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	Buildings	Plant and machinery	Office equipment	Motor vehicles	Electronic equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2025:								
Cost	453,501	46,031	32,741	2,485	10,779	—	113,224	658,761
Accumulated depreciation . .	(53,717)	(11,001)	(17,478)	(1,655)	(8,401)	—	(67,946)	(160,198)
Net carrying amount	<u>399,784</u>	<u>35,030</u>	<u>15,263</u>	<u>830</u>	<u>2,378</u>	<u>—</u>	<u>45,278</u>	<u>498,563</u>

14. INVESTMENT PROPERTIES

The Group and the Company

	Buildings
	RMB'000
31 December 2023	
At 1 January 2023:	
Cost	4,532
Accumulated depreciation	(2,553)
Net carrying amount	<u>1,979</u>
At 1 January 2023, net of accumulated depreciation	1,979
Depreciation provided during the year (<i>note 6</i>)	(211)
At 31 December 2023, net of accumulated depreciation	<u>1,768</u>
At 31 December 2023:	
Cost	4,532
Accumulated depreciation	(2,764)
Net carrying amount	<u>1,768</u>
	Buildings
	RMB'000
31 December 2024	
At 1 January 2024:	
Cost	4,532
Accumulated depreciation	(2,764)
Net carrying amount	<u>1,768</u>
At 1 January 2024, net of accumulated depreciation	1,768
Depreciation provided during the year (<i>note 6</i>)	(212)
At 31 December 2024, net of accumulated depreciation	<u>1,556</u>
At 31 December 2024:	
Cost	4,532
Accumulated depreciation	(2,976)
Net carrying amount	<u>1,556</u>

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	Buildings
	<i>RMB'000</i>
31 December 2025	
At 1 January 2025:	
Cost	4,532
Accumulated depreciation	(2,976)
Net carrying amount	<u>1,556</u>
At 1 January 2025, net of accumulated depreciation	1,556
Depreciation provided during the year (<i>note 6</i>)	(211)
At 31 December 2025, net of accumulated depreciation	<u>1,345</u>
At 31 December 2025:	
Cost	4,532
Accumulated depreciation	(3,187)
Net carrying amount	<u>1,345</u>

There were no items of investment properties pledged during the Relevant Periods.

The Group’s investment properties consist of two commercial properties in Chinese mainland. The fair value of the Group’s investment properties were at the amount of RMB4,402,000, RMB3,369,000 and RMB4,513,000 as at 31 December 2023, 2024 and 2025, respectively. The fair value of this item is measured using the market comparison method, which is categorised within Level 2 of the fair value hierarchy. The valuation is based on significant observable market inputs, including quoted prices for similar assets and comparable transaction data.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the Historical Financial Information.

15. LEASES

The Group

As a lessee

The Group has lease contracts for stores and office premises used in its operations. Lump sum payments were made upfront to acquire the land use rights with useful lives of 50 years, and no ongoing payments will be made under the terms of these land use rights. Leases of stores and office premises, have lease terms between 14 and 72 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) *Right-of-use assets*

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	Stores and office premises	Land use rights	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	26,797	66,866	93,663
Additions	14,875	6,250	21,125
Termination of leases	(4,315)	(4,665)	(8,980)
Depreciation charge (<i>note 6</i>)	(9,583)	(1,553)	(11,136)
As at 31 December 2023 and 1 January 2024 . . .	27,774	66,898	94,672
Additions	58,890	–	58,890
Termination of leases	(14,530)	–	(14,530)
Depreciation charge (<i>note 6</i>)	(16,571)	(1,494)	(18,065)

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	Stores and office premises	Land use rights	Total
	RMB'000	RMB'000	RMB'000
As at 31 December 2024 and 1 January 2025 . . .	55,563	65,404	120,967
Additions	23,716	17,364	41,080
Termination of leases	(11,121)	–	(11,121)
Modification of leases	(432)	–	(432)
Depreciation charge (note 6)	(27,600)	(1,863)	(29,463)
As at 31 December 2025	<u>40,126</u>	<u>80,905</u>	<u>121,031</u>

As at 31 December 2023, 2024 and 2025, certain of the Group’s and the Company’s right-of-use assets amounting to RMB49,639,000, RMB48,652,000 and RMB57,834,000, respectively, were pledged to secure bank borrowings of the Group and the Company (note 25).

(b) *Lease liabilities*

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year . . .	24,851	26,033	52,872
Addition during the year	14,875	58,890	23,716
Accretion of interest recognised during the year .	1,398	1,851	2,186
Payments	(10,831)	(19,403)	(31,109)
Termination of leases	(4,260)	(14,499)	(10,391)
Modification of leases	–	–	(432)
Carrying amount at the end of the year	<u>26,033</u>	<u>52,872</u>	<u>36,842</u>
Analysed into:			
Current portion	9,588	24,391	22,752
Non-current portion	<u>16,445</u>	<u>28,481</u>	<u>14,090</u>
Total	<u>26,033</u>	<u>52,872</u>	<u>36,842</u>

(c) *The amounts recognised in profit or loss in relation to leases are as follows:*

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets	11,136	18,065	29,463
Interest charge on lease liabilities	1,398	1,851	2,186
Loss on termination of a lease (note 6)	55	31	730
Gain on disposal of land use rights	6,129	–	–
Expense relating to short-term leases	<u>1,806</u>	<u>6,393</u>	<u>26,618</u>
Total amount recognised in profit or loss	<u>20,524</u>	<u>26,340</u>	<u>58,997</u>

(d) The total cash outflows for leases are disclosed in note 29(c) to the Historical Financial Information.

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The Company

As a lessee

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	Stores and office premises	Land use rights	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	25,273	66,866	92,139
Additions	4,812	6,250	11,062
Termination of leases	(3,868)	(4,665)	(8,533)
Depreciation charge	(9,230)	(1,553)	(10,783)
As at 31 December 2023 and 1 January 2024	16,987	66,898	83,885
Additions	29,272	–	29,272
Termination of leases	(14,530)	–	(14,530)
Depreciation charge	(10,788)	(1,494)	(12,282)
As at 31 December 2024 and 1 January 2025	20,941	65,404	86,345
Additions	330	17,364	17,694
Termination of leases	(11,121)	–	(11,121)
Modification of a lease	154	–	154
Depreciation charge	(6,011)	(1,863)	(7,874)
As at 31 December 2025	4,293	80,905	85,198

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year . . .	23,300	15,073	19,452
Addition during the year	4,812	29,272	330
Accretion of interest recognised during the year .	1,190	927	432
Payments	(9,969)	(12,091)	(6,015)
Termination of a leases	(4,260)	(13,729)	(10,391)
Modification of a lease	–	–	154
Carrying amount at the end of the year	15,073	19,452	3,962
Analysed into:			
Current portion	5,954	7,738	3,091
Non-current portion	9,119	11,714	871
	15,073	19,452	3,962

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(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets	10,783	12,282	7,874
Interest charge on lease liabilities	1,190	927	432
(Gain)/loss on termination of a lease	(392)	801	422
Gain on disposal of land use rights	6,129	—	—
Expense relating to short-term leases	1,806	6,393	26,618
Total amount recognised in profit or loss.	<u>19,516</u>	<u>20,403</u>	<u>35,346</u>

The Group and the Company

As a lessor

The Group leases its investment properties (note 14) consisting of two commercial properties in Chinese mainland under operating lease arrangements.

The undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	206	143	40
After one year but within two years.	143	40	19
After two years	59	19	—
Total	<u>408</u>	<u>202</u>	<u>59</u>

16. INTANGIBLE ASSETS

The Group

31 December 2023

	Software
	RMB'000
At 1 January 2023:	
Cost	6,302
Accumulated amortisation.	(3,307)
Net carrying amount	<u>2,995</u>
At 1 January 2023, net of accumulated amortisation	2,995
Additions	2,480
Amortisation provided during the year (note 6)	(675)
At 31 December 2023, net of accumulated amortisation	<u>4,800</u>
At 31 December 2023:	
Cost	8,782
Accumulated amortisation.	(3,982)
Net carrying amount	<u>4,800</u>

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31 December 2024

Software

RMB'000

At 1 January 2024:

Cost	8,782
Accumulated amortisation.	(3,982)
Net carrying amount	4,800

At 1 January 2024, net of accumulated amortisation	4,800
Additions	1,898
Amortisation provided during the year (<i>note 6</i>)	(752)
At 31 December 2024, net of accumulated amortisation.	5,946

At 31 December 2024:

Cost	10,680
Accumulated amortisation.	(4,734)
Net carrying amount	5,946

31 December 2025

Software

RMB'000

At 1 January 2025:

Cost	10,680
Accumulated amortisation.	(4,734)
Net carrying amount	5,946

At 1 January 2025, net of accumulated amortisation	5,946
Additions	3,276
Amortisation provided during the year (<i>note 6</i>)	(1,234)
31 December 2025, net of accumulated amortisation.	7,988

31 December 2025:

Cost	11,319
Accumulated amortisation.	(3,331)
Net carrying amount	7,988

The Company

31 December 2023

Software

RMB'000

At 1 January 2023:

Cost	6,302
Accumulated amortisation.	(3,307)
Net carrying amount	2,995

At 1 January 2023, net of accumulated amortisation	2,995
Additions	2,466
Amortisation provided during the year	(675)
At 31 December 2023, net of accumulated amortisation.	4,786

At 31 December 2023:

Cost	8,768
Accumulated amortisation.	(3,982)
Net carrying amount	4,786

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31 December 2024

Software

RMB’000

At 1 January 2024:

Cost	8,768
Accumulated amortisation.	(3,982)
Net carrying amount	<u>4,786</u>

At 1 January 2024, net of accumulated amortisation	4,786
Additions	1,897
Amortisation provided during the year	(750)

At 31 December 2024, net of accumulated amortisation.	<u>5,933</u>
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At 31 December 2024:

Cost	10,665
Accumulated amortisation.	(4,732)
Net carrying amount	<u>5,933</u>

31 December 2025

Software

RMB’000

At 1 January 2025:

Cost	10,665
Accumulated amortisation.	(4,732)
Net carrying amount	<u>5,933</u>

At 1 January 2025, net of accumulated amortisation	5,933
Additions	3,276
Amortisation provided during the year	(1,232)

At 31 December 2025, net of accumulated amortisation.	<u>7,977</u>
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At 31 December 2025:

Cost	11,305
Accumulated amortisation.	(3,328)
Net carrying amount	<u>7,977</u>

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Unlisted equity investments, at fair value	<u>800</u>	<u>900</u>	<u>—</u>

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

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18. DEFERRED TAX

The Group

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax assets

	Lease liabilities	Impairment on financial assets	Impairment of inventories	Provision	Losses available for offsetting against future taxable profits	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	6,213	2,179	8,770	2,660	–	–	19,822
Deferred tax (charged)/credited to profit or loss during the year (note 10).	(1,544)	272	(1,194)	1,073	–	9	(1,384)
At 31 December 2023 and 1 January 2024	4,669	2,451	7,576	3,733	–	9	18,438
Deferred tax credited/(charged) to profit or loss during the year (note 10).	4,150	(1,180)	(568)	(1,389)	61	228	1,302
At 31 December 2024 and 1 January 2025	8,819	1,271	7,008	2,344	61	237	19,740
Deferred tax (charged)/credited to profit or loss during the year (note 10).	(2,608)	(840)	3,798	3,011	5,607	92	9,060
At 31 December 2025	6,211	431	10,806	5,355	5,668	329	28,800

Deferred tax liabilities

	Fair value adjustments arising from financial assets at fair value	Depreciation allowance in excess of related depreciation	Right-of-use assets	Government grants	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023.	150	2,298	6,699	–	9,147
Deferred tax credited to other comprehensive income during the year.	(25)	–	–	–	(25)
Deferred tax charged/(credited) to profit or loss during the year (note 10)	–	2,591	(1,662)	9,398	10,327
At 31 December 2023 and 1 January 2024	125	4,889	5,037	9,398	19,449
Deferred tax credited to other comprehensive income during the year.	(35)	–	–	–	(35)
Deferred tax charged/(credited) to profit or loss during the year (note 10)	–	575	4,296	(3,759)	1,112
At 31 December 2024 and 1 January 2025	90	5,464	9,333	5,639	20,526
Deferred tax credited to other comprehensive income during the year.	(90)	–	–	–	(90)
Deferred tax charged/(credited) to profit or loss during the year (note 10)	–	1,327	(2,477)	–	(1,150)
At 31 December 2025	–	6,791	6,856	5,639	19,286

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For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position . .	107	171	9,514
Net deferred tax liabilities recognised in the consolidated statements of financial position . .	(1,118)	(957)	—

The Group had tax losses arising in Chinese mainland of nil, RMB1,222,000 and RMB39,095,000 as at 31 December 2023, 2024 and 2025, respectively, that will expire in one to five years for offsetting against future taxable profits.

The Company

Deferred tax assets

	Lease liabilities	Impairment on financial assets	Impairment of inventories	Provision	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	5,826	2,206	8,770	2,660	19,462
Deferred tax (charged)/credited to profit or loss during the year	(2,058)	271	(1,194)	1,073	(1,908)
At 31 December 2023 and 1 January 2024	3,768	2,477	7,576	3,733	17,554
Deferred tax charged to profit or loss during the year	(850)	(1,051)	(568)	(1,389)	(3,858)
At 31 December 2024 and 1 January 2025	2,918	1,426	7,008	2,344	13,696
Deferred tax (charged)/credited to profit or loss during the year	(2,324)	(478)	3,798	2,906	3,902
At 31 December 2025	594	948	10,806	5,250	17,598

Deferred tax liabilities

	Fair value adjustments arising from financial assets at fair value	Depreciation allowance in excess of related depreciation	Right-of-use assets	Government grants	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	150	2,298	6,320	—	8,768
Deferred tax credited to other comprehensive income during the year	(25)	—	—	—	(25)
Deferred tax charged/(credited) to profit or loss during the year	—	2,591	(2,074)	9,398	9,915
At 31 December 2023 and 1 January 2024	125	4,889	4,246	9,398	18,658

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	Fair value adjustments arising from financial assets at fair value	Depreciation allowance in excess of related depreciation	Right-of-use assets	Government grants	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax credited to other comprehensive income during the year	(35)	—	—	—	(35)
Deferred tax charged/(credited) to profit or loss during the year	—	575	(1,106)	(3,759)	(4,290)
At 31 December 2024 and 1 January 2025	90	5,464	3,140	5,639	14,333
Deferred tax credited to other comprehensive income during the year	(90)	—	—	—	(90)
Deferred tax charged/(credited) to profit or loss during the year	—	1,326	(2,496)	—	(1,170)
At 31 December 2025	—	6,790	644	5,639	13,073

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognized in the consolidated statements of financial position . .	—	—	4,525
Net deferred tax liabilities recognized in the consolidated statements of financial position . .	(1,104)	(637)	—

19. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	79,128	201,120	200,411
Finished goods	177,390	492,084	725,289
Total	256,518	693,204	925,700

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Impairment provision

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year . . .	35,078	30,304	46,722
Impairment losses recognised	19,252	36,081	52,323
Amounts written off	(24,026)	(19,663)	(27,003)
Carrying amount at the end of the year	<u>30,304</u>	<u>46,722</u>	<u>72,042</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	79,128	201,120	191,817
Finished goods	177,322	489,532	725,289
Total	<u>256,450</u>	<u>690,652</u>	<u>917,106</u>

Impairment provision

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year . . .	35,078	30,304	46,722
Impairment losses recognised	19,252	36,081	52,323
Amounts written off	(24,026)	(19,663)	(27,003)
Carrying amount at the end of the year	<u>30,304</u>	<u>46,722</u>	<u>72,042</u>

20. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	230,716	282,971	588,138
Bills receivable	7,470	3,430	8,032
Total	238,186	286,401	596,170
Impairment	9,065	7,379	2,307
Net carrying amount	<u>229,121</u>	<u>279,022</u>	<u>593,863</u>

The Group’s trade receivables usually generate from sales through online platform, offline stores, distributors and group buying customers. The Group usually grants a credit period of 4 days to 30 days to online platforms, 30 days to 60 days to offline stores, and 10 days to 60 days to enterprise customers. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing. The Group’s bills receivable were all aged within six months and were neither past due nor impaired.

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During the years ended 31 December 2023, 2024 and 2025, the Group has not recognised any gain or loss on the date of transfer of the derecognised bills. No gains or losses were recognised from the continuing involvement, both during the Relevant Periods or cumulatively. The endorsement has been made evenly throughout the Relevant Periods.

An ageing analysis of the Group’s trade and bills receivables, based on the recognition date and net of loss allowance, at the end of each of the Relevant Periods is as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 3 months	215,900	271,010	588,119
3 to 6 months	11,068	2,445	4,555
6 to 12 months	1,613	4,894	1,011
1 to 2 years	540	673	178
Over 2 years	—	—	—
Total	<u>229,121</u>	<u>279,022</u>	<u>593,863</u>

The movements in the loss allowance of trade and bill receivables are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At beginning of year	7,473	9,065	7,379
Impairment losses, net (<i>note 6</i>)	1,592	(1,686)	270
Amount written-off as uncollectible	—	—	(5,342)
At end of year	<u>9,065</u>	<u>7,379</u>	<u>2,307</u>

An impairment analysis is performed at each reporting date using a provision matrix or assessed individually to measure expected credit losses. The provision rates used in the provision matrix are based on ageing analysis of customers that have similar loss pattern. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that are available at the end of the reporting period about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group’s trade and bills receivables using a provision matrix:

At 31 December 2023:

	Credit risk exposure using a provision matrix						Total
	Individual assessment	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years	
Expected credit loss rate . .	100.0%	0.7%	1.0%	10.7%	24.4%	100.0%	3.8%
Gross carrying amount (RMB’000)	4,618	217,424	11,176	1,807	714	2,447	238,186
Expected credit losses (RMB’000)	<u>4,618</u>	<u>1,524</u>	<u>108</u>	<u>194</u>	<u>174</u>	<u>2,447</u>	<u>9,065</u>
Net carrying amount	<u>—</u>	<u>215,900</u>	<u>11,068</u>	<u>1,613</u>	<u>540</u>	<u>—</u>	<u>229,121</u>

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At 31 December 2024:

	Credit risk exposure using a provision matrix						Total
	Individual assessment	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years	
Expected credit loss rate . .	100.0%	0.2%	1.0%	3.3%	13.6%	100.0%	2.6%
Gross carrying amount (RMB’000)	4,616	271,654	2,469	5,061	779	1,822	286,401
Expected credit losses (RMB’000)	4,616	644	24	167	106	1,822	7,379
Net carrying amount	—	271,010	2,445	4,894	673	—	279,022

At 31 December 2025:

	Credit risk exposure using a provision matrix						Total
	Individual assessment	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years	
Expected credit loss rate . .	—	0.1%	0.5%	2.8%	21.9%	100.0%	0.4%
Gross carrying amount (RMB’000)	—	588,816	4,578	1,040	228	1,508	596,170
Expected credit losses (RMB’000)	—	697	23	29	50	1,508	2,307
Net carrying amount	—	588,119	4,555	1,011	178	—	593,863

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade receivables	230,155	260,151	583,373
Bills receivable	7,470	3,310	8,032
Total	237,625	263,461	591,405
Impairment	9,155	8,657	5,585
Net carrying amount	228,470	254,804	585,820

Included in the Company’s trade receivables were amounts due from the Company’s subsidiaries of RMB9,548,000, RMB80,486,000 and RMB184,605,000 respectively, which were repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade and bills receivables at the end of each of the Relevant Periods, based on the recognition date and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 3 months	215,249	246,792	579,144
3 to 6 months	11,068	2,445	5,070
6 to 12 months	1,613	4,894	1,428
1 to 2 years	540	673	178
Over 2 years	—	—	—
Total	228,470	254,804	585,820

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The movements in the loss allowance of trade and bills receivables are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	7,503	9,155	8,657
Impairment losses, net	1,652	(498)	2,270
Amount written-off as uncollectible	—	—	(5,342)
At end of year	<u>9,155</u>	<u>8,657</u>	<u>5,585</u>

Set out below is the information about the credit risk exposure on the Company’s trade and bills receivables using a provision matrix:

At 31 December 2023:

Credit risk exposure using a provision matrix							
	Individual assessment	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate . .	33.7%	0.7%	1.0%	10.7%	24.4%	100.0%	3.9%
Gross carrying amount (RMB'000)	14,165	207,316	11,176	1,807	714	2,447	237,625
Expected credit losses (RMB'000)	<u>4,780</u>	<u>1,452</u>	<u>108</u>	<u>194</u>	<u>174</u>	<u>2,447</u>	<u>9,155</u>
Net carrying amount	<u>9,385</u>	<u>205,864</u>	<u>11,068</u>	<u>1,613</u>	<u>540</u>	<u>—</u>	<u>228,470</u>

At 31 December 2024:

Credit risk exposure using a provision matrix							
	Individual assessment	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate . .	7.2%	0.2%	1.0%	3.3%	13.6%	100.0%	3.3%
Gross carrying amount (RMB'000)	85,102	168,228	2,469	5,061	779	1,822	263,461
Expected credit losses (RMB'000)	<u>6,141</u>	<u>397</u>	<u>24</u>	<u>167</u>	<u>106</u>	<u>1,822</u>	<u>8,657</u>
Net carrying amount	<u>78,961</u>	<u>167,831</u>	<u>2,445</u>	<u>4,894</u>	<u>673</u>	<u>—</u>	<u>254,804</u>

At 31 December 2025:

Credit risk exposure using a provision matrix							
	Individual assessment	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
Expected credit loss rate . .	1.9%	0.1%	0.5%	2.8%	21.9%	100.0%	0.9%
Gross carrying amount (RMB'000)	184,605	399,777	4,345	942	228	1,508	591,405
Expected credit losses (RMB'000)	<u>3,507</u>	<u>472</u>	<u>22</u>	<u>26</u>	<u>50</u>	<u>1,508</u>	<u>5,585</u>
Net carrying amount	<u>181,098</u>	<u>399,305</u>	<u>4,323</u>	<u>916</u>	<u>178</u>	<u>—</u>	<u>585,820</u>

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21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayments	16,222	30,957	19,280
Right-of-return assets	3,373	5,272	16,975
Deposits	17,515	22,192	20,158
Other receivables	60,830	65,652	67,065
Deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Value-added-tax recoverable	116	2,371	36
Due from a related company (note (a))	328,809	325,184	–
	426,865	451,628	127,526
Impairment allowance	(1,137)	(1,393)	(788)
Total	425,728	450,235	126,738
Analysed into:			
Current portion	98,044	436,800	119,084
Non-current portion	327,684	13,435	7,654

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayments	16,147	28,627	12,557
Right-of-return assets	3,374	5,272	15,633
Deposits	16,745	21,159	14,301
Other receivables	60,822	64,653	66,726
Deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Value-added-tax recoverable	–	2,078	–
Due from subsidiaries (note (b))	–	2,213	2,522
Due from a related company (note (a))	328,809	325,184	–
	425,896	449,186	115,751
Impairment allowance	(754)	(853)	(734)
Total	425,142	448,333	115,017
Analysed into:			
Current portion	97,606	436,574	109,919
Non-current portion	327,536	11,759	5,098

Except for certain loss allowance provided for deposits and other receivables, there was no recent history of default and past due amounts.

Deposits and other receivables were mainly deposits for online and offline stores. Deposits and other receivables were non-interest-bearing and should be repaid after the contract terms.

Notes:

- (a) The amounts due from a related company bore interest at rates of 3.65% to 4.60% per annum, were unsecured and repayable within three years.
- (b) The amounts due from subsidiaries were unsecured, interest-free and were repayable on demand.

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22. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	129,374	224,616	363,760
Less: restricted cash*.	44,010	70,948	100,549
Cash and cash equivalents	<u>85,364</u>	<u>153,668</u>	<u>263,211</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	120,935	203,464	306,235
Less: restricted cash*.	44,010	70,948	100,549
Cash and cash equivalents	<u>76,925</u>	<u>132,516</u>	<u>205,686</u>

* Bank balances of RMB44,010,000, RMB70,948,000 and RMB100,549,000 as at 31 December 2023, 2024 and 2025, respectively, were pledged to banks as collateral for issuance of bank acceptance notes.

At the end of each of the Relevant Periods, the cash and bank balances of the Group all denominated in Renminbi (“RMB”). Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The RMB is not freely convertible into other currencies, however, under Chinese mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

23. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bills payable	83,304	206,098	364,037
Trade payables	192,662	547,347	717,325
Total	<u>275,966</u>	<u>753,445</u>	<u>1,081,362</u>

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An ageing analysis of the trade and bills payables at the end of each of the Relevant Periods, based on the date of receipt of goods, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	273,700	751,566	1,080,121
1 to 2 years.	2,266	753	377
Over 2 years	–	1,126	864
	<u>275,966</u>	<u>753,445</u>	<u>1,081,362</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bills payable	83,304	206,098	364,037
Trade payables	193,758	539,486	705,084
Total	<u>277,062</u>	<u>745,584</u>	<u>1,069,121</u>

Included in the Company’s trade payables were amounts due to the Company’s subsidiaries of RMB2,388,000, RMB6,326,000 and RMB14,968,000 as at 31 December 2023, 2024 and 2025, respectively, which are repayable on credit terms similar to those offered to the major supplier of the Group.

An ageing analysis of the trade and bills payables at the end of each of the Relevant Periods, based on the date of receipt of goods, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	274,796	743,705	1,067,880
1 to 2 years.	2,266	753	377
Over 2 years	–	1,126	864
Total	<u>277,062</u>	<u>745,584</u>	<u>1,069,121</u>

Trade and bills payables were non-interest-bearing and were normally settled on terms of 30 to 300 days.

The Group entered into supplier finance arrangement with certain financial institutions and banks (the “Factoring Companies”) who provided total credit limits up to RMB135 million and RMB229 million for factoring the trade receivables of the Group’s suppliers as at 31 December 2024 and 2025, respectively.

Under these supplier finance arrangements, the Group’s suppliers are eligible to have their undue trade receivables from the Group factored by the Factoring Companies. Upon the Group’s approval, the suppliers enter into their trade receivables transfer agreements with the Factoring Companies, whereby their corresponding trade receivables due from the Group were transferred to the Factoring Companies. The Factoring Companies then settle the suppliers directly for the factored trade receivables. The Group subsequently make payments to the Factoring Companies to settle the factored amounts. The credit periods of the above supplier finance arrangements are usually not more than 12 months.

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All financial liabilities that are part of the supplier finance arrangements are included in trade and bills payables.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount of financial liabilities that are part of the supplier finance arrangements included in:			
Trade and bills payables	—	83,864	188,650
of which suppliers have received payments	—	83,864	188,650
	—	<u>83,864</u>	<u>188,650</u>

24. OTHER PAYABLES AND ACCRUALS

The Group

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Contract liabilities	(a)	18,625	45,156	16,854
Refund liabilities	(b)	8,848	13,113	33,956
Other payables	(c)	92,485	151,638	131,273
Deposits		22,237	29,241	30,782
Payable for [REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Other tax payable		61,590	15,946	52,308
Payrolls payables		29,244	38,784	39,470
Total		<u>233,029</u>	<u>293,878</u>	<u>306,501</u>

- (a) Contract liabilities mainly include short-term advances received from distributors, rebates and member points of royalty programs related to the sale of products.

		As at 1 January	As at 31 December		
		2023	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Sale of goods	11,700	<u>18,625</u>	<u>45,156</u>	<u>16,854</u>	

The Company

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Contract liabilities	(a)	18,625	39,067	11,081
Refund liabilities	(b)	8,848	13,113	31,858
Other payables	(c)	92,398	151,883	128,819
Deposits		22,237	29,241	30,782
Payable for [REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Other tax payables		60,827	8,343	40,403
Payrolls payable		27,098	34,169	25,331
Amounts due to a subsidiary	(d)	21,900	26,629	25,824
		<u>251,933</u>	<u>302,445</u>	<u>295,956</u>

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Notes:

- (a) Contract liabilities mainly include short-term advances received from distributors, rebates and member points related to the sale of products.

	As at 1 January	As at 31 December		
	2023	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Sale of goods.	11,700	18,625	39,067	11,081

- (b) Refund liabilities represented the obligations arising from rights of return to refund some or all of the consideration received (or receivable) from customers. The Group updates its estimates of refund liabilities (and the corresponding changes in the transaction prices) at each reporting period.

- (c) Other payables were unsecured, non-interest-bearing and were repayable on demand.

- (d) The amounts due to a subsidiary bore interest at rates of 3.65% to 4.80% and were repayable on demand.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December 2023		
	Effective interest rate	Maturity	RMB'000
Current			
Bank borrowings – secured and guaranteed	3.45%	2024	8,008
Bank borrowings – guaranteed.	3.70%	2024	5,006
Current portion of long-term bank loans			
– secured and guaranteed	3.20%-4.65%	2024	17,015
Current portion of long-term bank loans			
– guaranteed	4.80%	2024	47
			<u>30,076</u>
Non-current			
Bank borrowings – secured and guaranteed	3.20%-4.65%	2025-2027	37,446
Bank borrowings – guaranteed.	4.80%	2025	14,940
			<u>52,386</u>
Total			<u>82,462</u>

	As at 31 December 2024		
	Effective interest rate	Maturity	RMB'000
Current			
Bank borrowings – secured and guaranteed	3.65%	2025	52,579
Bank borrowings – unsecured	3.5%	2025	10,011
Bank borrowings – guaranteed.	3.45%-4.00%	2025	95,110
Current portion of long-term bank loans			
– secured and guaranteed	3.20%-4.65%	2025	17,185
Current portion of long-term bank loans			
– guaranteed	3.65%	2025	14,957
			<u>189,842</u>
Non-Current			
Bank borrowings – secured and guaranteed	3.20%-4.65%	2026-2027	79,996
Total			<u>269,838</u>

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As at 31 December 2025			
	Effective interest rate	Maturity	RMB'000
Current			
Bank borrowings – secured and guaranteed	3.10%-3.65%	2026	81,634
Bank borrowings – guaranteed	3.10%-4.80%	2026	128,892
Bank borrowings – unsecured	3.5%	2026	30,032
Current portion of long-term bank loans – secured and guaranteed	3.65%	2026	59,557
Current portion of long-term bank loans – guaranteed	3.15%	2026	29,924
Current portion of other borrowing – secured	5.29%	2026	12,310
			<u>342,349</u>
Non-Current			
Other borrowing – secured	5.29%	2027-2028	16,130
Total			<u>358,479</u>

The Group’s certain bank loans and other borrowings at 31 December 2023, 2024 and 2025 of RMB62,469,000, RMB149,760,000 and RMB141,191,000, respectively, were secured by the pledge of the Group’s assets.

As at 31 December			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Right-of-use assets	49,639	48,652	57,834
Property, plant and equipment	194,353	290,715	293,714
Total	<u>243,992</u>	<u>339,367</u>	<u>351,548</u>

At 31 December 2023, 2024 and 2025, the Group’s certain bank loans of RMB82,462,000, RMB259,827,000 and RMB289,693,000, respectively, were guaranteed by related parties, Shanghai Lanyin Investment Management Co., Ltd., Qingzhou Tanwen Investment Management Center (Limited Partnership), Ms. Wang Lili and Mr. Wang Yongping. In addition, these related parties guaranteed certain banking facilities to the extent of RMB92,000,000, RMB269,740,000 and RMB429,590,000 as at 31 December 2023, 2024 and 2025, respectively. The management of Group expect to repay the borrowings or procure the release of the guarantees provided by the relevant Controlling Shareholders for the borrowings prior to the [REDACTED].

As at 31 December			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank borrowings repayable:			
Within one year or on demand	30,076	189,842	342,349
In the second year	16,980	69,748	16,130
In the third to fifth years, inclusive	35,406	10,248	–
Net carrying amount	<u>82,462</u>	<u>269,838</u>	<u>358,479</u>

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The Company

	As at 31 December 2023		
	<i>Effective interest rate</i>	<i>Maturity</i>	<i>RMB'000</i>
Current			
Bank borrowings – secured and guaranteed	3.45%	2024	8,008
Current portion of long-term bank loans			
– secured and guaranteed	3.20%-4.65%	2024	17,015
Total – current			25,023
Non-Current			
Bank borrowings – secured and guaranteed	3.20%-4.65%	2025-2027	37,446
Total			62,469

	As at 31 December 2024		
	<i>Effective interest rate</i>	<i>Maturity</i>	<i>RMB'000</i>
Current			
Bank borrowings – secured and guaranteed	3.65%	2025	52,579
Current portion of long-term bank loans			
– secured and guaranteed	3.50%	2025	10,011
Bank borrowings – guaranteed	3.45%-4.00%	2025	85,097
Current portion of long-term bank loans -			
secured and guaranteed	3.20%-4.65%	2025	17,185
			164,872
Non-Current			
Bank borrowings – secured and guaranteed	3.20%-4.65%	2026-2027	79,996
Total			244,868

	As at 31 December 2025		
	<i>Effective interest rate</i>	<i>Maturity</i>	<i>RMB'000</i>
Current			
Bank borrowings – secured and guaranteed	3.65%	2026	71,624
Bank borrowings – guaranteed	3.10%-4.80%	2026	148,914
Current portion of long-term bank loans			
– secured and guaranteed	3.65%	2026	59,557
Current portion of other borrowing – secured	5.29%	2026	12,310
			292,405
Non-Current			
Other borrowing – secured	5.29%	2027-2028	16,130
Total			308,535

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	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank borrowings repayable:			
Within one year	25,023	164,872	292,405
In the second year	16,950	69,748	16,130
In the third to fifth years, inclusive.	20,496	10,248	–
Net carrying amount	<u>62,469</u>	<u>244,868</u>	<u>308,535</u>

The Company’s certain bank loans and other borrowings at 31 December 2023, 2024 and 2025 of RMB62,469,000, RMB149,760,000 and RMB131,181,000, respectively, were secured by the pledge of the Company’s assets.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Right-of-use assets	49,639	48,652	57,834
Property, plant and equipment	194,353	290,715	293,714
Total	<u>243,992</u>	<u>339,367</u>	<u>351,548</u>

At 31 December 2023, 2024 and 2025, the Company’s certain bank loans of RMB62,469,000, RMB234,857,000 and RMB249,798,000, respectively, were guaranteed by Shanghai Lanyin Investment Management Co., Ltd, Qingzhou Tanwen Investment Management Center (Limited Partnership), Ms. Wang Lili and Mr. Wang Yongping. The management of Group expect to repay the borrowings or procure the release of the guarantees provided by the relevant Controlling Shareholders for the borrowings prior to the [REDACTED].

26. DEFERRED INCOME

The Group and the Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	110,845	194,911	189,003
Addition	86,338	–	–
Amortisation during the year	(2,272)	(5,908)	(15,314)
At the end of the year	<u>194,911</u>	<u>189,003</u>	<u>173,689</u>
Current portion.	5,908	15,314	15,174
Non-current portion	<u>189,003</u>	<u>173,689</u>	<u>158,515</u>

27. SHARE CAPITAL

The Group and the Company

Shares

	As at 31 December		
	2023	2024	2025
Issued and fully paid: Ordinary shares with par value of RMB1.00 each	<u>167,300,000</u>	<u>167,300,000</u>	<u>167,300,000</u>

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28. RESERVES

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Statutory reserve

In accordance with the Company Law of Chinese mainland and the articles of association of entities established in Chinese mainland are required to appropriate 10% of its net profits after tax, as determined under the Chinese accounting standards, to the statutory reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant regulations and in the articles of association of the entities, the statutory reserve may be used either to offset losses, or to be converted to increase the capital provided that the balance after this conversion is not less than 25% of the registered capital of the entities.

The Company

The amounts of the Company’s reserves and the movements therein for the Relevant Periods are presented as below:

	Share premium	Statutory reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	76,722	28,052	450	217,470	322,694
Profit for the year	—	—	—	136,040	136,040
Other comprehensive income for the year:					
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax . . .	—	—	(75)	—	(75)
Total comprehensive income for the year	—	—	(75)	136,040	135,965
Transfer to statutory reserve	—	13,604	—	(13,604)	—
At 31 December 2023 and 1 January 2024	76,722	41,656	375	339,906	458,659
Profit for the year	—	—	—	96,304	96,304
Other comprehensive income for the year:					
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax . . .	—	—	135	—	135
Total comprehensive income for the year	—	—	135	96,304	96,439
Transfer to statutory reserve	—	9,630	—	(9,630)	—
At 31 December 2024 and 1 January 2025	76,722	51,286	510	426,580	555,098
Profit for the year	—	—	—	229,105	229,105
Other comprehensive income for the year:					
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax . . .	—	—	92	—	92

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	Share premium	Statutory reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total comprehensive income for the year	–	–	92	229,105	229,197
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	(602)	602	–
Transfer to statutory reserve	–	22,910	–	(22,910)	–
Dividend declared	–	–	–	(290,000)	(290,000)
At 31 December 2025	<u>76,722</u>	<u>74,196</u>	<u>–</u>	<u>343,377</u>	<u>494,295</u>

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB14,875,000, RMB58,890,000 and RMB23,716,000 respectively, in respect of lease agreements.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Lease liabilities	Payable for [REDACTED] expenses
	RMB'000	RMB'000	RMB'000
At 1 January 2023	92,601	24,851	–
Changes from financing cash flows	(15,971)	(10,831)	–
New leases	–	14,875	–
Interest expense	5,832	1,398	–
Termination of leases	–	(4,260)	–
At 31 December 2023 and 1 January 2024	<u>82,462</u>	<u>26,033</u>	<u>–</u>
Changes from financing cash flows	177,864	(19,403)	–
New leases	–	58,890	–
Interest expense	9,512	1,851	–
Termination of leases	–	(14,499)	–
At 31 December 2024 and 1 January 2025	<u>269,838</u>	<u>52,872</u>	<u>–</u>
Changes from financing cash flows	72,624	(31,109)	(3,547)
Changes from operating cash flows	–	–	(11,299)
New leases	–	23,716	–
Interest expense	16,017	2,186	–
Termination of leases	–	(10,391)	–
Modification of leases	–	(432)	–
Increase in deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
At 31 December 2025	<u>358,479</u>	<u>36,842</u>	<u>1,858</u>

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(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating activities	1,806	6,393	26,618
Within investing activities	6,250	–	17,364
Within financing activities	10,831	19,403	31,109
Total	<u>18,887</u>	<u>25,796</u>	<u>75,091</u>

30. CONTINGENT LIABILITIES

At 31 December 2023, 2024 and 2025, neither the Group nor the Company had any material contingent liabilities.

31. PLEDGE OF ASSETS

Details of the Group’s assets pledged for the Group’s bank borrowings are included in note 25 to the Historical Financial Information.

32. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Purchases of plant and machinery	<u>2,007</u>	<u>1,357</u>	<u>2,407</u>

33. RELATED PARTY TRANSACTIONS

(a) Name and relationship of related parties

Name	Relationship with the Group
Ms. Wang Lili	a shareholder, director and chief executive of the Company
Shanghai LanYin Investment Management Co., Ltd.	immediate holding company of the Company
Shandong LanYin Real Estate Co., Ltd.	a company of which Mr. Wang Yongping is an equity holder*
Qingzhou Tanwen Investment Management Center (Limited Partnership)	a shareholder of the Company

* Mr. Wang Yongping, a former director of the Company, was no longer a related party of the Group with his resignation since December 2022. The balances and transactions with Shandong LanYin Real Estate Co., Ltd., a company controlled by Mr. Wang Yongping as of 31 December 2023, 2024 and 2025 is disclosed to maintain consistency in disclosure during the Relevant Periods.

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(b) Transactions with related parties

The Group had the following material related party transactions during the Relevant Periods.

		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Shandong LanYin Real Estate Co., Ltd.				
Sales of goods	(ii)	346	52	1
Interest income	(i)	10,045	10,740	5,853
Rental income	(ii)	417	191	532
Amounts advanced to	(i)	198,306	–	–
Amounts repaid from	(i)	<u>37,000</u>	<u>14,551</u>	<u>323,589</u>

Notes:

- (i) During the Relevant Period, loans advanced from a related company bore interest at rates of 3.65% to 4.6% per annum. Further details are set out in note 21 to the Historical Financial Information.
- (ii) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(c) Other transactions with related parties:

At 31 December 2023, 2024 and 2025, the Group’s certain bank loans of RMB82,462,000, RMB259,827,000 and RMB289,693,000, respectively, were guaranteed by Shanghai LanYin Investment Management Co., Ltd, Qingzhou Tanwen Investment Management Center (Limited Partnership), Ms. Wang Lili and Mr. Wang Yongping at nil consideration. In addition, these related parties guaranteed certain bank loans to the extent of RMB92,000,000, RMB269,740,000 and RMB429,590,000 as at 31 December 2023, 2024 and 2025 at nil consideration. The management of Group expect to repay the borrowings or procure the release of the guarantees provided by the relevant Controlling Shareholders for the borrowings prior to the [REDACTED].

(d) Outstanding balances with related parties:

		As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-trade related:				
Due from a related company				
Shandong LanYin Real Estate Co.,				
Ltd. (i)		<u>328,809</u>	<u>325,184</u>	<u>–</u>

- (i) The amounts due from Shandong LanYin Real Estate Co., Ltd. bore interest at rate of 3.65% to 4.60% per annum, were unsecured and repayable within three years.

(e) Compensation of key management personnel of the Group

		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind		2,534	2,713	3,454

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	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Performance related bonuses*	1,262	1,454	866
Pension scheme contributions	324	352	338
Total compensation paid to key management personnel	4,120	4,519	4,658

Further details of director’s and the chief executive’s emoluments are included in note 8 to the Historical Financial Information.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the Relevant Periods are as follows:

As at 31 December 2023

Financial assets

	Financial assets at fair value through other comprehensive income (equity instruments)	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables	–	229,121	229,121
Financial assets included in prepayments, other receivables and other assets	–	406,017	406,017
Financial assets at fair value through other comprehensive income	800	–	800
Restricted cash	–	44,010	44,010
Cash and cash equivalents	–	85,364	85,364
Total	800	764,512	765,312

As at 31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income (equity instruments)	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables	–	279,022	279,022
Financial assets included in prepayments, other receivables and other assets	–	411,635	411,635
Financial assets at fair value through other comprehensive income	900	–	900
Restricted cash	–	70,948	70,948
Cash and cash equivalents	–	153,668	153,668
Total	900	915,273	916,173

As at 31 December 2025

Financial assets

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	Financial assets at amortised cost	Total
	RMB'000	RMB'000
Trade and bills receivables	593,863	593,863
Financial assets included in prepayments, other receivables and other assets	86,435	86,435
Restricted cash	100,549	100,549
Cash and cash equivalents	263,211	263,211
Total	<u>1,044,058</u>	<u>1,044,058</u>

Financial liabilities

	Financial liabilities at amortised cost		
	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade and bills payables	275,966	753,445	1,081,362
Financial liabilities included in other payables and accruals	114,722	180,879	163,913
Interest-bearing bank and other borrowings	82,462	269,838	358,479
Total	<u>473,150</u>	<u>1,204,162</u>	<u>1,603,754</u>

35. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2023, 2024 and 2025, the Group endorsed certain bills receivable accepted by banks in Chinese mainland (the “Endorsed Bills”) with a carrying amount of RMB7,470,000, RMB3,430,000 and RMB8,032,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amounts of the trade payables settled by the Endorsed Bills to which the suppliers have recourse were RMB14,380,000, RMB16,357,000 and RMB24,746,000 during the year ended 31 December 2023, 2024 and 2025.

Transferred financial assets that are derecognised in their entirety

As at 31 December 2023, 2024 and 2025, the Group endorsed certain bills receivable accepted by banks in Chinese mainland (the “Derecognised Bills”) to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB1,749,000, RMB2,439,000 and nil, respectively. The Derecognised Bills had a maturity of one to six months at the end of each of the Relevant Periods. In accordance with the Law of Negotiable Instruments in Chinese mainland, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “Continuing Involvement”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

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36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade and bills receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group’s finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The fair value of the financial asset is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to book (“P/B”) multiple for the comparable company identified. The multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

For the fair value of the unlisted equity investments designated at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis during the Relevant Periods:

31 December 2023

	Valuation technique	Significant unobservable input	Weighted average	Sensitivity of fair value to the input
Unlisted equity investments	Market approach	Discounts for lack of marketability (“DLOM”)	20.5%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB10,000

31 December 2024

	Valuation technique	Significant unobservable input	Weighted average	Sensitivity of fair value to the input
Unlisted equity investments	Market approach	DLOM	20.4%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB12,000

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Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at fair value through other comprehensive income	–	–	800	800
	=	=	=	=

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at fair value through other comprehensive income	–	–	900	900
	=	=	=	=

The Group did not have any financial liabilities measured at fair value at 31 December 2023 and 2024, and 30 June 2025.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial assets.

Fair value hierarchy

Liabilities for which fair values are disclosed:

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Interest-bearing bank and other borrowings	–	83,400	–	83,400
	=	=	=	=

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As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	–	268,012	–	268,012
	=	=	=	=

As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	–	358,696	–	358,696
	=	=	=	=

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments include interest-bearing bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and other receivables, other payables and accruals and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, and the Group’s exposure to bad debts is not significant.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	238,186	238,186
Financial assets included in prepayments, other receivables and other assets – Normal** . . .	407,122	–	32	–	407,154
Restricted cash – Not yet past due	44,010	–	–	–	44,010
Cash and cash equivalents – Not yet past due	85,364	–	–	–	85,364
	<u>536,496</u>	<u>–</u>	<u>32</u>	<u>238,186</u>	<u>774,714</u>
	=	=	=	=	=

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As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	286,401	286,401
Financial assets included in prepayments, other receivables and other assets – Normal** . .	412,996	–	32	–	413,028
Restricted cash – Not yet past due	70,948	–	–	–	70,948
Cash and cash equivalents – Not yet past due	153,668	–	–	–	153,668
	<u>637,612</u>	<u>–</u>	<u>32</u>	<u>286,401</u>	<u>924,045</u>

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	596,170	596,170
Financial assets included in prepayments, other receivables and other assets – Normal** . .	87,191	–	32	–	87,223
Restricted cash – Not yet past due	100,549	–	–	–	100,549
Cash and cash equivalents – Not yet past due	263,211	–	–	–	263,211
Total	<u>450,951</u>	<u>–</u>	<u>32</u>	<u>596,170</u>	<u>1,047,153</u>

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the Historical Financial Statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

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The maturity profile of the Group’s financial liabilities at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023				
	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills payables	275,966	–	–	275,966
Financial liabilities included in other payables and accruals	114,722	–	–	114,722
Interest-bearing bank borrowings. . .	33,283	55,719	–	89,002
Lease liabilities	10,847	17,521	–	28,368
Total	<u>434,818</u>	<u>73,240</u>	<u>–</u>	<u>508,058</u>

As at 31 December 2024				
	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills payables	753,445	–	–	753,445
Financial liabilities included in other payables and accruals	180,879	–	–	180,879
Interest-bearing bank borrowings. . .	197,075	83,126	–	280,201
Lease liabilities	26,301	29,740	–	56,041
Total	<u>1,157,700</u>	<u>112,866</u>	<u>–</u>	<u>1,270,566</u>

As at 31 December 2025				
	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills payables	1,081,362	–	–	1,081,362
Financial liabilities included in other payables and accruals	163,913	–	–	163,913
Interest-bearing bank and other borrowings	350,282	16,773	–	367,055
Lease liabilities	23,480	14,386	–	37,866
Total	<u>1,619,037</u>	<u>31,159</u>	<u>–</u>	<u>1,650,196</u>

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise equity holders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

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The Group monitors capital using a gearing ratio, which is total liabilities divided by total assets. The gearing ratios at 31 December 2023, 2024 and 2025 were as follows:

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Capital and net debt				
Interest-bearing bank and other borrowings		82,462	269,838	358,479
Trade and bills payables	23	275,966	753,445	1,081,362
Other payables and accruals	24	233,029	293,878	306,501
Less: Cash and cash equivalents	22	(85,364)	(153,668)	(263,211)
Net debt		506,093	1,163,493	1,483,131
Equity attributable to owners of the parent		634,010	741,459	674,809
Capital and net debt		1,140,103	1,904,952	2,157,940
Gearing ratio		44%	61%	69%

38. INVESTMENTS IN SUBSIDIARIES

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investment, at cost	2,889	5,992	14,592

39. EVENTS AFTER THE RELEVANT PERIODS

There were no significant events after the end of the Relevant Periods that required additional disclosure or adjustments.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

PROPERTY VALUATION REPORT



APAC Asset Valuation and Consulting Limited

Unit 309, 3/F, Wing On Plaza, 62 Mody Road, Kowloon, Hong Kong

Tel: (852) 2357 0085

Fax: (852) 2951 0799

The Directors

Qingzhou Tanboer Apparel Company Limited by Shares

8333 Yiwangfu South Road,

Yunmenshan Subdistrict,

Qingzhou City, Weifang,

Shandong Province,

China

28 February 2026

Our Ref.: P/HK/2025/VAL/0040

Dear Sirs/Madams,

RE: VALUATION OF INDUSTRIAL PROPERTY AND LAND LOCATED IN QINGZHOU CITY, WEIFANG, SHANDONG PROVINCE, THE PEOPLE’S REPUBLIC OF CHINA (THE “PROPERTY”)

In accordance with the instructions from Qingzhou Tanboer Apparel Company Limited by Shares (the “**Company**”) for us to value the Property situated in The People’s Republic of China (the “**PRC**”), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the fair value of the Property as if completed as at 31 January 2026 (the “**Valuation Date**”) for incorporation in the Document of Company.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value, which we define as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion.” The definition is in accordance with the “HKIS Valuation Standards 2024” published by the Hong Kong Institute of Surveyors.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

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VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Property in the market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the value of the Property.

No allowance has been made in our valuation for any charge, mortgage or amount owing on the Property nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Furthermore, we have considered the impact of current and projected economic conditions, such as the general business climate, real estate market cycles, and interest rate environments, which could influence potential [REDACTED] sentiment and market liquidity. These factors have been carefully evaluated to ensure that our valuation reflects an accurate and market-driven estimate of value.

VALUATION METHODOLOGY

In undertaking our valuation of the Property, we have adopted different approaches for the land and the building components. The land portion has been valued by the Market Approach, by making reference to comparable land sales transactions available in the relevant market, assuming the land can be sold with the benefit of immediate vacant possession.

For the building portion, we have adopted the Cost Approach, specifically the Replacement Cost Method, whereby the gross development cost of constructing a similar building is estimated, and deductions are then made to reflect items such as management costs, selling expenses, interest on capital, sales-related taxes, and developer’s profit, to arrive at the net replacement cost. This method is considered appropriate given the nature of the Property and the availability of reliable cost and market data.

TITLE AND ASSUMPTIONS

We have been provided with copies of extracts of title documents relating to the Property, together with a legal opinion issued by the Company’s PRC legal adviser, Allbright Law Offices, regarding the title and other legal matters to the Property. We have not conducted title searches for the Property at the relevant government bureaus in the PRC, nor have inspected the original documents to verify the ownership, encumbrances, or the existence of any subsequent amendments that may not be reflected in the copies provided to us.

For the purpose of our valuation, we have assumed that the above matters as confirmed in the legal opinion are true, correct, and enforceable, and that the Property is freely transferable on the market at no extra land grant premium or onerous charges payable.

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SOURCES OF INFORMATION

We have relied to a very considerable extent on information given by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, lettings, site and floor areas and all other relevant matters. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation report are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to our valuation. We were also advised by the Company that no material facts have been omitted from the information provided to us.

SITE INSPECTIONS

We have carried out site inspection and no tests have been carried out on any of the services. Neither have we carried out site investigation to determine the suitability of the ground conditions or the services for any property development thereon. No structural survey has been carried out and it was not possible to inspect the wood work and other parts of the structures which were covered, unexposed or inaccessible. We are therefore, unable to report that the Properties are free of rot, infestation or any structural defects. No tests have been carried out on any of the building services. The valuation has been prepared on the assumption that these aspects are satisfactory.

Site inspection of the Properties was carried out on 26 August 2025 by Joe Z.H. Zhang and Liang Guo.

LIMITATION OF LIABILITIES

This valuation report is issued on the understanding that you have drawn our attention to all matters of which they are aware concerning the Property which may have an impact on our valuation report up to the valuation date. We have no responsibility to update this valuation report for events and circumstances occurring after the date of completion of our assessment but will be pleased to discuss further instructions as may be required.

MANAGEMENT CONFIRMATION OF FACTS

A draft of this valuation report and our calculation has been sent to the Company. The Company has reviewed and confirmed to us that facts as stated in this valuation report and calculation are accurate in all material respects and that the Company is not aware of any material matters relevant to our engagement which have been excluded.

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CURRENCY

Unless otherwise stated, all monetary amounts in our valuation are in Renminbi (RMB).

Our valuation report is attached.

Yours faithfully,

For and on behalf of

APAC Asset Valuation and Consulting Limited

Sam K.S. Lo

MRICS, CPA, CFA, FRM

Director

Joe Z.H. Zhang

MRICS, Chartered Valuation Surveyor,

CPA (Aust.), FRM

Associate Director

Note: Mr. Sam, K.S. Lo is a member of the Royal Institution of Chartered Surveyors (MRICS). He is also a CPA, CFA and FRM member/charterholder. He has 19 years of extensive and diversified valuation experience on properties, companies, and financial instruments over Asia Pacific.

Mr. Joe Z.H. Zhang is a Chartered Valuation Surveyor (RICS), MRICS, CPA and FRM, with over 14 years of comprehensive valuation, advisory, and real estate consultancy experience across Hong Kong, Mainland China, and Southeast Asia.

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VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Fair value as if completed as at 31 January 2026
Industrial property and land located in Qingzhou city, Weifang, Shandong Province, The PRC	The Property is an industrial development (the “Development”) situated at 8333 Yiwangfu South Road, Yunmenshan Subdistrict, Qingzhou City (“青州市雲門山街道益王府南路8333號”). The development comprises various industrial buildings and a dormitory, with a total gross floor area of 82,575.45 sq.m. These structures are being erected on a land parcel with a total site area of approximately 169,041.00 sq.m. The land use rights of this property comprise both state-owned construction land and collectively-owned construction land, designated for industrial purposes, with expiration dates on 23 July 2073, 20 July 2070, and 25 January 2071 respectively.	The Property has been substantially completed and is primarily used for warehouses, offices, self-operated offline stores and staff dormitories of the Company.	RMB481,814,000

Notes:

- Pursuant to the Real Estate Title Certificate – Lu (2023) Qingzhou City No. 0027377 dated 14 August 2023 and related records, the land use rights for the entire parcel with a site area of 169,041.00 square meters have been registered under Qingzhou Tanboer Apparel Company Limited by Shares. These land use rights comprise both state-owned construction land and collectively-owned construction land designated for industrial use, with expiration dates on 23 July 2073, 20 July 2070, and 25 January 2071 respectively.
- According to the information provided by the Company, we have valued the Property with various industrial buildings and a dormitory, with a total gross floor area of 82,575.45 sq.m. and a land parcel with a total site area of approximately 169,041.00 sq.m. The details of the buildings and land together with breakdown of our valuation as at 31 January 2026 are listed as follows:

Building Name	GFA (sq.m.)	Valuation (RMB)
Security Room	221.25	584,000
Power Distribution Room	247.70	654,000
Building 2-1, Experts’ Apartment	3,135.21	12,414,000
Building 2-2, Staff Dormitory	4,450.42	17,622,000
Building No. 5	3,176.78	12,579,000
Building No. 6, Time Control & Quality Control Centre	7,366.51	29,169,000
Building No. 8, Smart Logistics Centre.	10,723.32	42,460,000
Building No. 9, Smart Logistics Centre.	5,420.38	21,463,000

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Building Name	GFA (sq.m.)	Valuation (RMB)
Building No. 10, Factory Outlet Store	5,153.91	20,408,000
Building No. 12, Headquarters Building	8,551.39	33,860,000
Building No. 13, E-Commerce Warehouse	2,597.07	10,283,000
Building No. 14, Canteen	1,593.58	6,310,000
Building No. 15, E-Commerce Smart Warehouse	6,000.04	32,510,000
Building No. 16, E-Commerce Smart Warehouse	9,600.03	52,016,000
Building No. 20, Staff Activity Centre	2,179.26	8,629,000
Building No. 21	12,158.60	48,144,000
Sub-total:	82,575.45	349,105,000
Ancillary Facilities within the Compound		52,236,000
Underground Car Park		28,563,000
Sub-total:		80,799,000
Land for Industrial Use	1,407.00	571,000
Land for Industrial Use	9,202.00	3,687,000
Land for Industrial Use	13,568.00	5,506,000
Land for Industrial Use	19,519.00	7,820,000
Land for Industrial Use	1,462.00	400,000
Land for Industrial Use	30,392.00	8,323,000
Land for Industrial Use	45,569.00	12,479,000
Land for Industrial Use	47,922.00	13,124,000
Sub-total:	169,041.00	51,910,000
Total:		481,814,000

3. We have been provided with a legal opinion regarding the property interests by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - i. As confirmed by the Group and verified by the PRC legal adviser, as at the Latest Practicable Date, the ownership of the buildings and the land use rights held by the Group are clear and properly registered, with the relevant title certificates duly obtained. There are no unresolved material ownership disputes or potential title defects in respect of such properties;
 - ii. Save for the disclosed mortgage arrangements, there are no other mortgages, encumbrances, or restrictions over the ownership or land use rights of the properties.

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TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken in to account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an [REDACTED] in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an [REDACTED] in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H shares.

Taxation In mainland China

Tax on Dividends

For Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), or the Individual Income Tax Law, amended by the SCNPC on 31 August 2018 and effective on 1 January 2019, and the Implementation Rules of the Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法實施條例》) amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on 7 September 2015 and effective on 8 September 2015, where an individual holds the shares of a listed company obtained from the public offering for more than one year and transfers the stock of the listed company on the stock market, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual acquires shares of a listed company from the public offering and transfers the stock of the listed company on the stock market, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

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Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, executed on 21 August 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷稅漏稅的安排》第五議定書), or the Fifth Protocol, issued by The State Administration of Taxation and effective on 6 December 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

For Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, amended by the SCNPC and effective on 29 December 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), or the Implementation Rules of the EIT Law, amended by the State Council and effective on 20 January 2025, a non-resident enterprise is subject to a reduced rate of 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the State Administration of Taxation and effective on 6 November 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) promulgated by the State Administration of Taxation and effective 24 July 2009 further

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provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (including A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

According to The Arrangement Between The Mainland Of China And The HONG KONG Special Administrative Region For The Avoidance of Double Taxation And The Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [REDACTED] Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities’ verification.

Tax related to equity transfer income

For Individual Investors

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and The State Administration of Taxation and became effective on 30 March 1998, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The State Administration of Taxation does not specify whether to continue to exempt individuals from personal income tax on the income from the transfer of shares in listed company in the newly revised EIT Law and Implementation Rules of the EIT Law.

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For Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. The aforementioned income tax payable by non-PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under applicable tax treaties or arrangements.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《財政部、國家稅務總局、中國證券監督管理委員會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on 31 October 2014 and effective on 17 November 2014, transfer spread income derived by mainland enterprises from stock investment listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax according to law. For dividends and bonuses received by mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of mainland individual investors to the H-share companies and withhold individual income tax at the rate of 20% on behalf of the H-share companies. Pursuant to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on 21 August 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax from 5 December 2019 to 31 December 2027. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《財政部、國家稅務總局、中國證券監督管理委員會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》), dividends derived by mainland enterprises from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect are included in their total income and subject to Enterprise Income Tax according to law. Pursuant to which, dividend income obtained by mainland resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold income tax on dividends and bonus income for mainland enterprises investors. The tax payable shall be declared and paid by the enterprise itself.

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Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on 5 November 2016 and effective on 5 December 2016, transfer spread income derived by mainland enterprises from stock investment listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax according to law. For dividends and bonuses received by mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of mainland individual investors to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

Pursuant to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on 21 August 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax to 31 December 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), dividends derived by mainland enterprises investors from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect are included in their total income and subject to Enterprise Income Tax according to law. In particular, dividend and bonus income obtained by mainland resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold income tax on dividends and bonus income for mainland enterprises. The tax payable shall be declared and paid by the enterprise itself.

Stamp Duty

According to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花稅法》), which was promulgated on 10 June 2021 and came into effect on 1 July 2022, the disposal of H Shares by non-mainland China investors outside of the mainland China is not subject to the requirements of the Stamp Duty Law of the People's Republic of China.

Estate duty

According to PRC law, no estate duty is currently levied in the mainland China.

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MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People’s Republic of China (中華人民共和國企業所得稅法), enterprises and other income-generating organizations (hereinafter collectively referred to as “enterprises”) within the territory of the People’s Republic of China are the taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with the provisions of the EIT Law. The Enterprise Income Tax rate is 25%. Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual connection to such establishment or place of business, shall pay enterprise income tax on its income within the PRC and withhold at source, where the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Meanwhile, any gains realized on the transfer of shares by such investors are subject to enterprise income tax and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the PRC.

Value-added tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例) amended by the State Council and became effective on 19 November 2017 and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例實施細則) amended by the MOF on 28 October 2011 and effective on 1 November 2011, all entities and individuals in the PRC engaging in the sale of goods, the provision of processing, repairs and replacement services, and the importation of goods are required to pay value-added tax. For taxpayers selling or importing goods, the general tax rate shall be 17% unless otherwise specified in the aforesaid regulations.

According to the Notice on the Adjustment to VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the State Administration of Taxation on 4 April 2018, and became effective as of 1 May 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (2019 No. 39 of MOF, State Administration of Taxation and General Administration of Customs), promulgated by the MOF, the State Administration of Taxation and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

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On December 25, 2024, the SCNPC promulgated the VAT Law of the PRC (《中華人民共和國增值稅法》), which will come into effective on January 1, 2026, and replace the Provisional Regulations on Value-added Tax of the PRC.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The SAFE, authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) amended by the State Council and became effective on 5 August 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State. Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on 20 June 1996 and became effective on 1 July 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained. According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (國務院關於取消和調整一批行政審批項目等事項的決定) promulgated by the State Council and effective on 23 October 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

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TAXATION AND FOREIGN EXCHANGE

According to the Circular of the SAFE on Relevant Issues Concerning the Foreign Exchange Administration of Overseas Listing (國家外匯管理局關於境外上市外匯管理有關問題的通知) promulgated by the SAFE and became effective on 26 December 2014, the relevant provisions on foreign exchange administration of domestic joint stock companies (hereinafter referred to as “domestic companies”) listed overseas are as follows:

- (i) The SAFE and its branches and the Foreign Exchange Management Department, or the Foreign Exchange Bureau, supervise, manage and inspect the business registration, account opening and use, cross-border income and expenditure, and capital exchange involved in the overseas listing of domestic companies.
- (ii) A domestic company shall, within 15 working days after the completion of the overseas listing and issuance, register the overseas listing with the Foreign Exchange Bureau at the place where it is registered with relevant material.
- (iii) After the overseas listing of a domestic company, its domestic shareholders who intend to increase or reduce their shareholding in an overseas listed company according to relevant regulations shall register the overseas shareholding with the local foreign exchange bureau at the place where the domestic shareholders are located within 20 working days prior to the proposed increase or reduction of shareholding with relevant materials.
- (iv) A domestic company (other than banking financial institutions) shall, by virtue of its registration certificate for overseas listing business, open a “special foreign exchange account for overseas listing of domestic companies” with a domestic bank for its initial offering (or additional offering) and repurchase business to handle the remittance and transfer of funds for the relevant business.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued on 13 February 2015 and came into effect on 1 June 2015, the SAFE has cancelled the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued and implemented by the SAFE on 9 June 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company’s operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in “Appendix IV — Taxation and Foreign Exchange” to this document. This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the potential investors. For a discussion of laws and regulations which are relevant to our Company’s business, see “Regulatory Overview”, in this document.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》), or the Constitution, and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region law and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People’s Republic of China (《中華人民共和國立法法》), or the Legislation Law, which was amended by the National People’s Congress (“NPC”) on 13 March 2023 and became effective on 15 March 2023, the NPC and the SCNPC (“Standing Committee of the National People’s Congress”) are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, ecological civilization construction, historical and cultural protection and grassroots governance based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local

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regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into districts for approval before implementation.

The standing committees of the people’s congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, People’s Bank of China, National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people’s governments of the provinces and autonomous regions is greater than that of the rules enacted by the people’s governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people’s congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; the people’s congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; the standing committees of the local people’s congresses have the power to annul inappropriate rules enacted by the people’s governments at the corresponding level; the people’s governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people’s governments at a lower level.

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According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on 10 June 1981, the Supreme People's Court shall give interpretation on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) amended by the SCNPC on 26 October 2018 and becoming effective on 1 January 2019, the PRC People's Court is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) revised by SCNPC on 26 October 2018 and taking effect on 1 January 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, and judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the

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people’s procuratorate within the stipulated period, the judgments or rulings of the people’s courts are final. Judgments or rulings of the second instance of the intermediate people’s courts, the higher people’s courts and the Supreme People’s Court and those of the first instance of the Supreme People’s Court are final. However, if the Supreme People’s Court or the people’s courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people’s court at a lower level, or if the chief judge of a people’s court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》), or the PRC Civil Procedure Law, adopted by the SCNPC on 1 September 2023 and effective on 1 January 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is performed or signed, or the object of the action is located. However, the choice of the court cannot be in conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must have the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people’s court. If a foreign court limits the litigation rights of PRC citizens and enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a PRC lawyer if such person needs to engage a lawyer in initiating or defending any proceedings at a people’s court. Under an international treaty or the principle of reciprocity signed or acceded to by the PRC, the people’s court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC’s sovereignty, security or public interest, the people’s court shall decline the request.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuse to comply with a judgment or order made by a people’s court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people’s court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

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When a party applies to a people’s court for enforcing an effective judgment or ruling by a people’s court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people’s court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court’s examination according to the principle of reciprocity, unless among other exceptions, the people’s court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in the PRC seeking a [REDACTED] on The Stock Exchange of Hong Kong Limited is mainly subject to the following laws and regulations of the PRC.

The PRC Company Law (《中華人民共和國公司法》), or the Company Law, was adopted by the Fifth Standing Committee Meeting of the Eighth NPC on 29 December 1993 and came into effect on 1 July 1994, and was amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023. The latest revised Company Law came into effect on 1 July 2024.

Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), promulgated by the China Securities Regulatory Commission (“CSRC”) on 17 February 2023 came into effect on 31 March 2023, and its five interpretative guidelines, promulgated and effective on 17 February 2023 by the CSRC, are applicable to the direct and indirect overseas share subscription and listing of domestic companies.

According to the Trial Measures and its interpretative guidelines, where a domestic company directly offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), or the Guidelines for Articles of Association, in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas which ceased to apply from 31 March 2023. The Guidelines for Articles of Association were promulgated by the CSRC on 16 December 1997 and last amended on 28 March 2025.

Set out below is a summary of the major provisions of the Company Law, the Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

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General Provisions

“A joint stock limited company” means a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters shall convene an inaugural meeting of the company within 30 days after the share capital has been paid-up and shall notified all subscribers the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only the presence of promoters and subscribers holding more than 50% of the total number of shares. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be casted by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Shares

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with intellectual property rights, land use rights, shareholding or claims.

The Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

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Under the Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC and authorize the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders’ meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders, if any. If no par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the document.

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- (i) to prepare a balance sheet and a property list;
- (ii) a company makes a resolution at shareholders’ meeting to reduce its registered capital;
- (iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;
- (iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;
- (v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Share Buy-Back

Under the Company Law, a company shall not purchase its own shares. Except for any following circumstances:

- (i) reducing the registered capital;
- (ii) merging with other company that holds the shares of the company;
- (iii) using the shares for employee stocks plan or equity incentives;
- (iv) with respect to shareholders voting against any resolution adopted at the shareholders’ meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them;
- (v) using the shares for the conversion of convertible corporate bonds issued by the listed company;

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- (vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the shareholders' meetings; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the shareholders' meetings.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share of our Company held by a company shall not exceed 10% of the total issued shares of a company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder should affect a transfer of his shares on securities established exchange according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholders' meeting or 5 days prior to the record date for a company's distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of accompany are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted period.

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Shareholders

Under the Company Law and Guidelines for Articles of Association the rights of a shareholder of ordinary shares of a company include:

- (i) to receive dividends and other forms of distributions in proportion to their shareholdings;
- (ii) to attend or appoint a proxy to attend shareholders' meetings and to exercise voting rights;
- (iii) to supervise and manage a company's business operations, and to present proposals or to raise inquiries;
- (iv) to transfer shares in accordance with laws, administrative regulations and the provisions of the articles of association;
- (v) to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholders' meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquiries on the company's operations;
- (vi) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;
- (vii) other rights conferred by laws, administrative regulations and the articles of association.

The obligations of a shareholder of ordinary shares of a company include:

- (i) to comply with the articles of association;
- (ii) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (iii) not to abuse their shareholders' rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company;
- (iv) other obligations conferred by laws, administrative regulations and the articles of association.

APPENDIX V SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Shareholders’ Meetings

Under the Company Law, the shareholders’ meeting of a joint stock limited company is made up of all shareholders. The shareholders’ meeting is the organ of authority of a company, which exercises the following functions and powers:

- (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;
- (ii) to examine and approve reports of the board of directors;
- (iii) to examine and approve reports of the supervisory committee;
- (iv) to examine and approve a company’s profit distribution plans and loss recovery plans;
- (v) to resolve on the increase or reduction of a company’s registered capital;
- (vi) to resolve on the issuance of corporate bonds;
- (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;
- (viii) to amend the company’s articles of association;
- (ix) other functions and powers specified in provision of the articles of association.

Under the Company Law, annual shareholders’ meetings are required to be held once every year. An extraordinary shareholders’ meeting is required to be held within two months after the occurrence of any of the following circumstances:

- (i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association;
- (ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;
- (iii) shareholders individually or jointly holding 10% or more of the company’s shares request;
- (iv) when deemed necessary by the Board;
- (v) the Supervisory Committee proposes to convene the meeting;
- (vi) other circumstances as stipulated in the articles of association.

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Shareholders’ meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the shareholders’ meeting, the supervisory board should convene and preside over shareholders’ meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders’ meeting, shareholders individually or in aggregate holding 10% or more of the company’s shares for 90 days or more consecutively may unilaterally convene and preside over shareholders’ meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders’ meeting, the board of directors and the board of supervisors should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders’ meeting and reply to the shareholders in writing.

Notice of shareholders’ meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary shareholders’ meeting shall be given to all shareholders 15 days prior to the meeting. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days before the meeting.

Shareholders who individually or jointly hold more than 1% of the company’s shares may put forward interim proposals and submit them to the convener in writing 10 days before the shareholders’ meeting of shareholders. The convener shall issue a supplementary notice of the shareholders’ meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders’ meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders’ meeting.

Under the Company Law, shareholders present at a shareholders’ meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders’ meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders’ meeting. Under the accumulative voting

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system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders’ meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders’ meeting.

Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Directors

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be noticed 10 days before the meeting for every meeting. The Board exercises the following functions and powers:

- (i) to convene shareholder’s meetings and report its work to the shareholder’s meetings;
- (ii) to implement the resolutions of the shareholder’s meeting; (iii) to decide on a company’s business plans and investment plans;
- (iv) to formulate a company’s profit distribution plan and loss recovery plan; (v) to formulate proposals for the increase or reduction of a company’s registered capital and the issue of corporate bonds;
- (vi) to formulate plans for cake, division, dissolution or change of corporate form of a company;
- (vii) to decide on the internal management structure of a company;
- (viii) to decide on the appointment or dismissal of the manager of a company and their remuneration;
- (ix) To decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration;

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- (x) to formulate a company's basic management system;
- (xi) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

Board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he/she is:

- (i) a person without capacity or with restricted capacity;
- (ii) a person who has been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;
- (iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and
- (v) being listed as one of "dishonest persons subject to enforcement" by the people's court due to his/her failure to pay off a relatively large number of due debts.

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The board of directors shall have one chairman, who shall be elected by more than half of all the directors. The chairman shall exercise the following functions and powers (including but not limited to):

- (i) to preside over shareholders' meetings and convene and preside over board meetings;
- (ii) to examine the implementation of resolutions of the Board;
- (iii) to sign the securities issued by a company;
- (iv) to exercise other powers conferred by the Board.

Supervisors

Under the Company Law, a joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee shall comprise shareholder representatives and an appropriate proportion of the company's staff representatives, of which the proportion of staff representatives shall not be less than one-third and the specific proportion shall be stipulated in the articles of association. Employee representatives of the supervisory committee shall be democratically elected by the company's employees at the employee representative assembly, employee general meeting or otherwise. Directors or senior management may not act concurrently as supervisors.

The Supervisory Committee exercises the following powers:

- (i) to examine the company's financial affairs;
- (ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the articles of association or resolutions of shareholders' meetings;
- (iii) to demand rectification by a director or senior management when the acts of such persons are harmful to the company's interest;
- (iv) to propose the convening of extraordinary shareholders' meetings, and to convene and preside over shareholders' meetings when the Board fails to perform the duty of convening and presiding over shareholders' meetings under the Company Law;
- (v) to submit proposals to the shareholders' meeting;
- (vi) to initiate legal proceedings against directors and senior management in accordance with the Company Law;
- (vii) other functions and powers specified in the articles of association.

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On December 27, 2024, the CSRC promulgated the Transitional arrangements relating to the implementation of the rules under the new Companies Law (關於新《公司法》配套制度規則實施相關過渡期安排), Listed companies shall, before January 1, 2026, in accordance with the provisions of the Company Law, the Implementation Provisions and the supporting rules of the CSRC, provide in the articles of association for the establishment of an audit committee in the board of directors, exercising the powers and functions of the supervisory board as stipulated in the Company Law, the listed companies will then have no supervisory board or supervisors. Before a listed company adjusts the establishment of the company’s internal supervisory body, the supervisory board or supervisors shall continue to comply with the provisions in the original rules of the CSRC.

Managers and Senior Management

Under the Company Law, a company should have a manager who is appointed or removed by the board of directors. The manager is responsible to the board of directors and exercise his/her functions and powers according to the Articles of Association or the authorization of the board of directors. The manager attends the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors and other personnel as stipulated in the articles of association of the company.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company’s properties.

Directors, supervisors and senior management are prohibited from:

- (i) embezzling the company’s property or misappropriating of the company’s capital;
- (ii) depositing the company’s capital into accounts under his own name or the name of other individuals;
- (iii) giving bribes or accepting any other illegal proceeds by taking advantage of their power;
- (iv) accept and possess commissions paid by a third party for transactions conducted with the company;
- (v) unauthorized divulgence of confidential business information of the company; or
- (vi) other acts in violation of their fiduciary duty to the company.

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If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' meeting, subject to the approval of the board of directors or shareholders according to the articles of association.

The provisions of the preceding paragraph shall apply if any near relatives of the directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

Neither director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

- (i) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the Articles of Association; or
- (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the Articles of Association.

Where any director, supervisor or senior management fails to report to the board of directors or the shareholders' meeting and obtain an approval by resolution of the board of directors or the shareholders' meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual general meeting of shareholders. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

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When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the shareholders' meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the Articles of Association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounts other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting, the board of directors or the board of supervisors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Guidelines for Articles of Association provides that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the shareholders' meeting.

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Profit Distribution

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders, directors, supervisors, and senior management personnel who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

- (i) the term of business stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;
- (ii) the shareholders' meeting resolves to dissolve the company;
- (iii) dissolution is necessary due to a merger or division of the company;
- (iv) the business license is revoked, or the business license is ordered to be closed or revoked in accordance with laws;
- (v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company with the support of the judgment.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with sub-paragraph (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's Articles of Association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

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The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

- (i) to liquidate the company's property and respectively prepare balance sheet and list of property;
- (ii) to notify creditors by notice or public announcement;
- (iii) to deal with the outstanding business of the company involved in the liquidation;
- (iv) to pay all outstanding taxes and taxes arising in the course of liquidation;
- (v) to liquidate claims and debts;
- (vi) distributing the remaining property of the company after paying off debts;
- (vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation committee, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

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Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report to be submitted to the shareholders’ general meeting or the people’s court for confirmation, and submit to the company registration authority to apply for cancelation of the company’s registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company’s deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listing

According to the Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of this article. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 revision) (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

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SECURITIES LAW AND REGULATIONS

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by Chinese companies in the mainland China or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On 29 March 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which were promulgated by the State Council and came into effect on 25 December 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law of the People’s Republic of China (《中華人民共和國證券法》), or the PRC Securities Law, which was amended by the Standing Committee of the NPC on 28 December 2019 and came into effect on 1 March 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council’s securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the People’s Republic of China (《中華人民共和國仲裁法》), or the Arbitration Law, amended by the Standing Committee of the NPC on 1 September 2017 and effective on 1 January 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people’s court will refuse to take legal action brought by a party in the people’s court.

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Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people’s court for enforcement according to the PRC Civil Procedure Law. A people’s court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people’s court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People’s Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People’s Court on 24 January 2000 and effective on 1 February 2000, and the Supplementary Arrangement of the Supreme People’s Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People’s Court on 26 November 2020 and effective on 27 November 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

APPENDIX VI

SUMMARY OF ARTICLES OF ASSOCIATION

This Appendix contains a summary of the principal provisions of the Articles of Association. As the principal objective of this Appendix is to provide potential investors with an overview of the Articles of Association, it may not contain all the information that is important to potential investors. The full text of the Articles of Association in Chinese is available for inspection, as discussed in the Appendix to the document entitled “VIII. Documents Delivered to the Registrar of Companies and On Display.”

SHARES AND REGISTERED CAPITAL

The shares of the Company shall be in the form of stock certificates. The issuance of the Company’s shares shall follow the principles of fairness and impartiality. Each share of the same class shall carry equal rights. Shares of the same class issued at the same time shall be issued under identical conditions and at the same price. Each share subscribed for by any entity or individual shall be paid for at the same price.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

In accordance with the needs of its operations and development, and in compliance with laws and administrative regulations, the Company may increase its registered capital by a resolution of the meeting of shareholders through the following methods:

- (1) Issuing shares to non-specific parties with approval from the relevant authorities;
- (2) Issuing shares to specific parties;
- (3) Distribution of bonus shares to existing shareholders;
- (4) Capitalization of capital reserves;
- (5) Other methods as prescribed by laws, administrative regulations, the CSRC, the securities regulatory authorities of the place where the Company’s shares are [REDACTED], and other regulatory authorities.

Any increase in registered capital shall be processed in accordance with the procedures prescribed by relevant laws and regulations, after obtaining approval under these Articles of Association and the regulations of the stock exchange where the Company’s shares are [REDACTED].

The Company may reduce its registered capital. Any reduction in registered capital shall be conducted in accordance with the procedures stipulated in the Company Law, the Hong Kong Stock Exchange Listing Rules, other relevant laws, administrative regulations and regulatory documents, as well as the regulations of the stock exchange where the Company’s shares are [REDACTED] and this Articles of Association.

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Repurchase of Shares

The Company shall not acquire its own shares, except under any of the following circumstances, provided that the Company complies with the applicable laws, regulations, the regulations of the stock exchange where the Company’s shares are [REDACTED], the Hong Kong Stock Exchange Listing Rules, and the provisions of this Articles of Association:

- (1) reducing the Company’s registered capital;
- (2) merging with another company that holds shares of the Company;
- (3) using the shares for employee stock ownership plans or equity incentives;
- (4) At the request of a shareholder who objects to a resolution of the meeting concerning a merger or division of the Company, requiring the Company to repurchase their shares;
- (5) using the shares for converting corporate bonds issued by the Company that are convertible into shares;
- (6) necessary for maintaining the Company’s value and safeguarding shareholders’ rights and interests;
- (7) Other circumstances permitted by laws, administrative regulations, departmental rules, regulatory documents, the Hong Kong Stock Exchange Listing Rules and the regulations of the stock exchange where the Company’s shares are [REDACTED].

The Company may acquire its own shares through public centralized trading or other means recognized by laws, administrative regulations, regulatory documents, the Hong Kong Stock Exchange Listing Rules, the regulations of the stock exchange where the Company’s shares are [REDACTED] and the CSRC (if required).

If the Company acquires its own shares for the reasons specified under the circumstances (1) or (2), such acquisition shall be subject to a resolution of the meeting of shareholders. In case of the circumstances stipulated in (3), (5), or (6), a resolution of the Company’s Board shall be passed by more than two-thirds of the Directors attending the Board meeting in compliance with the securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED].

After the Company has repurchased its own shares in accordance the circumstance (1), the shares shall be cancelled within 10 days from the date of acquisition; under the circumstance (2) and (4), the shares shall be transferred or cancelled within six months; under the circumstances (3), (5), and (6), the total number of shares held by the Company shall not exceed 10% of the total number of shares issued by the Company, and shall be transferred or

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cancelled within three years. Where there are other provisions in laws, regulations, the Hong Kong Stock Exchange Listing Rules and the securities regulatory authorities in the place where the Company’s shares are [REDACTED] regarding matters related to share repurchase, such provisions shall prevail.

Transfer of Shares

The shares of the Company may be transferred in accordance with the law. The transfer of [REDACTED] in Hong Kong shall be registered with the share registration institution in Hong Kong appointed by the Company.

The Company shall not accept its own shares as the subject of a pledge.

Shares issued before the public offering of the Company shall not be transferred within one year from the date the Company’s shares are [REDACTED] and traded on a stock exchange.

Directors and senior management of the Company shall report to the Company the number of Company shares they hold and any changes thereto. During their term of office, the number of shares they transfer each year shall not exceed 25% of the total shares they hold in the Company. Such personnel shall not transfer any shares they hold in the Company within one year from the date of the Company’s stock listing. Within six months after their resignation, they shall not transfer any shares they hold in the Company. If shares are pledged during the restricted transfer period as stipulated by laws and administrative regulations, the pledgee shall not exercise the pledge right during such restricted period.

SHAREHOLDERS AND SHAREHOLDERS’ MEETINGS

The Company shall establish a register of shareholders, which shall serve as conclusive evidence of a shareholder’s ownership of the Company’s shares. Shareholders shall enjoy rights and undertake obligations in accordance with the type of shares they hold; shareholders holding the same class of shares shall enjoy equal rights and bear the same obligations.

Shareholders of the Company shall have the following rights:

- (1) To receive dividends and other forms of distributions in proportion to the shares they hold;
- (2) To request, convene, preside over, attend, or appoint proxies to attend shareholders’ meetings and exercise corresponding voting rights in accordance with the law;
- (3) To supervise the Company’s operations and make suggestions or inquiries;
- (4) To transfer, gift, or pledge the shares they hold in accordance with laws, administrative regulations, the Hong Kong Stock Exchange Listing Rules and this Articles of Association;

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SUMMARY OF ARTICLES OF ASSOCIATION

- (5) To inspect and copy the Articles of Association, the register of shareholders, minutes of shareholders’ meetings, resolutions of the Board of Directors, and the financial and accounting reports in accordance with the regulations. Shareholders who meet the specified requirements may inspect the company’s accounting books and vouchers;
- (6) Upon the Company’s dissolution or liquidation, to participate in the distribution of the remaining assets of the Company in proportion to the shares they hold;
- (7) If dissenting to a resolution on merger or division adopted by the shareholders’ meeting, to request the Company to repurchase their shares;
- (8) Other rights prescribed by laws, administrative regulations, departmental rules, the Hong Kong Stock Exchange Listing Rules, other regulatory rules of the place where the Company’s shares are [REDACTED], or this Articles of Association.

In the event that any resolution of the Shareholders’ meeting or resolution of the Board of Directors violates laws or administrative regulations, the Shareholder is entitled to request the People’s Court to deem it as invalid.

In the event that the convening procedure or voting method of the Shareholders’ meeting or the Board meeting violates any of laws, administrative regulations or the Articles of Association, or any resolution of which violates the Articles of Association, the Shareholder is entitled to request the People’s Court to overturn the resolution within 60 days upon the resolution was adopted. However, this provision shall not apply if the procedural defects in convening the meeting or the voting methods are only minor and have no material effect on the resolution.

Resolutions adopted by the shareholders’ meeting or board of directors of the Company shall be deemed invalid under any of the following circumstances:

- (1) The resolution was adopted without convening a shareholders’ meeting or board meeting;
- (2) No voting was conducted on the proposed resolution at the shareholders’ meeting or board meeting;
- (3) The number of attendees or voting rights represented at the meeting failed to meet the quorum requirements prescribed by the *Company Law* or these Articles of Association;
- (4) The number of affirmative votes or voting rights in favor of the resolution failed to meet the approval thresholds prescribed by the *Company Law* or these Articles of Association.

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Shareholders of the Company shall assume the following obligations:

- (1) to abide by the laws, administrative regulations and the Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) not to withdraw the shares unless required by the laws and administrative regulations;
- (4) not to abuse their shareholders’ rights to jeopardize the interests of the Company or other shareholders, and not to abuse the status of the Company as an independent legal entity and the limited liability of shareholders to jeopardize the interests of any creditors of the Company;
- (5) other obligations imposed by the laws, administrative regulations the Hong Kong Stock Exchange Listing Rules, other regulatory rules in the place where the Company’s shares are [REDACTED] and the Articles of Association.

Where any shareholder of the Company abuses the shareholders’ rights and incur losses to the Company or other shareholders, such shareholder shall be liable for the damages according to laws. Where shareholders of the Company abuse the Company’s status as an independent legal entity and the limited liability of shareholders for the purposes of evading debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

Any shareholder holding 5% or more of the Company’s shares with voting rights who pledges their shares shall submit a written report to the Company on the date the pledge occurs.

The Company’s controlling shareholders and actual controllers shall comply with the following provisions:

- (1) Exercise shareholder rights in accordance with the law, and refrain from abusing control rights or exploiting connected relationships to harm the legitimate interests of the Company or other shareholders;
- (2) Strictly fulfill all public statements and commitments made, and shall not arbitrarily modify or waive them;
- (3) Strictly perform information disclosure obligations in accordance with relevant regulations, actively cooperate in disclosure work, and promptly inform the Company of any material events that have occurred or are planned;
- (4) Shall not misappropriate Company funds in any form;

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- (5) Shall not coerce, direct, or demand the Company or its personnel to provide illegal or non-compliant guarantees;
- (6) Shall not exploit undisclosed material information of the Company for personal gain, disclose any undisclosed material information related to the Company in any manner, or engage in illegal activities such as insider trading, short-swing trading, or market manipulation;
- (7) Shall not harm the legitimate interests of the Company or other shareholders through non-arm’s length connected transactions, profit distributions, asset reorganizations, external investments, or any other means;
- (8) Ensure the Company’s asset integrity, personnel independence, financial independence, organizational independence, and operational independence, and shall not impair the Company’s independence in any way;
- (9) Other requirements stipulated by laws, administrative regulations, the CSRC, the stock exchange where the Company’s shares are [REDACTED], and these Articles of Association.

General Provisions for Shareholders’ Meetings

The shareholders’ meeting is the supreme authority of the Company and shall exercise the following powers in accordance with the law:

- (1) To elect and replace directors, and to determine matters related to the remuneration of the Company’s directors;
- (2) To review and approve the report of the Board of Directors;
- (3) To review and approve the Company’s profit distribution plan and plan for making up losses;
- (4) To resolve on increasing or reducing the Company’s registered capital;
- (5) To resolve on the issuance of corporate bonds and the listing plan;
- (6) To resolve on matters such as the Company’s merger, division, dissolution, liquidation, or change of corporate form;
- (7) To amend the Articles of Association;
- (8) To make resolutions on the appointment, dismissal, or non-renewal of the engagement of the accounting firm by the Company, and to determine its remuneration;

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- (9) To review and approve the guarantee matters specified in Article 47 of these Articles of Association;
- (10) To review the purchase or sale of major assets by the Company involving, either individually or cumulatively within twelve consecutive months, an asset value or transaction amount exceeding 30% of the Company's most recently audited total assets;
- (11) To review and approve any changes in the use of funds raised through public offerings;
- (12) To review stock incentive plans and employee stock ownership plans;
- (13) To review and approve matters concerning the acquisition of the Company's shares that are required to be reviewed by the shareholders' meeting in accordance with laws and regulations, regulatory rules of the place where the Company's shares are [REDACTED], and this Articles of Association;
- (14) To review and approve matters concerning related-party transactions that are required to be reviewed by the shareholders' meeting in accordance with laws and regulations, regulatory rules of the place where the Company's shares are [REDACTED], and this Articles of Association;
- (15) To review and approve other matters that, according to laws, administrative regulations, departmental rules, the Hong Kong Stock Exchange Listing Rules and the regulatory rules of the place where the Company's shares are [REDACTED], or this Articles of Association, should be decided by the shareholders' meeting.

The shareholders' meeting may authorize the board of directors to make resolutions on the issuance of corporate bonds.

The following external guarantee acts must be submitted to the shareholders' meeting for approval:

- (1) Any guarantee provided when the aggregate amount of external guarantees for the Company and its controlled subsidiaries exceeds 50% of the most recently audited net assets;
- (2) Any guarantee provided when the Company's total external guarantees exceed 30% of the most recently audited total assets;
- (3) Guarantees where the aggregate amount within one year exceeds 30% of the Company's most recently audited total assets;
- (4) Guarantees provided to entities with a debt-to-asset ratio exceeding 70%;

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- (5) Single guarantees exceeding 10% of the most recently audited net assets;
- (6) Guarantees provided to shareholders, actual controllers, or their connected parties;
- (7) Other guarantee circumstances requiring shareholders' meeting approval as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the jurisdiction where the Company's shares are [REDACTED], or other normative documents.

Other external guarantee matters that do not meet the above thresholds shall be subject to approval by the Board of Directors.

For guarantee matters within the authority of the Board of Directors, approval by more than half of all directors is required, and at least two-thirds of the directors attending the Board meeting must consent.

When the shareholders' meeting deliberates on a proposal to provide a guarantee to shareholders, actual controllers, or their related parties, the relevant shareholders or shareholders under the control of the actual controller shall abstain from voting on such matters. The resolution shall be adopted by a majority of the voting rights held by the other shareholders present at the meeting.

Shareholders' meetings are classified into annual meetings and extraordinary meetings. An annual meeting shall be held once every year and must take place within six months after the end of the preceding fiscal year.

Under any of the following circumstances, the Company shall convene an extraordinary meeting within two months from the date the event occurs:

- (1) The number of directors falls below the statutory minimum or less than two-thirds of the number specified in these Articles of Association;
- (2) The Company's uncovered losses amount to one-third of the total paid-in share capital;
- (3) Shareholders individually or jointly holding 10% or more of the Company's shares request the meeting in writing;
- (4) The Board of Directors deems it necessary;
- (5) The Audit Committee proposes to convene the meeting;
- (6) Other circumstances stipulated by laws, administrative regulations, departmental rules, the Hong Kong Stock Exchange Listing Rules and securities regulatory requirements of the jurisdiction where the Company's shares are [REDACTED], or these Articles of Association.

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The shareholders’ meeting shall be held at the Company’s domicile, its regular place of business, or any other venue specified in the meeting notice.

The shareholders’ meeting shall be held with a physical venue for in-person attendance. The Company shall also provide means such as remote voting to facilitate shareholder participation. Shareholders participating through such means shall be deemed present.

Once a notice of the shareholders’ meeting has been issued, the venue of the on-site meeting shall not be changed without just cause. If a change is indeed necessary, the convener shall provide an explanation at least two working days before the scheduled on-site meeting.

Convening of Shareholders’ Meetings

Shareholders’ meetings shall be convened by the Board of Directors in accordance with the law.

The independent non-executive directors shall have the right to propose the convening of an extraordinary general meeting to the Board of Directors, subject to approval by a majority of all independent non-executive directors. Upon receiving such a proposal, the Board shall, in accordance with laws, administrative regulations, the Hong Kong Stock Exchange Listing Rules, securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED] and these Articles of Association, provide a written response indicating whether it agrees to convene the meeting within ten days. If the Board agrees, it shall issue the notice for the shareholders’ meeting within five days of adopting the relevant board resolution. If it does not agree, it shall explain the reasons and make an announcement.

The Audit Committee has the right to propose to the Board of Directors to convene an extraordinary meeting and shall make the proposal in writing. The Board shall, in accordance with laws, administrative regulations, and these Articles of Association, provide a written response indicating whether it agrees to convene the meeting within ten days of receiving the proposal.

If the Board agrees, it shall issue the meeting notice within five days of adopting the board resolution, and any changes to the original proposal must be approved by the Audit Committee.

If the Board disagrees or fails to respond within ten days, it shall be deemed as a failure or refusal to perform its duty to convene the meeting. In such case, the Audit Committee may convene and preside over the meeting on its own initiative.

Shareholders individually or jointly holding more than 10% of the Company’s shares have the right to request the Board of Directors to convene an extraordinary meeting, and such request shall be submitted in writing. The Board shall, in accordance with laws, administrative regulations, the Hong Kong Stock Exchange Listing Rules, securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED] and these Articles of Association, provide a written response indicating whether it agrees to convene the meeting within ten days.

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If the Board agrees, it shall issue the meeting notice within five days of adopting the board resolution, and any changes to the original request must be approved by the relevant shareholders.

If the Board disagrees or fails to respond within ten days, the shareholders holding more than 10% of the shares may submit the request in writing to the Audit Committee.

If the Audit Committee agrees, it shall issue the meeting notice within five days of receiving the request, and any changes to the original request must be approved by the relevant shareholders.

If the Audit Committee disapproves the convening of an extraordinary general meeting or fails to provide feedback within 10 days upon receipt of the request, it shall be deemed that the Audit Committee refuses to convene and preside over the shareholders’ meeting. Shareholders who have individually or jointly held more than 10% of the shares for more than 90 consecutive days may convene and preside over the meeting themselves.

If the Audit Committee or shareholders decide to convene a shareholders’ meeting on their own initiative, they shall provide written notice to the Board of Directors. If the securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED] provide otherwise, such rules shall prevail, provided that they do not contravene domestic laws, administrative regulations, or these Articles of Association.

Before the announcement of the voting results of the shareholders’ meeting, the convening shareholders’ shareholding ratio shall not be less than 10%.

Where a shareholders’ meeting is convened by the Audit Committee or shareholders themselves, the Board of Directors and the Board Secretary shall provide necessary cooperation. The Board shall provide the shareholder register as of the date of the meeting.

All necessary expenses for a shareholders’ meeting convened by the Audit Committee or shareholders themselves shall be borne by the Company.

Proposals and Notice of Shareholders’ Meeting

The content of a proposal shall fall within the scope of authority of the shareholders’ meeting, contain a clear topic and specific resolution matters, and comply with relevant laws, administrative regulations, the Hong Kong Stock Exchange Listing Rules, securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED] and the Articles of Association.

When the Company convenes a shareholders’ meeting, the Board of Directors, the Audit Committee, and shareholders individually or jointly holding more than 1% of the Company’s shares shall have the right to submit proposals to the Company.

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Subject to the provisions of the Hong Kong Stock Exchange Listing Rules, shareholders individually or jointly holding more than 1% of the Company’s shares may submit interim proposals in writing to the convener no later than ten days before the shareholders’ meeting is held. Upon receipt of such proposals, the convener shall issue a supplementary notice of the shareholders’ meeting within two days to inform shareholders of the content of the interim proposals.

Except as provided in the preceding paragraph or in compliance with the requirements of the Hong Kong Stock Exchange Listing Rules, after the notice of the shareholders’ meeting has been issued, the convener shall not modify the proposals listed in the notice or add new proposals.

Proposals that are not specified in the notice of the shareholders’ meeting or do not comply with these Articles of Association shall not be put to vote or adopted by the shareholders’ meeting.

The convener shall notify all shareholders of the annual meeting 21 days prior to its convening, and of an extraordinary meeting 15 days prior to its convening.

Proxy for the Shareholders’ Meeting

All shareholders [REDACTED] in the register of shareholders, or their proxies, shall have the right to attend the shareholders’ meeting and to speak and exercise their voting rights in accordance with applicable laws, regulations, the Hong Kong Stock Exchange Listing Rules and these Articles of Association.

Shareholders may attend the shareholders’ meeting in person or appoint a proxy to attend and vote on their behalf. Unless an individual shareholder is required by the Hong Kong Stock Exchange Listing Rules to abstain from voting on a particular matter, the proxy of such shareholder may exercise the following rights in accordance with the shareholder’s mandate:

- (1) The right to speak on behalf of the shareholder at the shareholders’ meeting;
- (2) The right to demand a poll, either individually or jointly with others;
- (3) Subject to any other provisions of relevant laws, administrative regulations, securities regulatory rules in the place where the Company’s shares are [REDACTED], or other securities laws and regulations, the right to exercise voting rights by show of hands or by poll.

Individual shareholders attending the meeting in person shall present their identity card or other valid documents or certificates that can verify their identity; where a proxy is appointed to attend the meeting, the proxy shall present a valid identity document and a shareholder’s power of attorney.

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Corporate shareholders or other institutional shareholders shall be represented by their legal representative (principal)/executive partner in charge of affairs, or by an agent appointed by the legal representative (principal)/executive partner in charge of affairs to attend the meeting. If the legal representative (principal)/executive partner in charge of affairs attends the meeting, they shall present their personal identification card and valid proof demonstrating their status as the legal representative (principal)/executive partner in charge of affairs. If an agent is appointed to attend the meeting, the agent shall present their personal identification card and a written power of attorney lawfully issued by the legal representative (principal)/executive partner in charge of affairs of the corporate or institutional shareholder (except for the recognized clearing house or its agents).

Any shareholder who is entitled to attend the shareholders' meeting and to vote shall have the right to appoint one or more persons (who need not be shareholders) as their proxy to attend and vote on their behalf. A power of attorney issued by a shareholder to authorize another person to attend the shareholders' meeting shall specify the following:

- (1) The name of the principal and the number of shares held in the Company;
- (2) The name of the proxy;
- (3) Voting instructions for each proposed resolution on the meeting agenda, specifying "for," "against," or "abstain";
- (4) The issuance date and validity period of the power of attorney;
- (5) The signature (or seal) of the principal. If the principal is an institutional shareholder, the official seal of the institution shall be affixed.

The power of attorney should specify whether the proxy is authorized to vote according to their own discretion if the shareholder does not provide specific instructions.

The proxy form shall be deposited at the Company's registered office or at any other place specified in the notice of the meeting, at least 24 hours before the relevant meeting at which the proxy is to vote, or at least 24 hours before the designated time for voting. If a proxy is authorized to sign the proxy voting authorization letter on behalf of the shareholder, the power of attorney or other authorization documents must be notarized. The notarized power of attorney or other authorization documents, together with the proxy voting authorization letter, shall be kept at the Company's domicile or other location specified in the notice of the meeting.

If the shareholder is a legal person or unincorporated entity, its legal representative or a person authorized by a resolution of its board of directors or other decision-making body shall attend the shareholders' meeting as its representative.

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Voting and Resolutions of the Shareholders’ Meeting

Resolutions of the shareholders’ meeting shall be classified into ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by more than half of the voting rights held by shareholders (including proxies) attending the shareholders’ meeting.

A special resolution shall be passed by at least two-thirds of the voting rights held by shareholders (including proxies) attending the shareholders’ meeting.

The following matters shall be resolved by an ordinary resolution of the shareholders’ meeting:

- (1) Reports of the Board of Directors;
- (2) Profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (3) The appointment and removal of members of the Board of Directors (including the removal of any director before the expiration of their term, provided that such removal shall not affect any claim for damages that the director may have under any contract) and their remuneration and method of payment;
- (4) The annual report of the Company;
- (5) Resolutions regarding the appointment, dismissal, or non-renewal of the engagement of an accounting firm, or the remuneration of the accounting firm;
- (6) Other matters except those required by laws, administrative regulations, the Hong Kong Stock Exchange Listing Rules and securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], or these Articles of Association to be adopted by special resolution.

The following matters shall be resolved by a special resolution of the shareholders’ meeting:

- (1) Increase or decrease of the Company’s registered capital;
- (2) Division, spin-off, merger, dissolution, or liquidation;
- (3) Amendments to the Articles of Association;

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- (4) Acquisition or disposal of assets where the total assets involved or transaction amount exceeds 30% of the Company’s most recently audited total assets within a continuous twelve-month period;
- (5) Equity incentive plans;
- (6) Other matters required by laws, administrative regulations, the Hong Kong Stock Exchange Listing Rules, securities regulatory requirements of the jurisdiction where the Company’s shares are [REDACTED], or these Articles of Association, and matters deemed by an ordinary resolution of the shareholders’ meeting to have a material impact on the Company and therefore requiring a special resolution.

The shares held by the Company’s shareholders are all ordinary shares, and there are no shares with special voting rights. Shareholders (including proxies) shall exercise voting rights based on the number of voting shares they represent, with one vote per share. When voting, shareholders (including proxies) who have two or more voting rights are not required to cast all their votes as either in favor, against, or abstaining.

When the shareholders’ meeting deliberates on significant matters affecting the interests of minority investors, the votes of minority investors shall be counted separately. The results of such separate vote counting shall be disclosed in a timely manner.

Shares held by the Company shall not carry voting rights and shall not be included in the total number of shares with voting rights present at the meeting.

Where a shareholder acquires shares with voting rights in violation of Article 63, Paragraphs 1 and 2 of the Securities Law (unless the listing rules and related regulatory rules of the place where the Company’s shares are [REDACTED] do not have any mandatory provisions to the contrary, in which case this shall not apply), the portion of shares exceeding the prescribed ratio shall not carry voting rights for 36 months from the date of acquisition and shall not be included in the total number of shares with voting rights present at the meeting. (Applicable after [REDACTED])

The Company’s Board of Directors, independent non-executive directors, shareholders holding 1% or more of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations, securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED] or CSRC rules, may solicit shareholders’ voting rights.

When the shareholders’ meeting deliberates on matters involving related-party transactions, the related shareholders shall abstain from voting, and the voting rights of the shares they represent shall not be counted in the total number of valid votes. The announcement of the shareholders’ meeting resolution shall fully disclose the voting situation of non-associated shareholders.

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DIRECTORS AND THE BOARD OF DIRECTORS

Directors

Company directors shall be natural persons. A person who falls under any of the following circumstances shall not serve as a director of the Company:

- (1) a person who has no or limited civil capacity;
- (2) a person who has been sentenced for corruption, bribery, embezzlement, misappropriation of property, or disrupting the socialist market economic order, and the sentence has not expired for more than five years; or having been deprived of political rights for committing a crime, and the deprivation has not expired for more than five years; or having been granted probation, where less than two years have elapsed since the end of the probation period;
- (3) a person who has served as a director, factory manager, or general manager of a company or enterprise that went bankrupt and was liquidated, and being personally liable for the bankruptcy, where less than three years have elapsed since the completion of the liquidation;
- (4) a person who has served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close due to legal violations, and being personally liable for such violations, where less than three years have elapsed since the business license was revoked;
- (5) a person who has a large amount of personal debt that is overdue and unpaid;
- (6) a person who is subject to market entry restrictions by the China Securities Regulatory Commission, where the restriction period has not yet expired;
- (7) Other circumstances where a person is disqualified from serving as a director under laws, administrative regulations, the Hong Kong Stock Exchange Listing Rules, the securities regulatory rules of the place where the Company’s shares are [REDACTED], or departmental rules.

If a director is elected or appointed in violation of the provisions of this Article, such election, appointment, or engagement shall be invalid. If a director falls under any of the circumstances listed in this Article during his or her term of office, the Company shall remove him or her from office.

Directors shall be elected or replaced by the shareholders’ meeting, and may be removed by the shareholders’ meeting before the expiration of their term of office.

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Each director shall serve a term of three years and may be re-elected upon the expiry of their term. Independent Non-Executive Directors shall serve the same term as other directors of the Company.

The term of a director shall commence from the date of assuming office and shall end upon the expiration of the term of the current board of directors. Where the election of new directors is not conducted in a timely manner upon expiration of the term, the incumbent directors shall continue to perform their duties as directors in accordance with laws, administrative regulations, departmental rules, and these Articles of Association until the newly elected directors assume office.

Where additional or replacement directors are elected before the end of a term, their term shall be the remaining term of the current board of directors, and shall commence from the date on which the shareholders' meeting approves their election and end on the date when newly elected directors are approved at the expiration of the current board's term.

A director may concurrently serve as the general manager or other senior management personnel. However, the number of directors concurrently serving as the general manager or other senior management personnel, together with directors elected as employee representatives, shall not exceed one-half of the total number of directors of the Company.

Board of Directors

The Company shall establish a Board of Directors. The Board of Directors shall consist of seven directors. Board members shall be elected by the shareholders' meeting in accordance with the law. Directors shall be classified into executive directors, non-executive directors and independent non-executive directors, among which there shall be no fewer than three independent non-executive directors, accounting for at least one-third of the total number of the Board. At least one independent non-executive director must possess appropriate professional qualifications required by the the Hong Kong Stock Exchange Listing Rules and other regulatory rules or have accounting or relevant financial management expertise. Additionally, at least one independent non-executive director shall ordinarily reside in Hong Kong.

The Board of Directors may, as needed, establish special committees such as the Remuneration Committee, Strategy Committee, Nomination Committee, Audit Committee, and Related Party Transactions Committee, which shall be accountable to the Board of Directors.

The Board of Directors shall exercise the following powers:

- (1) Convene the Shareholders' Meeting and report its work thereto;
- (2) Implement resolutions adopted by the Shareholders' Meeting;
- (3) Decide the Company's business plans and investment proposals;

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- (4) Propose profit distribution plans and loss recovery plans;
- (5) Propose plans for increasing or reducing the registered capital of the Company, and for issuing bonds or other securities and listing;
- (6) Subject to the provisions of the securities regulatory rules of the place where the Company’s shares are [REDACTED], draft proposals for significant acquisitions, repurchase of shares, merger, division, dissolution, or change of company form;
- (7) Subject to the provisions of the securities regulatory rules of the place where the Company’s shares are [REDACTED] and within the scope of authorization granted by the shareholders’ meeting, decide on matters such as external investment, acquisition and disposal of assets, asset pledges, provision of external guarantees, entrusted wealth management, related-party transactions, and charitable donations;
- (8) Decide on the establishment of the Company’s internal management structure;
- (9) Decide on the appointment or dismissal of the managers, board secretary, and other senior management personnel, and determine their remuneration, rewards, and punishments; based on the nomination of the general manager, decide on the appointment or dismissal of the company’s deputy general manager, chief financial officer, and other senior management personnel, and determine their remuneration and matters of rewards and punishments;
- (10) Formulate the Company’s basic management systems;
- (11) Propose amendments to the Articles of Association;
- (12) Manage the Company’s information disclosure affairs;
- (13) Submit proposals to the Shareholders’ Meeting on the appointment or replacement of the accounting firm responsible for auditing the Company;
- (14) Hear reports on the work of the General Manager, and supervise the performance;
- (15) Other powers stipulated by laws, administrative regulations, departmental rules, the Hong Kong Stock Exchange Listing Rules, the securities regulatory rules of the place where the Company’s shares are [REDACTED], or this Articles of Association, or granted by the shareholders’ meeting.

Any matters exceeding the scope of authority conferred by the Shareholders’ Meeting shall be submitted to the Shareholders’ Meeting for deliberation.

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Chairman

The Chairman shall exercise the following powers:

- (1) Preside over the Shareholders’ Meetings and convene and preside over the meetings of the Board of Directors;
- (2) Supervise and inspect the implementation of resolutions adopted by the Board of Directors;
- (3) Subject to any other provisions in the securities regulatory rules of the place where the Company’s shares are [REDACTED], sign important documents of the Board of Directors and other documents that should be signed by the Chairman of the Company;
- (4) Other powers and authorities granted by the Board of Directors or by laws, administrative regulations, and the securities regulatory rules of the place where the Company’s shares are [REDACTED].

The Board of Directors shall convene at least four meetings each year, which shall be convened by the Chairman. A written notice shall be given to all directors at least fourteen days before the meeting is held.

Special Committees under the Board

The Company’s Board of Directors establishes an Audit Committee, which exercises the powers of the Supervisory Board as stipulated by the Company Law.

The Audit Committee shall consist of three members, who must be non-executive directors. The Audit Committee shall have at least three members, with a majority of independent non-executive directors. At least one member must be an independent non-executive director with the appropriate professional qualifications as specified by the securities regulatory rules of the place where the Company’s shares are [REDACTED], or with appropriate expertise in accounting or related financial management. The convener (i.e., the chairperson) of the committee must be an independent non-executive director.

The Company’s Board of Directors establishes other special committees such as the Nomination Committee and the Remuneration Committee, which shall perform their duties in accordance with the laws and regulations, the Hong Kong Stock Exchange Listing Rules and this Articles of Association and the authorization granted by the Board of Directors. Proposals from these special committees shall be submitted to the Board of Directors for deliberation and decision. The working procedures of the special committees shall be formulated by the Board of Directors. The members of the Remuneration Committee and the Nomination Committee must have a majority of independent non-executive directors. The convener (i.e., the chairperson) of the Remuneration Committee must be an independent non-executive director, and the convener (i.e., the chairperson) of the Nomination Committee must be the Chairman of the Board or an independent non-executive director.

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General Manager and Other Senior Management Members

The Company shall have one General Manager and several Deputy General Managers and other senior management personnel, who shall be appointed or dismissed by the Board of Directors.

Personnel holding administrative positions (other than as a director or supervisor) in the Company's controlling shareholder entity shall not serve as senior management personnel of the Company.

Senior management personnel of the Company shall receive salaries solely from the Company and not from the controlling shareholder.

The term of office for the General Manager shall be three years. The General Manager may be reappointed by the Board of Directors upon expiration of the term. If the General Manager is replaced during the term, the new term shall commence from the date the Board resolution is passed and end upon the expiry of the current Board's term.

The General Manager shall be accountable to the Board of Directors and shall exercise the following powers and functions:

- (1) To preside over the production and operation management of the Company, implement the resolutions of the Board of Directors, and report work to the Board of Directors;
- (2) To organize and implement the Company's annual business plan and investment programs;
- (3) To draft plans for the establishment of the Company's internal management structure;
- (4) To draft the Company's basic management systems;
- (5) To formulate specific regulations of the Company;
- (6) To propose to the Board of Directors the appointment or dismissal of the Deputy General Manager and the Chief Financial Officer;
- (7) To decide on the appointment or dismissal of management personnel other than those to be appointed or dismissed by the Board of Directors;
- (8) Other powers granted by these Articles of Association or the Board of Directors.

The General Manager shall attend meetings of the Board of Directors.

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In accordance with the needs of the Company, the General Manager may formulate the General Manager’s Rules of Procedure, which shall be implemented upon approval by the Board of Directors.

The General Manager may resign before the expiration of the term. The procedures and methods for resignation shall be governed by the employment contract between the General Manager and the Company.

The term of office for Deputy General Managers and other senior management personnel shall be three years. The General Manager shall propose their appointment or dismissal to the Board of Directors. Deputy General Managers and other senior management personnel shall assist the General Manager in managing specific aspects of the Company’s operations. The specific division of labor shall be determined by the General Manager and filed with the Board of Directors.

The Company shall appoint a Board Secretary, who shall be responsible for the preparation of shareholders’ meetings and board of directors’ meetings, the custody of documents, and the management of shareholders’ records. The Board Secretary shall also handle matters related to information disclosure.

The Board Secretary shall comply with applicable laws, administrative regulations, departmental rules, securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED], the Articles of Association, and relevant Company policies and procedures.

If any senior management personnel, in the course of performing their duties, violate laws, administrative regulations, departmental rules, the Hong Kong Stock Exchange Listing Rules, securities regulatory rules of the jurisdiction where the Company’s shares are [REDACTED] or the Articles of Association and cause losses to the Company, they shall be liable for compensation.

Senior management personnel shall perform their duties faithfully and in the best interests of the Company and all shareholders. If any senior management personnel fail to perform their duties in good faith or breach their fiduciary obligations, resulting in damage to the interests of the Company or public shareholders, they shall bear liability for compensation in accordance with the law.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall, in accordance with laws, administrative regulations, and relevant regulations of state authorities, establish its financial and accounting systems. Where there are other provisions by the securities regulatory authorities in the place where the Company’s shares are [REDACTED], such provisions shall prevail.

The Company shall prepare its annual financial accounting report within four months after the end of each fiscal year and its interim financial accounting report within two months from the end of the first half of each fiscal year. The aforementioned financial accounting

APPENDIX VI

SUMMARY OF ARTICLES OF ASSOCIATION

reports shall be prepared and disclosed in accordance with the provisions of relevant laws, administrative regulations, departmental rules, the Hong Kong Stock Exchange Listing Rules, and other securities regulatory rules in the place where the Company’s shares are [REDACTED].

The Company shall not establish any accounting books other than the statutory ones. The Company’s assets shall not be deposited into any account opened in the name of an individual.

When distributing the profits after tax for the current year, the Company shall allocate 10% of the profits to the statutory reserve fund. When the statutory reserve fund has accumulated to more than 50% of the Company’s registered capital, no further appropriation is required.

If the statutory reserve fund is insufficient to cover losses from previous years, the Company shall use the current year’s profits to cover the losses before making appropriations to the statutory reserve fund in accordance with the preceding paragraph.

After the statutory reserve fund is appropriated from the post-tax profits, the Company may, pursuant to a resolution of the shareholders’ meeting, appropriate discretionary reserve funds from the post-tax profits.

The remaining post-tax profits after covering losses and making appropriations to the reserve funds shall be distributed to shareholders in proportion to the shares held by them, except as otherwise provided by laws and regulations, the regulatory rules of the place where the Company’s securities are [REDACTED], or this Articles of Association.

If the shareholders’ meeting distributes profits to shareholders in violation of the preceding paragraph before the Company has covered its losses and made the required appropriations to the statutory reserve fund, shareholders must return the distributed profits to the Company.

The Company’s own shares held by the Company shall not be entitled to profit distribution.

The Company’s cash dividend policy aims for stable and growing dividends. Subject to the conditions for profit distribution, the Company may distribute dividends in the form of cash, shares, or a combination of both, with cash dividends taking precedence over share dividends.

If the Company’s most recent audited report is not an unqualified opinion or is an unqualified opinion with a significant uncertainty related to going concern, the Company may refrain from profit distribution.

The reserve fund of the Company shall be used to cover losses, expand production and business operations, or increase the Company’s capital.

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SUMMARY OF ARTICLES OF ASSOCIATION

To cover the Company’s losses with surplus funds, the discretionary surplus reserve and the statutory surplus reserve shall be used first; if the losses still cannot be fully covered, the capital surplus reserve may be used in accordance with the regulations.

When the statutory reserve fund is converted into capital, the amount retained in the statutory reserve fund shall not be less than 25% of the Company’s registered capital prior to the conversion.

INTERNAL AUDIT

The Company shall implement an internal audit system, clarifying the leadership structure of internal audit work, its responsibilities and authorities, personnel allocation, financial support, application of audit results, and accountability.

The Company’s internal audit system shall be implemented and disclosed externally after approval by the Board of Directors.

APPOINTMENT OF ACCOUNTING FIRM

The Company shall engage an accounting firm that meets the requirements set forth in the Securities Law and the Hong Kong Stock Exchange Listing Rules to conduct audits of the financial statements, verify net assets, and provide other related consulting services, with the appointment term being one year, which can be renewed.

The engagement or dismissal of an accounting firm by the Company shall be submitted to the Board of Directors for deliberation after obtaining the consent of more than half of the members of the Audit Committee, and shall be decided by the shareholders’ meeting. The appointment, dismissal, and remuneration (or the method of determining remuneration) of the accounting firm must be decided by the shareholders’ meeting in the form of an ordinary resolution. The Board of Directors shall not appoint an accounting firm before the decision of the shareholders’ meeting.

The Company guarantees that it will provide the engaged accounting firm with truthful and complete accounting vouchers, accounting books, financial reports, and other accounting materials, and will not refuse, conceal, or falsify any information.

The audit fees of the accounting firm shall be decided by the shareholders’ meeting.

If the Company dismisses or does not renew the engagement of the accounting firm, it must notify the accounting firm seven days in advance. When the shareholders’ meeting votes on the dismissal of the accounting firm, the accounting firm shall be allowed to state its opinions.

If the accounting firm resigns, it must explain to the shareholders’ meeting whether there are any improper circumstances with the Company.

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT OUR GROUP

Incorporation of Our Company

Our Company was established as a limited liability company in the PRC on April 19, 2004, and converted into a joint stock company with limited liability on July 8, 2013.

As of the date of this document, our registered office is located at No. 8333, Yiwangfu South Road, Yunmenshan Sub-district, Qingzhou, Weifang City, Shandong Province, the PRC and our head office is at No. 8333, Yiwangfu South Road, Yunmenshan Sub-district, Qingzhou, Weifang City, Shandong Province, the PRC. Accordingly, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. The relevant PRC laws and regulatory provisions and a summary of the Articles of Association are set out respectively in “Appendix VI — Summary of Articles of Association” and “Appendix V — Summary of Principal Legal and Regulatory Provisions.”

Our Company has established a principal place of business in Hong Kong at Room 12, 12/F, Tower A New Mandarin Plaza 14 Science Museum Road Tsim Sha Tsui, Kowloon Hong Kong. We were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on October 16, 2025. Mr. Chang Eric Jackson has been appointed as our authorized representative for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for the service of process is the same as our principal place of business in Hong Kong.

Changes in the Share Capital of Our Company

Save as disclosed in “History and Corporate Structure,” there has been no alternation in our share capital within two years immediately preceding the date of this document.

Changes in Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants’ Report in Appendix I to this Document.

Details of the changes in the share capital of the Company’s subsidiaries within the two years immediately preceding the date of this Document are set out below:

- (a) On August 27, 2025, Hangzhou Tambor Outdoor Sports Technology Co., Ltd. (杭州坦博爾戶外運動科技有限公司) was established in the PRC as a wholly-owned subsidiary of our Company with an issued and paid-up capital of RMB10,000,000;
- (b) On September 10, 2025, Yuzhou Tambor Clothing Co., Ltd. (禹州市坦博爾服飾有限公司) was established in the PRC as a wholly-owned subsidiary of our Company with an issued and paid-up capital of RMB300,000;

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- (c) On September 11, 2025, Xinxiang Tambor Clothing Co., Ltd. (新鄉坦博爾服飾有限公司) was established in the PRC as a wholly-owned subsidiary of our Company with an issued and paid-up capital of RMB500,000;
- (d) On September 30, 2025, Xuchang Tanwen Garments Co., Ltd. (許昌坦文服飾有限公司) was established in the PRC as a wholly-owned subsidiary of our Company with an issued and paid-up capital of RMB300,000; and
- (e) On October 16, 2025, Xinxiang Tambor Trading Co., Ltd. (新鄉坦博爾商貿有限公司) was established in the PRC as a wholly-owned subsidiary of our Company with an issued and paid-up capital of RMB500,000.

Save as set out above, there had been no other alterations of share capital of our subsidiaries within the two years preceding the date of this Document.

Shareholders’ Resolutions

At the general meeting of our Company held on September 25, 2025, the following resolutions, among others, were passed by the Shareholders:

- (i) the issuance by our Company of H Shares of the nominal value of RMB1.0 each and such H Shares be [REDACTED] on the Stock Exchange;
- (ii) the number of H Shares to be issued pursuant to the [REDACTED] shall be no more than [REDACTED] H Shares, and the grant of the [REDACTED] in respect of [REDACTED] and issuance of additional H Shares, representing approximately [REDACTED]% of the [REDACTED] initially being [REDACTED] under the [REDACTED];
- (iii) as approved by the CSRC, upon completion of the [REDACTED], [REDACTED] Unlisted Shares in aggregate held by our Shareholders will be converted into H Shares on a one-for-one basis;
- (iv) subject to the completion of the [REDACTED], the granting of a general mandate to the Board to allot and issue H Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of H Shares to be issued shall not exceed 20% of the number of Shares in issue as of the [REDACTED];

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- (v) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on the [REDACTED], and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and other relevant regulatory authorities; and
- (vi) authorization of the Board and its authorized persons to handle all matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of the H Shares.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

The following contract (not being contract entered into in the ordinary course of business) has been entered into by members of our Group within the two years preceding the date of this document and is or may be material:

- (i) the [REDACTED].

Intellectual Property Rights

Trademarks

Registered Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date
1. . .	TANBOER	Chinese Mainland/ Madrid/ USA	Our Company	25	65548860/ ES1699718/ 7354711	December 27, 2032
2. . .	坦博尔	Chinese Mainland	Our Company	25	63822725	October 6, 2032
3. . .		Chinese Mainland/ Madrid/ USA	Our Company	25	63808358/ ES1698901/ 7354710	January 20, 2033
4. . .		Chinese Mainland	Our Company	25	63821858	January 20, 2033

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No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date
5. . .		Chinese Mainland	Our Company	25	54137841	October 6, 2031
6. . .		Chinese Mainland	Our Company	25	64782816	November 20, 2032
7. . .		Chinese Mainland	Our Company	25	62941028	September 13, 2032
8. . .		PRC	Our Company	25	56708229	June 13, 2032
9. . .		PRC	Our Company	25	1601420	July 13, 2031
10. . .		PRC	Our Company	25	78328794	October 27, 2034
11. . .		Hong Kong	Our Company	16, 25 and 35	306991499	August 7, 2035
12. . .		Hong Kong	Our Company	16, 25 and 35	306991516	August 7, 2035
13. . .		Hong Kong	Our Company	16, 25 and 35	306991507	August 7, 2035

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Patent

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent	Type of Patent	Place of Registration	Patent Number	Owner	Application Date
1. . .	Breathable film-covered material for down jackets and preparation method thereof (一種羽絨服用透氣覆膜材料及其製備方法)	Invention	PRC	CN120038998B	Our Company	March 3, 2025
2. . .	Big data-based personalized jacket recommendation method and system (基於大數據的衝鋒衣個性化推薦方法及系統)	Invention	PRC	CN118379118A	Our Company	May 12, 2023
3. . .	Digital-based outdoor sportswear system behavior data analysis method and system (基於數智化的戶外運動服裝系統行為數據分析方法及系統)	Invention	PRC	CN118379083A	Our Company	May 11, 2023
4. . .	Artificial intelligence-based clothing system behavior data analysis method and system (基於人工智能的服裝系統行為數據分析方法及系統)	Invention	PRC	CN118378166A	Our Company	June 6, 2023
5. . .	Big data-based user clothing order behavior analysis method and system (基於大數據的使用者服裝訂單行為分析方法及系統)	Invention	PRC	CN118350904A	Our Company	June 6, 2023
6. . .	A controllable exit device in a clothing hanging system (一種製衣吊掛系統中的可控式出站裝置)	Invention	PRC	CN110834908A	Our Company	June 5, 2023
7. . .	A lightweight industrial design drawing display stand 一種輕便的工業設計用設計圖紙展示架	Invention	PRC	CN112336099A	Our Company	June 7, 2023
8. . .	A printing processing system for clothing production (一種服裝生產用印花加工系統)	Invention	PRC	CN112757765A	Our Company	June 13, 2023
9. . .	A special shaping mold for cutting down jacket liners (一種羽絨服內膽裁製專用定型模具)	Invention	PRC	CN115821562A	Our Company	July 5, 2023
10. . .	A down jacket packaging device (一種羽絨服包裝設備)	Invention	PRC	CN116119092A	Our Company	January 5, 2024

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No.	Patent	Type of Patent	Place of Registration	Patent Number	Owner	Application Date
11.	A feather root removal device for down jacket production (一種羽絨服生產用羽毛除根裝置)	Invention	PRC	CN116277197A	Our Company	January 29, 2024
12.	A down fabric thermal insulation performance testing device (一種羽絨面料保暖性能檢測裝置)	Invention	PRC	CN116297664A	Our Company	July 23, 2019
13.	A tensile testing device for down jacket fabrics (一種用於羽絨服面料的拉伸檢測裝置)	Invention	PRC	CN116380672A	Our Company	March 30, 2023
14.	A loft testing instrument for down production (一種基於羽絨生產製造的蓬鬆度測試儀器)	Invention	PRC	CN116380776A	Our Company	October 25, 2022
15.	A winding device for down jacket production and packaging (一種羽絨服生產包裝用收卷裝置)	Invention	PRC	CN116374348A	Our Company	December 26, 2022
16.	A fully automatic bagging and packaging device for down jacket packaging (一種羽絨服打包用全自動套袋打包設備)	Invention	PRC	CN116395215A	Our Company	April 26, 2020
17.	A dehydration device for anti-caking down (一種羽絨防結塊的脫水加工設備)	Invention	PRC	CN116447842A	Our Company	December 12, 2022
18.	A device for automatically separating rubber strips for down jacket production (一種羽絨服生產用膠條自動分離設備)	Invention	PRC	CN116513843A	Our Company	December 12, 2022
19.	A device for efficiently cleaning and maintaining down jacket inner feathers (一種羽絨服內羽高效清潔保養裝置)	Invention	PRC	CN117512900A	Our Company	May 25, 2024
20.	A device for coating down jacket fabrics with radiation resistance (一種羽絨服抗輻射面料塗覆裝置)	Invention	PRC	CN117644004A	Our Company	April 26, 2020
21.	A down jacket (一種羽絨服)	Invention	PRC	CN110338485A	Our Company	April 26, 2020
22.	A multi-angle down suction device for down jacket production (一種羽絨服生產用多角度吸絨裝置)	Invention	PRC	CN116211004A	Our Company	April 26, 2020
23.	A device for quantitatively controlling the amount of down filling used in down jacket processing (一種基於羽絨服加工的充絨量定量控制設備)	Invention	PRC	CN115568656A	Our Company	April 26, 2020
24.	A device for inspecting finished down jackets (一種羽絨服成品檢測裝置)	Invention	PRC	CN115790792A	Our Company	June 5, 2020

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No.	Patent	Type of Patent	Place of Registration	Patent Number	Owner	Application Date
25.	Down jacket disinfection deodorization maintenance device (一種羽絨服消毒除味保養裝置)	Invention	PRC	CN116497606B	Our Company	December 8, 2022
26.	Big Data Collection and Analysis Method and System Based on Fashion Design (基於服裝設計的大數據採集分析方法及系統)	Invention	PRC	CN121010403B	Our Company	November 25, 2025
27.	A Dehydration and Drying Device for Down Jackets (一種羽絨服脫水烘乾裝置)	Invention	PRC	CN115874426B	Our Company	October 10, 2022
28.	Clothing mass production template and processing method thereof (一種服裝批量生產模板及其加工方法)	Invention	PRC	CN118007332A	Our Company	March 27, 2024
29.	A lifting workbench for garment processing (一種服裝加工用升降式工作臺)	Utility patent	PRC	CN213096752U	Our Company	June 5, 2020
30.	A down jacket that is easy to store (一種便於收納的羽絨服)	Utility patent	PRC	CN219593757U	Our Company	June 5, 2020
31.	A down jacket with a heating function (一種具有發熱功能的羽絨服)	Utility patent	PRC	CN220024217U	Our Company	June 5, 2020
32.	Three-dimensional thermal shoulder pad (立體保暖護肩)	Utility patent	PRC	CN222322896U	Our Company	December 16, 2021
33.	A garment processing and cutting device (一種服裝加工切割裝置)	Utility patent	PRC	CN213106979U	Our Company	November 4, 2021
34.	An efficient down jacket disinfection cabinet (一種高效的羽絨服消毒櫃裝置)	Utility patent	PRC	CN213099593U	Our Company	May 18, 2022
35.	An adjustable garment processing table (一種可調節式的服裝加工台)	Utility patent	PRC	CN213096809U	Our Company	June 2, 2022
36.	A dust-proof down jacket fabric winding device (一種防塵的羽絨服布料收卷裝置)	Utility patent	PRC	CN213111720U	Our Company	May 31, 2022
37.	A down jacket down transfer device (一種羽絨服加工用絨毛轉運裝置)	Utility patent	PRC	CN213101524U	Our Company	November 17, 2022
38.	A down jacket ironing and shaping device (一種羽絨服加工用熨燙定型裝置)	Utility patent	PRC	CN213113933U	Our Company	December 26, 2022
39.	A down jacket drying device (一種羽絨服加工用烘乾裝置)	Utility patent	PRC	CN213119739U	Our Company	December 12, 2022
40.	A down jacket production line conveyor device (一種羽絨服加工生產線輸送裝置)	Utility patent	PRC	CN213111114U	Our Company	December 21, 2022
41.	A garment design stand (一種服裝設計用支架)	Utility patent	PRC	CN216601793U	Our Company	May 31, 2022
42.	A garment design display rack (一種服裝設計用陳列架)	Utility patent	PRC	CN216702160U	Our Company	May 24, 2022

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No.	Patent	Type of Patent	Place of Registration	Patent Number	Owner	Application Date
43.	A multifunctional down jacket (一種多功能羽絨服)	Utility patent	PRC	CN217309222U	Our Company	October 8, 2024
44.	A multifunctional down jacket that is easy to store (一種便於收納多功能的羽絨服)	Utility patent	PRC	CN217390035U	Our Company	October 8, 2024
45.	A new type of thermal down jacket (一種新型保暖羽絨服)	Utility patent	PRC	CN217390034U	Our Company	October 8, 2024
46.	A portable Easy-to-put-on/off down jacket (一種便於穿脫的羽絨服)	Utility patent	PRC	CN218635347U	Our Company	September 29, 2024
47.	An extendable down jacket (一種可加長的羽絨服)	Utility patent	PRC	CN219593758U	Our Company	September 29, 2024
48.	A down jacket with adjustable thickness (一種厚度可調的羽絨服)	Utility patent	PRC	CN220124001U	Our Company	September 29, 2024
49.	A down jacket with waist adjustment (一種具有腰部調節功能的羽絨服)	Utility patent	PRC	CN220124002U	Our Company	October 8, 2024
50.	A down jacket hood structure with ear protection (一種帶護耳功能的羽絨服衣帽結構)	Utility patent	PRC	CN223730795U	Our Company	April 2, 2025
51.	A far-infrared self-heating, heat-storing and stretchable fabric (一種遠紅外自發熱蓄暖舒彈面料)	Utility patent	PRC	CN224044777U	Our Company	February 13, 2025
52.	Zipper pull (拉鏈拉手)	Design	PRC	CN307534930S	Our Company	September 29, 2024
53.	Zipper rain hood (拉鏈防雨蓋帽)	Design	PRC	CN307617952S	Our Company	September 29, 2024
54.	Down jacket (TEF560563A) (羽絨服(TEF560563A))	Design	PRC	CN309271877S	Our Company	May 12, 2023
55.	Down pants (TEF550875A) (羽絨褲(TEF550875A))	Design	PRC	CN309271878S	Our Company	May 11, 2023
56.	Down jacket (TEF560523A) (羽絨服(TEF560523A))	Design	PRC	CN309271879S	Our Company	June 6, 2023
57.	Down jacket (TEF550879A) (羽絨服(TEF550879A))	Design	PRC	CN309277461S	Our Company	June 6, 2023
58.	Down jacket (TEF550579A) (羽絨服(TEF550579A))	Design	PRC	CN309277462S	Our Company	June 5, 2023
59.	Down jacket (TAF560577A) (羽絨服(TAF560577A))	Design	PRC	CN309284116S	Our Company	June 7, 2023
60.	Down jacket (TEF560571A) (羽絨服(TEF560571A))	Design	PRC	CN309284162S	Our Company	June 13, 2023
61.	Down jacket (TBF560520A) (羽絨服(TBF560520A))	Design	PRC	CN309299990S	Our Company	July 5, 2023
62.	Down jacket (TEF550380A) (羽絨服(TEF550380A))	Design	PRC	CN309299989S	Our Company	January 5, 2024

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Copyrights

As of the Latest Practicable Date, we had registered the following copyrights, which we consider to be or may be material to our business:

No.	Name of Copyright	Place of Registration	Registered Owner	Registration Number	First Publication Date
1. . .	Life Skiing 1 (生活滑雪1)	PRC	Our Company	NCR-2023-F-00219001	Unpublished
2. . .	Life Skiing 2 (生活滑雪2)	PRC	Our Company	NCR-2023-F-00219003	Unpublished
3. . .	Life Skiing 3 (生活滑雪3)	PRC	Our Company	NCR-2023-F-00218998	Unpublished
4. . .	Fashion Sports (時尚運動)	PRC	Our Company	NCR-2023-F-00218987	Unpublished
5. . .	Fashion Sports 2 (時尚運動2)	PRC	Our Company	NCR-2023-F-00218988	Unpublished
6. . .	Urban Sports 1 (城市運動1)	PRC	Our Company	NCR-2023-F-00218989	Unpublished
7. . .	Urban Sports 2 (城市運動2)	PRC	Our Company	NCR-2023-F-00219002	Unpublished
8. . .	Urban Sports 3 (城市運動3)	PRC	Our Company	NCR-2023-F-00219000	Unpublished
9. . .	Mountain Wilderness Camping 1 (山野露營1)	PRC	Our Company	NCR-2023-F-00218991	Unpublished
10. . .	Fun Childhood (趣味童年)	PRC	Our Company	NCR-2023-F-00218990	Unpublished
11. . .	Ocean Impressions (海洋印象)	PRC	Our Company	NCR-2024-F-00060159	Unpublished
12. . .	3D Geometric Jacquard (三維幾何提花)	PRC	Our Company	NCR-2024-F-00083700	Unpublished
13. . .	Animal Paradise Series (《動物樂園》系列)	PRC	Our Company	NCR-2024-F-00230894	Unpublished
14. . .	Broken Camouflage (破碎迷彩)	PRC	Our Company	NCR-2024-F-00230888	Unpublished
15. . .	Fun City Wilderness 2 (趣味市野2)	PRC	Our Company	NCR-2024-F-00230892	Unpublished
16. . .	Snow Traces (雪地印記)	PRC	Our Company	NCR-2024-F-00230887	Unpublished
17. . .	Orderly Light Wheel (秩序光輪)	PRC	Our Company	NCR-2025-F-00018703	Unpublished
18. . .	Digital Armor (數字乘甲)	PRC	Our Company	NCR-2025-F-00018702	Unpublished
19. . .	Mountain Wilderness Outdoors (山野戶外)	PRC	Our Company	NCR-2025-F-00184481	October 20, 2024
20. . .	Emerald Waves Glow (碧波流光)	PRC	Our Company	NCR-2025-F-00184367	October 20, 2024
21. . .	Peak One (巔峰壹號)	PRC	Our Company	NCR-2025-F-00184364	October 20, 2024
22. . .	Austrian Ski Team Uniform (奧地利滑雪隊服)	PRC	Our Company	NCR-2025-F-00220758	November 20, 2024
23. . .	Arctic Exploration 2.0 (北極探索2.0)	PRC	Our Company	NCR-2025-F-00220761	November 20, 2024
24. . .	Quality Down, Quality Warmth (好羽絨好溫暖)	PRC	Our Company	NCR-2025-F-00220754	November 20, 2024
25. . .	Summit Peak – Black/Gray (攀登之顛-黑灰)	PRC	Our Company	NCR-2025-F-00220765	November 20, 2024

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No.	Name of Copyright	Place of Registration	Registered Owner	Registration Number	First Publication Date
26. . .	Tanboer Secure Down (坦博爾安心絨)	PRC	Our Company	NCR-2025-F-00220760	November 20, 2024
27. . .	Love and Warmth (有愛有溫暖)	PRC	Our Company	NCR-2025-F-00220757	November 20, 2024
28. . .	Friends with Nature (與自然為友)	PRC	Our Company	NCR-2025-F-00220762	November 20, 2024
29. . .	Reliable Down	PRC	Our Company	NCR-2026-F-00057041	March 20, 2025
30. . .	Jungle terrain (叢林地貌)	PRC	Our Company	NCR-2025-F-00325328	August 15, 2025
31. . .	Goose Down Label (鵝絨標)	PRC	Our Company	NCR-2025-F-00325331	August 15, 2025
32. . .	Co-branded storage bag printing (聯名收納袋印花)	PRC	Our Company	NCR-2025-F-00325326	August 15, 2025
33. . .	Inner printing (內裡印花)	PRC	Our Company	NCR-2025-F-00325327	August 15, 2025
34. . .	Mountain and mining trails (山野礦路)	PRC	Our Company	NCR-2025-F-00325325	August 15, 2025
35. . .	Snowflake Wander Decorative Label (雪花漫遊裝飾標)	PRC	Our Company	NCR-2025-F-00325329	August 15, 2025
36. . .	Sports Decorative Label (運動裝飾標)	PRC	Our Company	NCR-2025-F-00325330	August 15, 2025
37. . .	Spring of the Green Wilderness (綠野之春)	PRC	Our Company	NCR-2026-F-00043486	January 8, 2026
38. . .	Snow Dancing on the Mountain Peaks (雪舞山巔)	PRC	Our Company	NCR-2026-F-00050565	January 20, 2026

Note:

(1) NCR refers to national copyright registration (國作登字).

Domain Names

As of the Latest Practicable Date, we owned the following domain names, which we consider to be or may be material to our business:

No.	Domain Name	Registration Owner	Registration date	Expiry Date
1. . .	tanboer.com	Our Company	March 12, 2003	March 12, 2029

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights that were material in relation to our business.

APPENDIX VII STATUTORY AND GENERAL INFORMATION

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Directors

Disclosure of Interests

Saved as disclosed below, immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in the Shares, underlying Shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Name	Position	Nature of Interest	Number and description of Shares	% of shareholding in the Unlisted Shares/H Shares ⁽¹⁾	% of shareholding in the total issued share capital
Ms. Wang Lili . .	Chairperson of the Board, executive Director and general manager	Beneficial owner	[42,379,996] H Shares	[REDACTED] (L)	[REDACTED]
		Interest in a controlled corporation ⁽²⁾	[124,920,004] H Shares	[REDACTED] (L)	[REDACTED]
Ms. Xiao Na. . .	Executive Director and finance director	Interest in a controlled corporation ⁽³⁾	[3,899,960] H Shares	[REDACTED] (L)	[REDACTED]

Notes:

- (1) The letter “L” in this column denotes the long position.
- (2) Ms. Wang Lili is (i) the beneficial owner of Shanghai Lanyin holding 55.0% of its equity interest; (ii) the general partner of Qingzhou Tanwen holding 66.8% of its partnership interest; (iii) a limited partner of Qingzhou Boshun holding 66.8% of its partnership interest; and (iv) a limited partner of Qingzhou Erya holding 79.7% of its partnership interest. Therefore, by virtue of the SFO, Ms. Wang Lili is deemed to be interested in the Shares held in aggregate by Shanghai Lanyin, Qingzhou Tanwen, Qingzhou Boshun and Qingzhou Erya.
- (3) Ms. Xiao Na is the general partner of Qingzhou Boshun. Therefore, by virtue of the SFO, Ms. Xiao Na is deemed to be interested in the Shares held by Qingzhou Boshun.

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Particulars of Service Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, our Company [has entered into] a service agreement with each of the Directors which contains provisions in relation to, among other things, compliance of relevant laws and regulations, observations of the Articles of Association and provisions on arbitration.

The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following his/her respective effective date of his/her respective effective date of his/her appointment; (b) each of the agreements is subject to termination in accordance with their respective terms.

Save as disclosed above, our Company has not entered, and does not propose to enter, into any service contracts with any of the Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Directors’ remuneration

For details of the Directors’ remuneration, see “Directors and Senior Management — Remuneration of Directors and Five Highest Paid Individuals.” and Notes 8 and 9 to the Accountant’s Report as set out in Appendix I.

Substantial Shareholders

Interests in the Shares of our Company

For information on the persons (other than our Directors or chief executive of our Company) who will, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), having or be deemed or taken to have beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the issued voting shares of our Company, see “Substantial Shareholders” of this document.

Save as disclosed in the section headed “Substantial Shareholders” in this document, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), having or be deemed or taken to the beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the issued voting shares of our Company or had option in respect of such capital.

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Interests in our Company’s subsidiaries

Immediately following the completion of the [REDACTED], assuming (i) the [REDACTED] has become unconditional and all [REDACTED] have been issued pursuant to the [REDACTED]; and (ii) the [REDACTED] have not been exercised, all member companies of our Group (other than our Company) are wholly owned by our Company. As such, no person (other than our Company) will be interested, directly or indirectly, in 10% or more of share capital with the right to, in any event, vote at the general meeting of any other member (other than our Company) of our Group.

Disclaimers

- (i) Save as disclosed in this document, none of our Directors or any of the parties listed in “— Other Information — Consents of Experts” in this appendix:
 - (a) is interested in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company; or
 - (b) is materially interested in any contract or arrangement subsisting at the date of this document that is significant in relation to our business;
- (ii) Save in connection with the [REDACTED], none of the parties listed in “— Other Information — Consents of Experts” in this appendix:
 - (a) is interested legally or beneficially in any Shares in any member of our Group; or
 - (b) has any right (whether legally enforceable or not) to [REDACTED] for or to nominate persons to [REDACTED] for any securities in any member of our Group;
- (iii) None of our Directors or their close associates or any Shareholders of our Company who, to the knowledge of our Directors, owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and
- (iv) Save as disclosed in “Substantial Shareholders”, none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are [REDACTED] on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

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SHARE INCENTIVE SCHEME

In recognition of the contributions of, the employees and other key stakeholders of our Group, and to incentivize them to further promote our development, we adopted the Share Incentive Scheme in December 2012, which was amended in August 2025. To align with local authorities’ requirements regarding the establishment of limited partnerships during the Company’s growth phases, we established three limited partnerships in the PRC as our Employee Incentive Platforms, namely Qingzhou Tanwen, Qingzhou Boshun and Qingzhou Erya. Under the Share Incentive Scheme, eligible participants were granted partnership interest in the Employee Incentive Platforms (the “**Incentive Awards**”). As of the Latest Practicable Date, the Employee Incentive Platforms, in aggregate, held 12,600,021 Shares in our Company, representing 7.53% of the share capital of our Company. For details of our Employee Incentive Platforms, see “History and Corporate Structure — Our Employee Incentive Platforms.”

The Share Incentive Scheme does not involve any grant of share options or awards after the [REDACTED] and therefore is not subject to the provisions of Chapter 17 of the Listing Rules. Given the underlying Shares under the Share Incentive Scheme have already been issued, there will not be any further dilution effect to the issued Shares arising from the Share Incentive Scheme.

Below is a summary of the principal terms and provisions of Share Incentive Scheme.

Purpose

The Share Incentive Scheme aims to effectively maintain and continuously enhance corporate cohesion and employee engagement, actively promote and fully reflect modern enterprise development concepts and to better introduce, cultivate, and retain our Company’s core and key talents.

Eligible Participants

Persons eligible to participate in the Share Incentive Scheme are employees of our Group, including senior management, core technical personnel, key technical staff, key business personnel and any other eligible employees deemed by our Company as having a direct impact on its operational performance and future development.

Administration

The Share Incentive Scheme is administered, interpreted and implemented by the Board. The Board will consider and determine the grantees, the number of the Incentive Awards to be granted to each grantee, the corresponding terms and conditions of each grant, the circumstances where the grantees may exit the Share Incentive Scheme (including but not limited to: (i) the grantee ceasing to be an eligible participant under the Share Incentive Scheme; (ii) adjustments to the Share Incentive Scheme required to comply with applicable laws or regulatory requirements; (iii) the grantee’s breach of the terms of the Share Incentive

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

Scheme and partnership agreements, or any relevant laws and regulations; and (iv) the grantee’s inability to perform duties due to misconduct or criminal proceedings), as well as the transfer and disposal of the Incentive Awards. All or part of the awards granted to whom are in the form of Incentive Shares, each of the grantees is registered as a partner of the Employee Incentive Platforms or a partner of the sole limited partner of the Employee Incentive Platforms (as the case may be) upon grant of the Partnership Interest and is able to indirectly receive economic interest in the pro rata portion of the underlying Shares held by such Incentive Platform.

Term

The Share Incentive Scheme shall be valid and effective until the date when all Incentive Awards granted have been disposed or the date on which our Company’s Shareholders resolve to terminate the Share Incentive Scheme by way of a general meeting.

Grants under the Share Incentive Scheme

The maximum number of Shares underlying the Incentive Awards that may be granted under the Share Incentive Scheme is 16,730,000, representing 10.0% of the share capital of our Company in issue immediately prior to the [REDACTED]. As of the Latest Practicable Date, Incentive Awards corresponding to 12,600,021 Shares had been granted and vested to 30 grantees, including three Directors who are also senior management members of our Company, three supervisors and three directors of our subsidiaries. No further grants will be made under the Share Incentive Scheme following the [REDACTED]. Except for the grantees who are acting as the general partners of the Employee Incentive Platforms, the other grantees under the Share Incentive Scheme are not able to exercise any voting rights attaching to the underlying Shares.

The table below sets out the details of the Incentive Awards granted under the Share Incentive Scheme as of the Latest Practicable Date:

Name of the Participant	Position/connected relationship	Number of Shares underlying the Incentive Awards granted	As of the Latest Practicable Date % as to the total issued share capital of our Company	Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)
<i>Incentive Shares</i>				
Ms. Wang Lili	Chairperson of the Board, executive Director and general manager	8,640,022	5.16	[REDACTED]

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Name of the Participant	Position/connected relationship	Number of Shares underlying the Incentive Awards granted	As of the Latest Practicable Date % as to the total issued share capital of our Company	Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)
Mr. Hou Zengjiang . .	Executive Director, deputy general manager and Board secretary	199,999	0.12	[REDACTED]
Ms. Xiao Na	Executive Director and finance director	199,997	0.12	[REDACTED]
Ms. Liu Yan	Director of our subsidiaries	129,998	0.08	[REDACTED]
Ms. Zhang Chunlian .	Director of one of our subsidiaries	99,998	0.06	[REDACTED]
Ms. Wu Jincai	Director of one of our subsidiaries	159,999	0.10	[REDACTED]
Mr. Chen Shangbiao .	Supervisor of one of our subsidiaries	159,999	0.10	[REDACTED]
Ms. Liu Jihua	Supervisor of one of our subsidiaries	99,998	0.06	[REDACTED]
Ms. Yang Xinli	Supervisor of eight of our subsidiaries	60,002	0.04	[REDACTED]
Ms. Zhao Zhenmei . .	Close associate of Mr. Hou Zengjiang ⁽¹⁾	50,002	0.03	[REDACTED]
Other employees of the Group		2,800,007	1.67	[REDACTED]
Total		12,600,021	7.53	[REDACTED]

Note:

- (1) Ms. Zhao Zhenmei is the spouse of Mr. Hou Zengjiang, an executive Director, deputy general manager and Board secretary of our Company.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

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Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our financial condition or results of operations.

Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], our H Shares to be converted from Unlisted Shares and our H Shares to be issued pursuant to the [REDACTED] and they satisfy the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will be paid by our Company a fee of RMB3 million to act as the Sponsor to our Company in connection with the [REDACTED].

Compliance Advisor

Our Company has appointed Somerley Capital Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

Taxation of Holder of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the [REDACTED] of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see “Appendix IV — Taxation and Foreign Exchange.”

Potential investors in the [REDACTED] are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of [REDACTED] for, purchasing, holding or disposing of or dealing in our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Sole Sponsor, the [REDACTED], or any other person or party involved in the [REDACTED] accept responsibility for any tax effects on, or liabilities of, any person, resulting from the [REDACTED], purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our H Shares.

APPENDIX VII STATUTORY AND GENERAL INFORMATION

Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation under the SFO for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
AllBright Law Offices	PRC legal advisers to our Company
China Insights Industry Consultancy Limited	Independent industry consultant
Ernst & Young	Certified Public Accountants
APAC Asset Valuation and Consulting Limited	Independent property valuer

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to [REDACTED] or to nominate persons to [REDACTED] securities in any member of our Group.

Promoters

The promoters of our Company are as follows:

No.	Name of promoters of our Company
1	Shanghai Lanyin
2	Wang Yongping (王勇萍)
3	Qingzhou Tanwen
4	Qingzhou Boshun
5	Qingzhou Erya

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Save as disclosed in the section headed “History and Corporate Structure,” within the two years immediately preceding the date of this document, no cash, securities, amount or benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the [REDACTED] or the related transactions described in this document.

Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in so far as applicable.

No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our financial, trading position or prospects since December 31, 2025, being the date of our combined financial statements as set out in “Appendix I — Accountants’ Report,” up to the date of this document.

Miscellaneous

Save as disclosed in this document or in connection with the [REDACTED],

- (i) within the two years immediately preceding the date of this document,
 - (a) save as disclosed in the “History and Corporate Structure” section and “Changes in the Share Capital of Our Subsidiaries” in this section above, neither our Company nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash; and
 - (b) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
- (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

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- (iii) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (iv) there are no arrangements under which future dividends are waived or agreed to be waived;
- (v) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (vi) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the 12 months proceeding the date of this document;
- (vii) no part of the equity or debt securities of our Company, if any, is currently [REDACTED] on or [REDACTED] in on any stock exchange or trading system, and no such [REDACTED] or permission to [REDACTED] on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and
- (viii) our Company has no outstanding convertible debt securities or debentures.

APPENDIX VIII

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) the written consents referred to in “Appendix VII — Statutory and General Information — Other Information — Consents of Experts;” and
- (b) a copy of the material contract referred to in “Appendix VII — Statutory and General Information — Further Information about Our Business — Summary of Material Contract.”

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.tanboer.com during a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountants’ Report from Ernst & Young, the text of which is set out in Appendix I to this document;
- (c) the audited financial statements of our Group for the years ended December 31, 2023, 2024 and 2025;
- (d) the report on unaudited [REDACTED] financial information of our Group from Ernst & Young, the text of which is set out in Appendix II to this document;
- (e) the legal opinions issued by AllBright Law Offices, our PRC Legal Advisors in respect of certain matters of our Group in the PRC;
- (f) the industry report prepared by CIC, the summary of which is set forth in “Industry Overview;”
- (g) a copy of each of the PRC Company Law, the PRC Securities Law, and Overseas Listing Trial Measures together with their unofficial English translation;
- (h) the letter, summary of valuations and valuation certificates relating to certain property interests of our Company prepared by APAC Asset Valuation and Consulting Limited, the texts of which are set out in Appendix III to this document;

APPENDIX VIII

**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE ON DISPLAY**

- (i) the material contract referred to in “Appendix VII — Statutory and General Information — Further Information about Our Business — Summary of Material Contract;”
- (j) the written consents referred to in “Appendix VII — Statutory and General Information — Other Information — Consents of Experts;” and
- (k) the service contracts referred to in “Appendix VII — Statutory and General Information — Further Information about Our Directors and Substantial Shareholders — Directors — Particulars of Service Contracts.”