SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [**REDACTED**] *in the* [**REDACTED**].

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

OVERVIEW

Who We Are

We are a leading multi-brand cosmetics group homegrown in China. We are dedicated to becoming a leading global cosmetics group that delivers high-quality cosmetics products to consumers worldwide. According to Frost & Sullivan, we were the fifth-largest cosmetics group in China in terms of retail sales in 2025 with a market share of 1.5%, and the only Chinese group among the top five. From 2023 to 2025, we achieved the highest CAGR of retail sales among these top five groups, outperforming the international peers. We have remained the largest Chinese cosmetics group in terms of retail sales in China for five consecutive years from 2021 to 2025 with a market share of 3.0% in 2025 among China's domestic cosmetics industry, demonstrating our well-established leading position.

Our Journey of Growth

China's cosmetics industry is an open and inclusive arena, characterized by rapid development. Guided by our mission "beauty to last, bliss to share (美麗永存, 共享美好)," we have been consistently dedicated to this industry for around 20 years. Drawing on our aesthetic insights, deep understanding of Chinese consumers, sustained R&D investment, rigorous product development, efficient in-house production and agile responses to sales channel shifts, we have evolved into a leading cosmetics group in China.

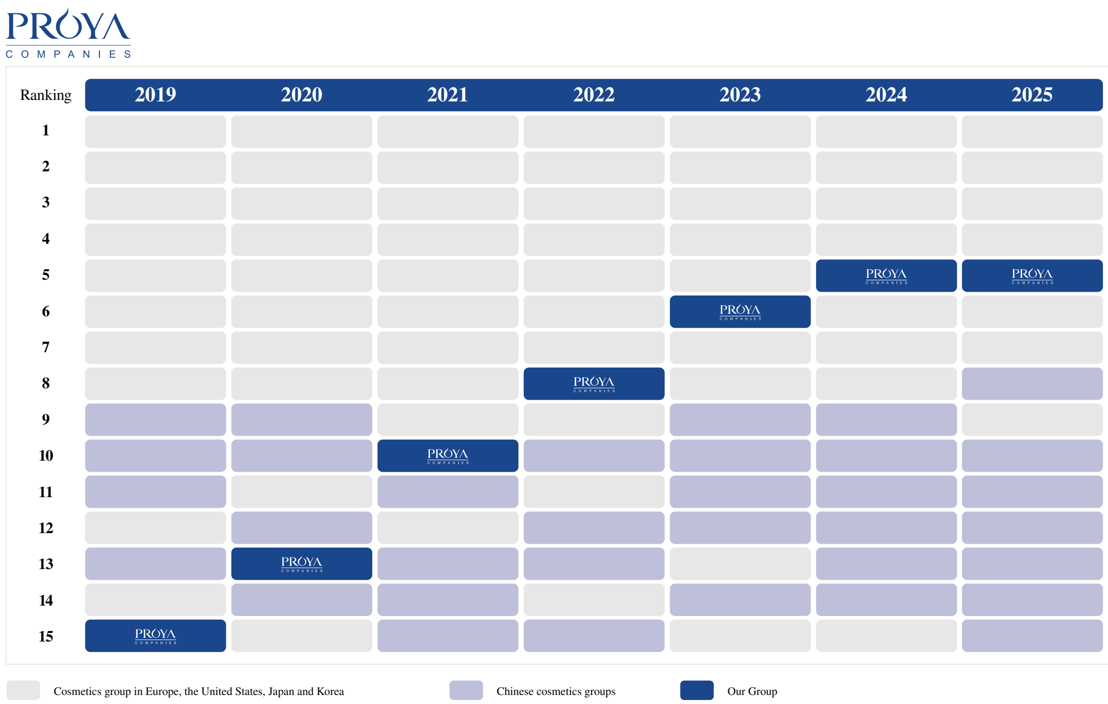
Before 2010: China's cosmetics market witnessed the continued entry of international players. Distinct from these entrants, we strategically targeted the mass-market cosmetics, establishing the PROYA (珀萊雅) brand and capitalizing on the pivotal growth opportunities presented by offline sales channels.

From 2010 to 2019: We successfully capitalized on the surging demand for high-quality mass-market cosmetics and the opportunities presented by the e-commerce revolution in China. Guided by our key strategic initiatives such as in-house supply chain development, multi-brand and multi-category strategy and digital transformation, we have accelerated our growth and ascended to a leading position in the industry.

Since 2020: We have cultivated strong capabilities in brand cultivation and signature product incubation, continuously strengthening our competitive moat. We demonstrated strategic foresight in identifying the rapid rise of China's efficacy-driven cosmetics market as a breakthrough opportunity. By consistently communicating the concept of "science-based skincare" to consumers, we have successfully launched multiple signature product series that continue to iterate and expand, reinforcing the long-term influence of PROYA (珀萊雅) as a nationally recognized skincare brand. In the makeup and personal care segments, we have also nurtured star brands such as TIMAGE (彩棠) and Off&Relax. We have established three R&D centers in China and France to guide strategic initiatives in foundational scientific research, product innovation, category expansion and overseas expansion.

Our Performance and Outlook

The following chart illustrates our industry rankings in China in terms of retail sales over the past years:



We have achieved steady growth and outstanding performance according to Frost & Sullivan:

Our Group: Among the top 15 cosmetics groups in terms of retail sales in China, we were the only one that achieved a steady rise in market ranking from 2019 to 2024 and continued to maintain a leading position in 2025. We first emerged as the largest Chinese cosmetics group in 2021 and had retained this leading position for five consecutive years through 2025. In 2024, we became the first Chinese cosmetics group with revenue surpassing RMB10.0 billion, and we were the only Chinese group among the top five cosmetics groups in terms of retail sales.

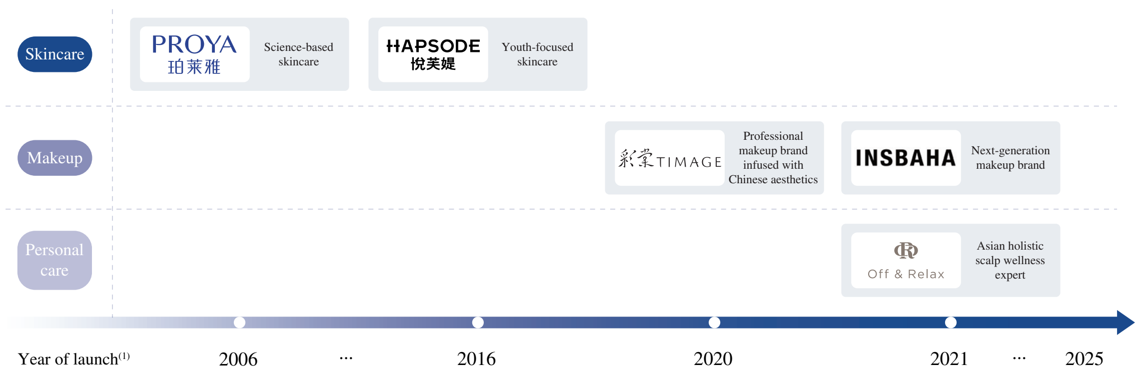
Our Brands: In terms of online retail sales, PROYA (珀莱雅) ranked among the top three skincare brands in China in 2022 and surpassed leading international peers to become the No. 1 skincare brand in 2024 and maintained this position in 2025. In terms of retail sales, PROYA (珀莱雅) was the fourth-largest skincare brand in China in 2025. In addition, our TIMAGE (彩棠) brand ranked fourth among Chinese makeup brands in terms of online retail sales in China in 2025.

Our Products: We were the only Chinese cosmetics group whose number of hero products, each with retail sales exceeding RMB1.0 billion in 2024, reached four. Moreover, our flagship brand PROYA (珀莱雅) was the only brand in China with two essence products each exceeding RMB1.0 billion in retail sales in 2024.

Looking ahead, we will continue to spearhead the global ascent of Chinese cosmetics market. We are committed to pursuing the "Double Ten" strategy: ascending to a position among the top ten leading group in global cosmetics industry within ten years. We remain dedicated to becoming a leading global cosmetics group.

OUR BRANDS AND PRODUCTS

We have crafted a multi-brand, multi-category cosmetics portfolio spanning skincare, makeup and personal care that engages consumers across diverse segments. We have (i) skincare brands such as PROYA (珀萊雅), HAPSODE (悅芙媞) and CORRECTORS (科瑞膚); (ii) makeup brands such as TIMAGE (彩棠) and INSBAHA (原色波塔); and (iii) personal care brands such as Off&Relax and Awaken Seeds (驚時). In 2025, we were the No.1 Chinese cosmetics group with four star brands, namely PROYA (珀萊雅), TIMAGE (彩棠), Off&Relax and HAPSODE (悅芙媞), each with retail sales surpassing RMB500.0 million in 2025, according to Frost & Sullivan. This positions us as the only Chinese cosmetics group with such star brands across all three product segments.



Note:

(1) Year of launch refers to the year in which a brand first generated revenue under our operation.

The following table sets out our revenue breakdown by brand in absolute amount and as percentage of our revenue from sales of goods for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
PROYA (珀萊雅)	7,177,345	80.7	8,580,748	79.7	7,689,072	72.6
TIMAGE (彩棠)	1,000,779	11.3	1,191,335	11.1	1,255,367	11.9
Off&Relax	215,095	2.4	368,105	3.4	744,253	7.0
HAPSODE (悅芙媞)	303,087	3.4	331,620	3.1	370,758	3.5
Others[1]	193,922	2.2	293,792	2.7	525,905	5.0
Total	**8,890,228**	**100.0**	**10,765,600**	**100.0**	**10,585,355**	**100.0**

Note:

(1) Others mainly included INSBAHA (原色波塔), Awaken Seeds (驚時) and CORRECTORS (科瑞膚).

Skincare: The three skincare brands, PROYA (珀萊雅), HAPSODE (悅芙媞) and CORRECTORS (科瑞膚) are respectively positioned in science-based skincare, youth-focused skincare and lab-grade professional skincare. In terms of retail sales, our flagship brand PROYA (珀萊雅) was the fourth-largest skincare brand in China in 2025 and was the only Chinese skincare brand among the top five. PROYA (珀萊雅) was also the No. 1 skincare brand in China's skincare industry in terms of online retail sales in 2024 and maintained this position in 2025 according to Frost & Sullivan, demonstrating its leading presence on online sales channels.

Makeup: Our makeup business achieved a CAGR of 18.4% in revenue from 2023 to 2025. TIMAGE (彩棠), a brand we created in collaboration with the renowned Chinese makeup artist, Mr. Tang Yi (唐毅), ranked fourth among Chinese makeup brands in terms of online retail sales in China in 2025, according to Frost & Sullivan. The next-generation makeup brand, INSBAHA (原色波塔), achieved a revenue growth of 138.4% in 2024 and 125.4% in 2025, compared to the same respective periods in the prior year.

Personal care: Our personal care business delivered strong performance with a CAGR of 97.7% in revenue from 2023 to 2025. Off&Relax, positioned as the "Asian holistic scalp wellness expert (亞洲頭皮整全愈養專家)," ranked among the top two in the anti-hair loss essence category in terms of retail sales in China in 2025 and third largest domestic hair care brand in terms of online retail sales in China in 2025, according to Frost & Sullivan. Off&Relax achieved a revenue growth of 71.1% in 2024 and 102.2% in 2025, compared to the same respective periods in the prior year.

The following table sets out our revenue breakdown by product segments in absolute amount and as percentage of our revenue from sales of goods for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Skincare	7,559,420	85.0	9,018,977	83.8	8,181,724	77.3
Makeup	1,115,712	12.6	1,360,715	12.6	1,562,939	14.8
Personal care	215,096	2.4	385,908	3.6	840,692	7.9
Total	**8,890,228**	**100.0**	**10,765,600**	**100.0**	**10,585,355**	**100.0**

Leveraging our profound insights into the diverse needs of different consumer groups, we fuse technology and aesthetics into the development, iteration and category expansion for our signature products. Through diversified channels, we effectively communicate product competitiveness to our target consumers, reinforcing our "science-based skincare" philosophy and earning strong market recognition for our signature products, thereby ensuring their enduring vitality. The essence product of the Advanced Firming Nourishing Essence (紅寶石精華) has now evolved to Version 3.0 and the product category of this series has expanded beyond essence category to also include other categories, such as cream, mask, eye cream, toner and lotion. In 2024, the retail sales generated from the Advanced Firming Nourishing Series (紅寶石系列) exceeded RMB5.0 billion and remained robust sales performance in 2025, according to Frost & Sullivan.

In addition, we have transformed our experience in signature product incubation into a replicable capability embedded across key functions including R&D, supply chain, marketing and sales. We are able to incubate and scale signature product series under multiple brands. Our makeup brand TIMAGE (彩棠) (彩棠TIMAGE) launched in 2020 and the personal care brand Off&Relax (Off & Relax) launched in 2021 have validated our ability in signature product incubation: in 2025, four TIMAGE products and two Off&Relax products had achieved revenue exceeding RMB100.0 million.

See "Business — Our Brands and Products."

RESEARCH AND DEVELOPMENT

We possess well-established scientific research capabilities in China's cosmetics industry and are committed to providing consumers with advanced scientific innovations. As of the Latest Practicable Date, we hold 312 patents in China, three patents overseas and 23 exclusive ingredients, participated in the formulation of 22 national standards and eight industry standards. We have obtained CNAS National Laboratory accreditation and published research papers in authoritative international SCI-indexed journals and conferences, consistently leading industry development. We were the first and only Chinese company to win the IFSCC 2025 Top 10 of Basic Research Award (國際化妝品化學家協會聯合會十大基礎研究獎), which marks a pivotal role transition for Chinese cosmetics R&D from follower of international players to peer player.

After years of development, we have established an integrated R&D system built around a "three-generation" framework: (i) the First Generation — Front-End Research, focusing on exploratory studies of ingredients and technologies; (ii) the Second Generation — Strategic Reserve, dedicated to transforming innovative research outcomes into product reserves; (iii) the Third Generation — Market Iteration, driving product commercialization and continuous optimization. We conduct forward-looking research for innovative ingredients and technologies, transform the outcomes into product reserve, and ultimately leverage market and clinical data to achieve product launch and iteration.

See "Business — Research and Development."

BRANDING AND MARKETING

As a cosmetics group deeply rooted in the Chinese market, we view brands not merely as product identifiers but as emotional bonds that connect us with consumers. Guided by this belief, we continuously invest in brand building, creative storytelling and consumer insight–based marketing to strengthen brand equity, deepen consumer engagement and sustain our industry leadership.

Branding: We regard brand building and reputation as central to our long-term success. We believe that a brand's power lies in its ability to resonate emotionally with consumers while representing consistent product competitiveness and trust. We operate a multi-brand portfolio across skincare, makeup and personal care. Each brand is designed with a distinct market positioning to engage specific consumer segments, enabling us to meet evolving consumer needs across demographics and consumption scenarios. Our brand philosophy is shaped by industry trends and a passion for innovation. In addition, we are steadfast in building brands with warmth and cultural relevance. We seek to connect with consumers through resonant storytelling.

Marketing: Our marketing integrates consumer insights, creativity and multi-channel engagement to build brand awareness, credibility and loyalty. Our approach combines content-driven engagement, social influence and experiential touchpoints to deliver a compelling presence across channels. In response to the growing diversification, personalization and segmentation of the consumer market, our multi-dimensional marketing approach generally covers digital and social media marketing, livestreaming, celebrity endorsements, IP collaborations and offline marketing and experimental engagement.

See "Business — Branding and Marketing."

SALES NETWORK

We operate on a sales model that prioritizes online platforms while leveraging offline sales channels to amplify our reach and achieve comprehensive market coverage. Our online sales channels include online direct sales and online distribution. Our offline sales were mainly through distribution. We were among the first cosmetics groups to strategically focus on online sales channel, where we have now established a leading market position. We possess long-cultivated offline channel expertise, which we continuously adapt to enhance our market reach and coverage.

The following table sets out our revenue from sales of goods breakdown by sales channel in absolute amount and as percentage of our revenue from sales of goods for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Online	**8,274,351**	**93.1**	**10,233,662**	**95.1**	**10,117,453**	**95.6**
– Online direct sales	6,748,550	75.9	8,121,889	75.5	8,192,415	77.4
– Online Distribution	1,525,801	17.2	2,111,773	19.6	1,925,038	18.2
Offline	**615,877**	**6.9**	**531,938**	**4.9**	**467,902**	**4.4**
– Offline Distribution	598,983	6.7	486,678	4.5	442,624	4.2
– Others	16,894	0.2	45,260	0.4	25,278	0.2
Total	**8,890,228**	**100.0**	**10,765,600**	**100.0**	**10,585,355**	**100.0**

See "Business — Sales Network."

OUR STRENGTHS

We believe that the following core strengths have contributed to our success:

- No. 1 cosmetics group homegrown in China, recognized for our scale, growth and profitability;
- Multi-dimensional growth engine built on signature products, brand matrix and diverse product categories;
- Strong R&D and research-to-market capabilities;
- Consumer-centric brand communication and channel strategy;
- Strong supply chain capabilities ensuring operational efficiency and quality control effectiveness; and
- Insightful, innovation-driven and execution-oriented management team.

See "Business — Our Strengths."

OUR STRATEGIES

We intend to pursue the following strategies to further grow our business:

- Advance our signature product strategy and enrich our brand and product matrix;
- Strengthen R&D capabilities to enhance innovation-driven product competitiveness;
- Optimize supply chain efficiency with an enhanced level of intelligence and agility;
- Strengthen our end-to-end digital and intelligent capabilities;
- Explore international markets to build up brand recognition globally; and

- Enhance consumer-centric precision marketing, improve multi-channel penetration and keenly capture emerging channel opportunities.

See "Business — Our Strategies."

PRODUCTION

We adhere to in-house production for our core skincare products. Through direct oversight of the entire production process, we ensure product launch efficiency, peak-season capacity and high quality standards. As of the Latest Practicable Date, we operated one production base located in Huzhou, Zhejiang Province mainly for producing skincare products, with 66 production lines. To fulfill our long-term development goal and to address growing consumer demand, we had a factory in Huzhou under construction as of the Latest Practicable Date. The designed annual production capacity of this new production base is 400.0 million units, providing sufficient headroom for future growth. See "Business — Production."

CUSTOMERS AND SUPPLIERS

Our customers are primarily end consumers in terms of revenue, while the largest customers could comprise e-commerce platforms that serve as our online distributors. Revenue from our five largest customers in each year during the Track Record Period was RMB1,161.3 million, RMB1,651.6 million and RMB1,325.5 million, respectively, representing 13.1%, 15.3% and 12.5% of our total revenue from sales of goods for the respective year. See "Business — Our Customers."

Our suppliers primarily comprise raw materials, packaging materials, logistics services suppliers and OEM/ODM service providers. Purchases from our five largest suppliers in each year during the Track Record Period were RMB627.5 million, RMB641.4 million and RMB689.6 million, respectively, representing 23.4%, 20.8% and 24.3% of our total purchases for the respective year. For risks relating to our major suppliers, see "Risk Factors — Risks Relating to Our Business and Industry — Our supplier concentration may expose us to supply chain risks." See "Business — Our Suppliers."

COMPETITION

We are rooted in China's cosmetics industry, particularly the skincare industry. According to Frost & Sullivan, China is the world's second-largest cosmetics market. Its share of the global cosmetics market was approximately 11.5% in 2025. The Chinese cosmetics market size reached RMB953.3 billion in terms of retail sales in 2025, which is expected to grow at a CAGR of 5.1% from 2025 to 2030. We mainly compete with domestic and international brands in the cosmetics industry in China. According to Frost & Sullivan, we were the fifth-largest cosmetics group in China in terms of retail sales in 2025, and the only Chinese group among the top five. Underpinned by our consumer insights, expertise in scaling signature products across multiple categories, execution-driven talent pool as well as leading industry position, we are well poised to capture significant growth opportunities. See "Industry Overview."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue	8,904,574	10,778,412	10,597,429
Cost of sales	(2,677,446)	(3,083,849)	(2,833,243)
Gross profit	**6,227,128**	**7,694,563**	**7,764,186**
Other income and gains	126,524	154,898	136,849
Selling and distribution expenses	(3,972,201)	(5,161,012)	(5,259,412)
Administrative expenses	(546,098)	(450,009)	(496,449)
Research and development costs	(173,570)	(210,386)	(216,843)
Impairment losses on financial assets, net	(10,397)	(5,122)	19,675
Other expenses	(120,431)	(100,216)	(84,534)
Finance costs	(18,356)	(31,019)	(36,642)
Share of (losses)/profits of associates and a joint venture	(17,279)	(2,484)	43,719
Profit before tax	**1,495,320**	**1,889,213**	**1,870,549**
Income tax expense	(264,516)	(303,935)	(328,027)
Profit for the year	**1,230,804**	**1,585,278**	**1,542,522**
Attributed to:			
Owners of the parent	1,193,868	1,551,996	1,497,752
Non-controlling interests	36,936	33,282	44,770

Revenue

We had revenue of RMB8,904.6 million, RMB10,778.4 million and RMB10,597.4 million in 2023, 2024 and 2025, respectively. A majority of our revenue was from sales of goods.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sales of goods	8,890,228	99.8	10,765,600	99.9	10,585,355	99.9
Rental income and others	14,346	0.2	12,812	0.1	12,074	0.1
Total	**8,904,574**	**100.0**	**10,778,412**	**100.0**	**10,597,429**	**100.0**

Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, we had gross profit of RMB6,227.1 million, RMB7,694.6 million and RMB7,764.2 million, respectively. Our gross profit margin was 69.9%, 71.4% and 73.3% in 2023, 2024 and 2025, respectively. A majority of our gross profit was from sales of goods.

	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*	*(%)*
Sales of goods	6,223,363	70.0	7,688,215	71.4	7,759,757	73.3
Rental income and others	3,765	26.2	6,348	49.5	4,429	36.7
Total	**6,227,128**	**69.9**	**7,694,563**	**71.4**	**7,764,186**	**73.3**

See "Financial Information — Summary of Consolidated Statements of Profit or Loss."

Summary of Consolidated Statements of Financial Position

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	1,778,226	1,916,825	2,350,997
Total current assets	5,544,852	5,613,359	6,136,420
Total assets	7,323,078	7,530,184	8,487,417
Total non-current liabilities	802,536	831,389	846,782
Total current liabilities	2,120,231	1,212,549	1,374,116
Total liabilities	2,922,767	2,043,938	2,220,898
Net current assets	3,424,621	4,400,810	4,762,304
Net assets	4,400,311	5,486,246	6,266,519

Our net assets increased from RMB4,400.3 million as at December 31, 2023 to RMB5,486.2 million as at December 31, 2024, primarily attributable to (i) our profit of RMB1,585.3 million in 2024; and (ii) unlocking of restricted A shares of RMB32.8 million. This increase was partially offset by (i) distribution to shareholders of RMB357.7 million; and (ii) repurchase of ordinary shares of RMB153.1 million. Our net assets increased from RMB5,486.2 million as at December 31, 2024 to RMB6,266.5 million as at December 31, 2025, primarily attributable to (i) our profit of RMB1,542.5 million in 2025; and (ii) unlocking of restricted A shares of RMB30.3 million. This increase was partially offset by distribution to shareholders of RMB782.5 million. See "Financial Information — Summary of Consolidated Statements of Financial Position."

Summary of Consolidated Cash Flow Statements

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows generated from operating activities	1,468,795	1,107,000	2,193,147

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows used in investing activities	(475,831)	(1,265,289)	(237,881)
Net cash flows used in financing activities	(460,279)	(758,295)	(763,282)
Net increase/(decrease) in cash and cash equivalents	532,685	(916,584)	1,191,984
Cash and cash equivalents at the end of each year	3,659,268	2,742,570	3,934,244

See "Financial Information — Liquidity and Capital Resources — Cash Flow."

Key Financial Ratios

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

	For the year ended/As of December 31,		
	2023	2024	2025
Gross profit margin (%)	69.9	71.4	73.3
Net profit margin (%)	13.8	14.7	14.6
Current ratio	2.6	4.6	4.5
Quick ratio	2.2	4.1	4.0

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks as set out in "Risk Factors." Some of the risks we face include: (i) The industry in which we operate is highly competitive and rapidly evolving and may not develop as anticipated. Our business success closely ties to the development of this industry and our ability to compete effectively against existing or potential competitors in this industry; (ii) Our success is dependent on the continued popularity of our products and our ability to timely develop or upgrade these products in response to changes in industry trends and consumer preferences; (iii) Our business and prospects depend on our reputation and the market's recognition of our brands. If we fail to reinforce the popularity and image of our existing brands or promote new brands, we may not be able to retain or expand our consumer base. Any negative publicity of our Company generally, and our brand and products more specifically, may also impair our brand image; (iv) Product quality is core to our business. Any quality issues related to our products may result in reputational damage and an impairment of our consumer base and thereby subject us to product liability claims; (v) If we fail to attract, recruit and retain R&D talent or our efforts in R&D do not generate the expected outcomes, our product innovation and developmental progress may be materially and adversely affected; (vi) Any failure to execute effective marketing strategies or adjust such strategies according to market changes may impair our ability to attract and retain consumers; and (vii) We sell our products through a multi-channel sales network. If we fail to execute sales strategies or develop, manage, monitor and coordinate these sales channels effectively, our ability to expand and retain our consumer base may be impaired. See "Risk Factors."

USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of the [**REDACTED**] stated in this document), we estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**] after deducting the

[**REDACTED**] and other estimated [**REDACTED**] paid and payable by us in connection with the [**REDACTED**] and assuming that the [**REDACTED**] and the [**REDACTED**] are not exercised. In line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used for product R&D and innovation;
- approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used for brand building and sales channel expansion;
- approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used for intelligent production and digital operational upgrade;
- approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used for potential investment, acquisition and strategic collaboration; and
- approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**] million, will be used for working capital and general corporate purposes.

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

OUR CONTROLLING SHAREHOLDER

As of the Latest Practicable Date, our Company was directly held as to 34.53% by Mr. Hou Juncheng (侯軍呈), our Chairman of the Board. Therefore, Mr. Hou is our Controlling Shareholder. Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] and the [**REDACTED**] are not exercised), Mr. Hou will hold approximately [**REDACTED**]% of the issued share capital of our Company. Accordingly, Mr. Hou will continue to be regarded as our Controlling Shareholder upon the [**REDACTED**].

See "Relationship with Our Controlling Shareholder — Controlling Shareholder."

DIVIDENDS

Pursuant to our Articles of Association, in principle, we distribute cash dividends at least once a year. Our profits distributed in cash shall be no less than 10% of the distributable profits achieved in the year. The specific dividend ratios shall be determined by our Board according to relevant regulations and our operating conditions, and shall be considered and resolved at our general meeting.

Future profit distributions may be paid in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends or other methods permitted by laws and regulations. We preferentially adopt the method of cash dividends. We shall adopt cash dividends for profit distribution provided that the conditions for cash distribution are satisfied. When distributing profits in the form of stock dividends, we will consider true and reasonable factors such as the growth of our Company.

In 2024, we declared final dividends of RMB359.0 million out of 2023 profits. In 2025, we declared final dividends of RMB468.9 million out of 2024 profit. See Note 12 of Appendix I to this document.

[REDACTED]

The statistics in the following table are based on the assumptions that the [REDACTED] has been completed and [REDACTED] H Shares are issued pursuant to the [REDACTED], assuming the [REDACTED] and the [REDACTED] are not exercised.

	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]
[REDACTED] of our Shares[1]	HK$[REDACTED] million	HK$[REDACTED] million
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share[2]	HK$[REDACTED]	HK$[REDACTED]

Notes:

(1) The estimated market capitalization of our Shares is calculated as the aggregate of (i) the estimated market capitalization of the [REDACTED] H Shares to be issued after the completion of the [REDACTED], assuming that the [REDACTED] and the [REDACTED] are not exercised, and (ii) the [REDACTED] of the 395,976,039 A Shares in issue, based on the [REDACTED] as of Latest Practicable Date.

(2) The unaudited [REDACTED] adjusted net tangible assets per Share is calculated after making the adjustments referred to in "Financial Information – Unaudited [REDACTED] Statement of Adjusted Net Tangible Assets" and on the basis that [REDACTED] H Shares expected to be in issue immediately upon completion of the [REDACTED], assuming the [REDACTED] and the [REDACTED] are not exercised.

(3) No adjustment has been made to the unaudited [REDACTED] adjusted consolidated net tangible assets to reflect any [REDACTED] or other transactions of the Group entered into subsequent to 31 December 2025. In particular, the unaudited [REDACTED] adjusted net tangible assets of the Group has not taken into account a cash dividend of RMB472,518,000 to holders of the Company's A shares on the relevant record date proposed by the Board in April 2026. The unaudited [REDACTED] net tangible assets would have been HK$[REDACTED], HK$[REDACTED] and HK$[REDACTED] per H Share based on the [REDACTED] of HK$[REDACTED], HK$[REDACTED] and HK$[REDACTED] respectively if the dividend had been accounted for as at 31 December 2025.

[REDACTED] EXPENSES

[REDACTED] expenses consist of professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We expect to incur [REDACTED] of approximately RMB[REDACTED] million, comprising: (i) [REDACTED] of RMB[REDACTED] million; and (ii) [REDACTED] expenses of RMB[REDACTED] million, which are further categorized into: (a) fees and expenses of legal advisors and accountants of RMB[REDACTED] million; and (b) other fees and expenses of RMB[REDACTED] million, assuming the [REDACTED] and the [REDACTED] are not exercised and based on the [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED]), approximately RMB[REDACTED] million of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[REDACTED] million of which is expected to be deducted from equity upon completion of the [REDACTED]. The [REDACTED] expenses are expected to represent approximately [REDACTED]% of the [REDACTED] of the [REDACTED], assuming an [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED]) and that the [REDACTED] and the [REDACTED] are not exercised. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. We do not expect such expenses to have a material adverse impact on our results of operations in 2026.

LEGAL PROCEEDING AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any non-compliance incidents that led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations. Our Directors are of the view that, we had complied, in all material respects, with all relevant laws and regulations in the jurisdictions we operate in during the Track Record Period and up to the Latest Practicable Date.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Recent Development

In April 2026, the Board approved final dividends of approximately RMB472.5 million in respect of the year ended 31 December 2025. This proposed dividend is subject to the approval of the general meeting of shareholders.

No Material Adverse Change

We confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of our latest reporting financial statements, and there has been no event since December 31, 2025 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE

Since November 2017, our Company has been listed on the Shanghai Stock Exchange. As of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects since our listing on the Shanghai Stock Exchange, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shanghai Stock Exchange. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange.