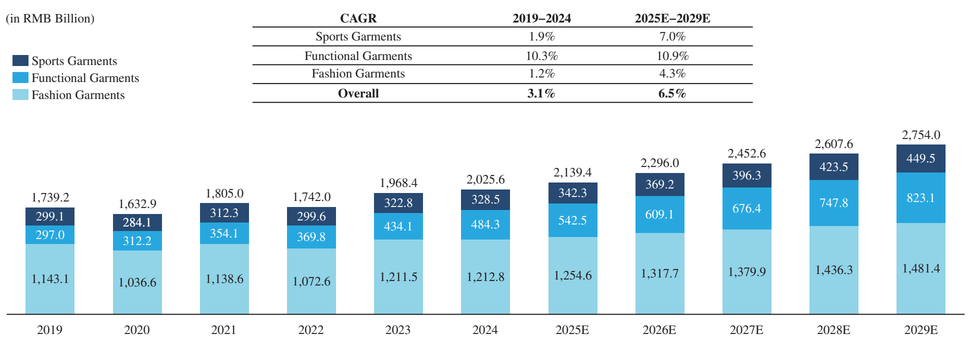
This and other sections of this document contain information relating to the industry in which we operate. Certain information and statistics set forth in this section and other sections of this document have been extracted from the F&S Report issued by Frost & Sullivan, an independent market research agency, which we commissioned, and from various official government publications and other publicly available publications. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy or completeness of such information and statistics.

OUTERWEAR GARMENT INDUSTRY IN CHINESE MAINLAND

Outerwear garments refer to apparel, footwear and accessories intended to be worn outside the house. Based on product design, outerwear garment can be categorized into sports garments, functional garments and fashion garments.

The market size of the outerwear garment industry in Chinese mainland increased from RMB1,739.2 billion in 2019 to RMB2,025.6 billion by retail sales in 2024, and is expected to increase to RMB2,754.0 billion in 2029 with a CAGR of 6.5% from 2025 to 2029. During the past five years, the market size of outerwear garment industry has shown a slight fluctuation trend under the influence of the outbreak and recurrence of pandemic, but has returned to a positive growth trend since 2023 with the alleviation of the pandemic, and maintained continuous growth in 2024. As one of the most fundamental consumption categories in people's daily life, the demand for outerwear garment continues to exist, and the market size of the outerwear garment industry in Chinese mainland is expected to maintain a stable growth rate in the future. Furthermore, with rising health awareness and more people participating in sports and outdoor activities, it is expected that the market size of functional and sports garments industry in Chinese mainland will grow at a faster rate from 2025 to 2029. The chart below sets forth the market size of outerwear garment industry breakdown by product segments in Chinese mainland.

Market Size of Outerwear Garment Industry in Chinese mainland, in Terms of Retail Sales, Breakdown by Product Segments, 2019–2029E



CAGR	2019–2024	2025E–2029E
Sports Garments	1.9%	7.0%
Functional Garments	10.3%	10.9%
Fashion Garments	1.2%	4.3%
Overall	**3.1%**	**6.5%**

Sources: National Bureau of Statistics, China National Garment Association, Frost & Sullivan

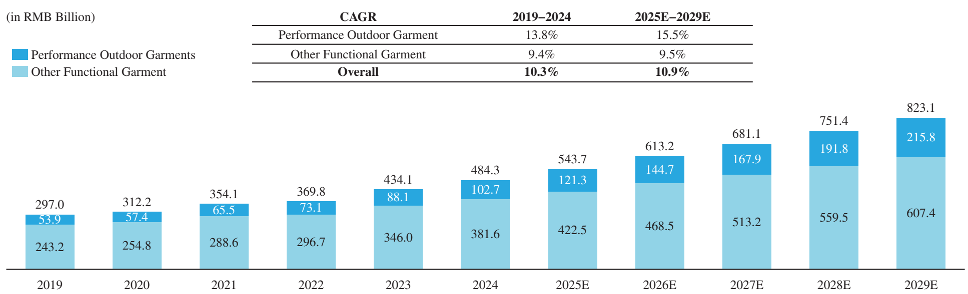
FUNCTIONAL GARMENT INDUSTRY IN CHINESE MAINLAND

Functional garments represent a sub-category of the outerwear garment industry. In 2024, functional garments accounted for 23.9% of the outerwear garment industry in Chinese mainland in terms of retail sales, and attained the fastest growth rate among other segments in terms of compound annual growth rate ("**CAGR**") from 2019 to 2024.

Functional garments are designed to meet specific functional demands. Different from other garment product categories, the primary purpose of functional garments lies in providing measurable protection against challenging environment, while optimizing the performance in outdoor activities. They can be further divided into two categories based on product design, namely performance outdoor garments and other functional garments. Performance outdoor garments are tailored to fulfill high-performance demands during dynamic engagements with natural terrains, including but not limited to mountain climbing, hiking and cross-country running. These specifications are activity-specific that prioritize biomechanical efficiency, durability under abrasive conditions and adaptive response to variable microclimates through advanced material composites and ergonomic articulation. On the other hand, other functional garments are designed to mitigate risks associated with sustained environmental exposure in metropolitan contexts, mainly including sun-protective garments and winter wear, among others.

As outdoor activities have become increasingly popular, the market size of the functional garment industry in Chinese mainland increased from RMB297.0 billion in 2019 to RMB484.3 billion by retail sales in 2024, and is expected to increase to RMB823.1 billion in 2029 with a CAGR of 10.9% from 2025 to 2029. With the improvement of living standards and the increasing popularity of outdoor activities, consumers are placing greater importance on the technological features, durability, and functionality of garments, rather than merely their appearance or price, thereby generating increased demand for functional garments. As such, it is expected that the market size of functional garment industry in Chinese mainland will grow at a faster rate in the future. The chart below sets forth the market size of functional garment industry breakdown by performance demand in Chinese mainland.

Market Size of Functional Garment Industry in Chinese mainland, in Terms of Retail Sales, Breakdown by Performance Demand, 2019–2029E



Sources: National Bureau of Statistics, China National Garment Association, Frost & Sullivan

PERFORMANCE OUTDOOR GARMENT MARKET IN CHINESE MAINLAND

Market Overview

As a sub-category of functional garments, performance outdoor garments are gaining significant traction among Chinese consumers, driven by their dual appeal of functional superiority and contemporary aesthetics. These versatile apparel solutions are increasingly adopted as cross-contextual wardrobe staples, transitioning between outdoor pursuits and urban daily wear. In 2024, the performance outdoor garment market accounted for 21.2% of the functional garment industry in Chinese mainland in terms of retail sales.

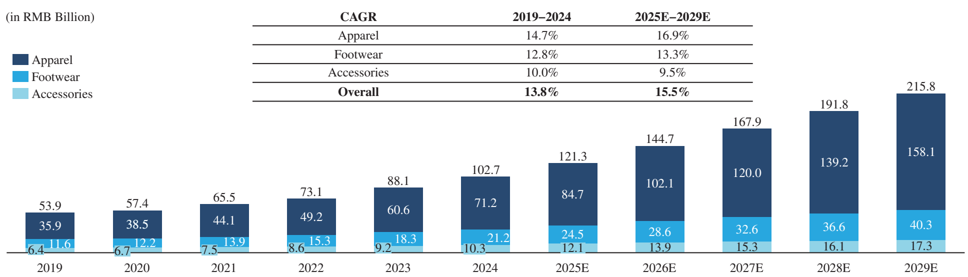
Increasing participation in outdoor activities has fueled the rapid growth of the performance outdoor garment segment, which is emerging as the fastest-growing sector within the broader functional garment market. The performance outdoor garment market in Chinese mainland in terms of retail sales grew from RMB53.9 billion in 2019 to RMB102.7 billion in 2024, and is expected to increase at a CAGR of 15.5% in the next four years, and anticipated to reach RMB215.8 billion by 2029.

Market Size by Product Segments

The performance outdoor garment industry in Chinese mainland can be divided into three product segments, namely apparel, footwear and accessories. Within the performance outdoor garments market in Chinese mainland, performance outdoor apparel represented the largest segment, accounting for 69.3% of total retail sales in 2024. The market size of performance outdoor apparel in Chinese mainland in terms of retail sales grew from RMB35.9 billion in 2019 to RMB71.2 billion in 2024 with a CAGR of 14.7%, and is expected to reach RMB158.1 billion in 2029, representing a CAGR of 16.9% from 2025 to 2029.

A paradigm shift in Chinese consumer behavior is redefining workplace and social dress codes, with growing demand for casual technical apparels in traditionally formal contexts, such as office environments and social gatherings. This evolution has expanded performance outdoor garments' application scenarios from outdoor activities to daily uses. In addition, an enduring impact of the COVID-19 pandemic has been an intensified emphasis on health and a heightened inclination towards exploring nature. This shift has led to increased participation in outdoor activities among individuals of all genders, ages, and geographic locations. As this consumer behavior continues to evolve, it is expected to drive sustained demand for high-performance outdoor garments designed to support and enhance an active, health-conscious lifestyle. The chart below sets forth the market size of performance outdoor garment industry breakdown by product segments in Chinese mainland.

Market Size of Performance Outdoor Garment Industry in Chinese mainland, in Terms of Retail Sales, Breakdown by Product Segments, 2019–2029E



Sources: National Bureau of Statistics, China National Garment Association, Frost & Sullivan

The per capita expenditure on performance outdoor garments in Chinese mainland has demonstrated consistent growth, reaching RMB73 in 2024, which is primarily attributable to the increased participation in outdoor activities and a corresponding rise in per capita disposable income. Despite this growth, the per capita expenditure in the U.S. and Japan reached significantly higher levels of RMB440 and RMB170 in 2024, respectively. This highlights the substantial future growth potential of spending on performance outdoor garments in Chinese mainland.

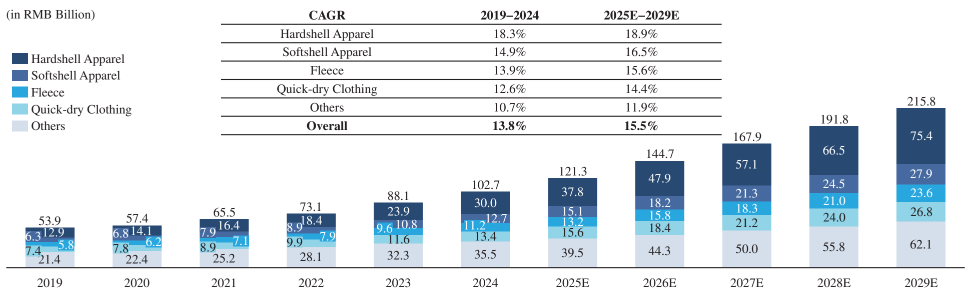
Market Size by Major Product Categories

The major performance outdoor apparel products include hardshell apparel, softshell apparel, fleece and quick-dry clothing, among others. The high-performance functionality of hardshell apparel, including its waterproof and windproof features, has made it increasingly popular for both outdoor activities and everyday wear. Being the largest product category of the performance outdoor garment industry, the market size of hardshell apparel industry in Chinese mainland reached RMB30.0 billion by retail sales in 2024, accounting for 29.2% of the performance outdoor garment industry. The growing preference for active lifestyles and the dissolving boundaries between outdoor and casual clothing have boosted demand for versatile performance garments, such as hardshell apparel, which can be worn for both outdoor activities and everyday use. The market size of hardshell apparel industry is expected to reach RMB75.4 billion in 2029.

Moreover, the softshell apparel represented the second-largest product category within the performance outdoor garment market in Chinese mainland in 2024, with a market share of 12.4% in terms of retail sales. Softshell apparel was one of the fastest growing segments due to multifunctional design, attaining a CAGR of 14.9% in the past five years and is expected to increase at a CAGR of 16.5% from 2025 to 2029.

The chart below sets forth the market size of the performance outdoor garment industry breakdown by product categories in Chinese mainland.

Market Size of Performance Outdoor Garment Industry in Chinese mainland, in Terms of Retail Sales, Breakdown by Product Categories, 2019–2029E

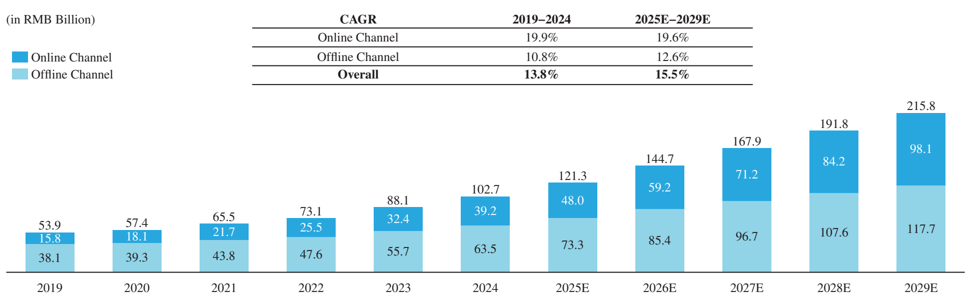


Sources: National Bureau of Statistics, China National Garment Association, Frost & Sullivan

Market Size by Sales Channels

The rapid advancement of internet technology and the widespread adoption of smartphones have fundamentally reshaped marketing approaches and consumer purchasing behavior, resulting in a marked increase in online shopping. Evolving consumer habits, increasing content-based e-commerce, and improved internet infrastructure will likewise continue to contribute to the growth of online segments of the outdoor performance garment industry in Chinese mainland. The online segment of the outdoor performance garment industry in Chinese mainland increased at a CAGR of 19.9% from RMB15.8 billion in 2019 to RMB39.2 billion in 2024, and is expected to continue to grow at a CAGR of 19.6% to reach RMB98.1 billion in 2029. The chart below sets forth the market size of the performance outdoor garment industry breakdown by sales channel in Chinese mainland.

Market Size of Performance Outdoor Garment Industry in Chinese mainland, in Terms of Retail Sales, Breakdown by Sales Channel, 2019–2029E

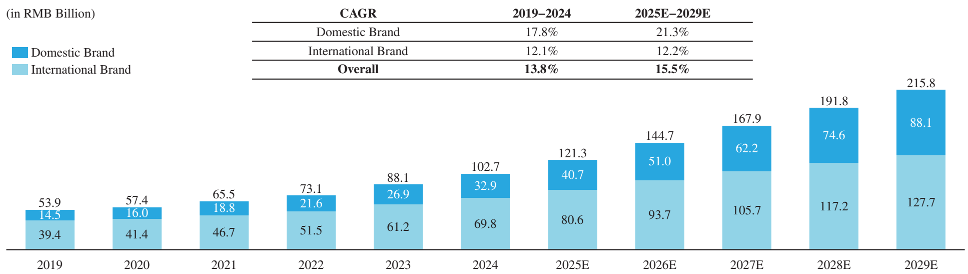


Sources: National Bureau of Statistics, China National Garment Association, Frost & Sullivan

Market Size by Brand Origin

The influx of international brands who have initially established in overseas countries into the Chinese market has heightened competition and introduced a broader array of products and styles. In response to this increased competition, domestic brands — those initially established in Chinese mainland — have increased their investments in R&D, enhanced product offerings, improved product quality, and introduced a wider range of products specifically designed to meet the needs and preferences of Chinese consumers. Concurrently, there has been a significant shift in consumer preferences, demanding high-quality garments at accessible prices that meet specific needs. These factors have resulted in a significant increase in the market share of domestic brands. The retail sales of domestic performance outdoor garment brands in Chinese mainland increased significantly from RMB14.5 billion in 2019 to RMB32.9 billion in 2024 at a CAGR of 17.8%. This growth is largely due to increased investment in R&D, adoption of advanced fabrics and technologies, and improved product quality by domestic brands. A better understanding of domestic consumer preferences has also enabled the development of performance outdoor garments that more closely cater to the needs of the target market. It is expected to increase at a CAGR of 21.3% from 2025 to 2029 and reach RMB88.1 billion in 2029. The chart below sets forth the market size of the performance outdoor garment industry breakdown by brand origin in Chinese mainland.

Market Size of Performance Outdoor Garment Industry in Chinese mainland, in Terms of Retail Sales, Breakdown by Brand Origin, 2019–2029E



Sources: National Bureau of Statistics, China National Garment Association, Frost & Sullivan

Market Drivers and Future Trends of the Performance Outdoor Garment Industry in Chinese mainland

Increasing Focus on Healthy Lifestyle

People's emphasis on healthy lifestyles and interaction with the natural environment is continuously rising, driving increased demand for performance outdoor garments. Rising incomes and increasing health consciousness are fueling this trend as individuals look for the physical and mental advantages of outdoor recreation. This increased focus on health and a heightened inclination toward exploring nature is a trend that will continue and will drive consumers to purchase performance outdoor apparel, footwear, as well as equipment and accessories to support and enhance an active, health-conscious lifestyle.

Increasing Casualization and Flexibility of Consumers' Attire

The performance outdoor garments industry is evolving as product design increasingly leans toward casualization, with consumers shifting towards more comfortable and casual attire. As consumers place increasing emphasis on casualization, flexibility and multi-scenario applicability, performance outdoor garments are gradually extending beyond extreme environments and professional activities into daily life. Traditional designs that focused on protection and functional extremes are being replaced by a new generation of products that combine technical performance with fashionable designs. While continuing to meet core functional requirements such as climbing and hiking, performance outdoor garments are also penetrating lighter-use scenarios such as commuting and daily travel by integrating performance features with modern design, thereby satisfying consumers' demand for versatile, all-purpose apparel. This cross-scenario adaptability increases product usage frequency and practical value, accelerating the category's penetration into the mass market. This evolution enables performance outdoor garments to meet the needs of diverse consumer groups and usage occasions.

Material Innovations and Technological Advancements

Consumers seek innovative and technologically advanced garments to enable them to achieve their peak performance. New materials, such as waterproof, breathable, UV-resistant, antibacterial, and quick-drying fabrics, enhance the appeal of functional garments by addressing the diverse needs of consumers. Cutting-edge technologies, including nanotechnology, further improve garment performance, delivering comfort and practicality. The integration of innovative materials and new advancements in fabric technology allows products like hardshell apparel to provide features such as sun protection, thermal insulation, and breathability. The multifunctionality of these garments will continue to drive consumer demand for performance outdoor garments, as innovations emerge thereby enhancing market competitiveness.

Pursuing Products with Premium Quality at an Accessible Price

Consumers are focusing on functionality and seek high-performance outdoor garments that meet their needs at accessible prices, emphasizing features like temperature control, breathability, sun protection, and UV resistance. Against this backdrop, domestic performance outdoor garments brands leveraging their deep understanding of local consumer behavior, climate conditions, and usage scenarios have achieved an effective integration of technical performance and cost efficiency. Through investment in R&D to enhance product features, the incorporation of advanced fabric technologies, and the reduction of raw material and production costs, domestic brands have rapidly gained popularity and continue to meet the growing demand for performance outdoor garments. This capability to deliver high-quality performance outdoor garments at competitive prices will continue to empower domestic brands to capture a larger share of the market.

Increasing Accessibility and Shifting Towards Online Shopping

Rapid advancements in internet technology and the widespread use of smartphones have transformed shopping habits, in which the convenience and safety of online shopping have become increasingly appealing. The increasing availability of performance outdoor garments through major e-commerce platforms is contributing to increased market penetration and accessibility for consumers. Due to the high level of specialization and functional differentiation in performance outdoor garments, detailed online product information plays a key role in guiding purchase decisions. As more brands embrace online channels and an increasing number of consumers flock to online platforms, the online penetration of the performance outdoor garment market continues to grow.

Competitive Landscape

According to Frost & Sullivan, the performance outdoor garment market in Chinese mainland is relatively fragmented. In terms of retail sales in 2024, the top 10 brands in the performance outdoor garment market in Chinese mainland collectively claimed a total market share of 27.3%, without any player holding a dominant position in the market.

According to Frost & Sullivan, *Pelliot* was the fastest-growing brand among the top 10 performance outdoor garment brands in Chinese mainland with a CAGR of 127.4% in terms of retail sales from 2022 to 2024. Furthermore, the portion of performance outdoor garment market in Chinese mainland occupied by domestic brands exhibits a less fragmented structure compared to the overall performance outdoor garment market in Chinese mainland. Consumers are increasingly prioritizing functionality and seeking high-performance outdoor apparel with premium quality at accessible prices, leading to a gradual shift toward domestic performance brands. *Pelliot* was among the top three domestic performance outdoor garment brands in Chinese mainland in terms of retail sales in 2024.

The following table sets forth the top 10 performance outdoor garment brands in Chinese mainland in terms of retail sales in 2024 and the respective CAGR from 2022 to 2024.

Ranking of Top 10 Performance Outdoor Garment Brands in Chinese mainland by Retail Sales*, 2024

Brand	Brand Origin	Performance Outdoor Garment Product Matrix	Price Range of Key Product[10]	Market Share	CAGR (2022 to 2024)
Brand A[1]	China	Hardshell apparel, softshell apparel, among others	RMB300–700	5.5%	56.3%
Brand B[2]	U.S.	Hardshell apparel, fleece, among others	RMB1,000–3,000	4.4%	25.7%
Brand C[3]	Canada	Hardshell apparel, softshell apparel, among others	RMB5,000–8,000	4.1%	59.5%
Brand D[4]	France	Hardshell apparel, quick-dry clothing, among others	RMB300–600	3.1%	23.9%
Brand E[5]	Japan	Hardshell apparel, quick-dry clothing, among others	RMB1,500–3,500	2.6%	51.4%
Brand F[6]	South Korea	Hardshell apparel, river trekking footwear, among others	RMB1,500–3,000	2.0%	60.7%
Pelliot	**China**	**Hardshell apparel, softshell apparel, among others**	**RMB400–1,000**	**1.7%**	**127.4%**
Brand G[7]	China	Hardshell apparel, softshell apparel, among others	RMB1,000–3,000	1.6%	53.1%
Brand H[8]	U.S.	Hardshell apparel, fleece, among others	RMB500–2,000	1.2%	44.9%
Brand I[9]	China	Hardshell apparel, quick-dry clothing, among others	RMB300–1,000	1.0%	14.5%

Sources: Frost & Sullivan, public information or filings of respective companies

Notes:

* *Refer to retail sales generated from performance outdoor garment products.*

1. Brand A, founded in 2005 in China, is owned by a private company and mainly engages in the sale of performance outdoor garments and outdoor equipment, such as hardshell apparel, tents, and mountaineering shoes.

2. Brand B, founded in 1966 in the U.S., is owned by a listed company on the New York Stock Exchange and mainly engages in the design and manufacture of performance outdoor garments, functional garments, and outdoor equipment, including hardshell apparel, fleece, and sun-protective clothing.

3. Brand C, founded in 1989 in Canada, is owned by a listed company on the New York Stock Exchange and mainly engages in the production of performance outdoor garments for climbing and hiking activities.

4. Brand D, founded in 1976 in France, is owned by a private company and mainly engages in the sale of performance outdoor garments, sports garments, and sports equipment.

5. Brand E, founded in 1935 in Japan, is owned by a joint company who is controlled by a listed company on the Hong Kong Stock Exchange and mainly engages in the provision of performance outdoor garments and sports garments for activities such as skiing, running, and golf.

6. Brand F, founded in 1973 in South Korea, is owned by a joint company who is controlled by a listed company on the Hong Kong Stock Exchange and mainly engages in the manufacture of performance outdoor garments and sports equipment.

7. Brand G, founded in 2003 in China, is owned by a private company and mainly engages in the design and manufacture of performance outdoor garments and sports equipment for climbing activities.

8. Brand H, founded in 1938 in the U.S., is owned by a listed company on the NASDAQ Stock Market and mainly engages in the production of performance outdoor garments and footwear.

9. Brand I, founded in 1999 in China, is owned by a listed company on the Shenzhen Stock Exchange and mainly engages in the design and manufacture of performance outdoor garments and equipment for outdoor activities.

10. The price range of key product is based on hardshell apparel, as the performance outdoor category includes a wide variety of product types with notable price differences. Hardshell apparel represents the largest sub-category within performance outdoor garments market in terms of retail sales, and is therefore used as a benchmark. The price range of key product refers to the retail price of hardshell apparel in the mid-range, based on typical pricing observed for each brand.

Pelliot ranked the third place among performance outdoor garment brands in Chinese mainland by online retail sales in 2024, and was also the fastest growing brand among top players. The following table sets forth the top five performance outdoor garment brands in Chinese mainland in terms of online retail sales in 2024 and the respective CAGR from 2022 to 2024.

Ranking of Top Five Performance Outdoor Garment Brands in Chinese mainland by Online Retail Sales*, 2024

Brand	Brand Origin	Market Share	CAGR (2022 to 2024)
Brand A	China	10.6%	62.3%
Brand B	U.S.	5.0%	25.6%
Pelliot	**China**	**3.7%**	**112.7%**
Brand C	Canada	3.5%	38.7%
Brand E	Japan	1.8%	10.5%

Sources: Frost & Sullivan, public information or filings of respective companies

Note:

* *Refer to retail sales generated from performance outdoor garment products through online channels.*

Entry Barriers to the Performance Outdoor Garment Market in Chinese mainland

Brand Awareness and Image

Consumer awareness and brand loyalty are highly important for performance outdoor garments as they significantly influence purchasing decisions. Successful performance outdoor garment brands typically employ distinctive designs and functionalities, engage in proactive brand promotion, and prioritize enhancing product quality to bolster brand awareness. While they prioritize product quality, price competitiveness is also highly important. The commitment to delivering high-quality products at competitive prices through advanced production techniques not only ensures consumer satisfaction but also enhances brand recognition and market position. New entrants will face a challenge to convince consumers of their product's quality compared to well-known brands and may not be competitively positioned in terms of pricing.

Channel Barriers

New entrants in the performance outdoor garment industry face significant challenges in establishing a sales network due to the substantial investment required in infrastructure, logistics, and distribution channels, as well as compliance with regulatory requirements. Established companies already have robust network of self-operated stores, as well as partnerships with e-commerce platforms, distributors or retailers, which render them strong sales and distribution capabilities, making it difficult for new players to compete effectively.

Access to Reputable Suppliers and Innovative Technologies

Technological challenges and supply chain constraints create barriers for new competitors in the performance outdoor garment market. Specifically, there is a limited number of original equipment manufacturers ("**OEMs**") with advanced manufacturing capabilities to produce high-performance outdoor garments. According to Frost & Sullivan, as of June 30, 2025, there were nearly 10,000 OEMs manufacturing garments in Chinese mainland, among which only approximately 400 OEMs were equipped with advanced manufacturing capabilities to produce performance outdoor garments. Access to reliable suppliers of high-quality and high-performance fabrics also presents challenges for new entrants. Moreover, substantial investment in R&D is required. It requires continuous implementation of innovative technologies in design and manufacturing, such as 3D printing, laser cutting and ultrasonic welding. These factors collectively represent significant hurdles for new entrants seeking to compete effectively.

HARDSHELL APPAREL INDUSTRY IN CHINESE MAINLAND

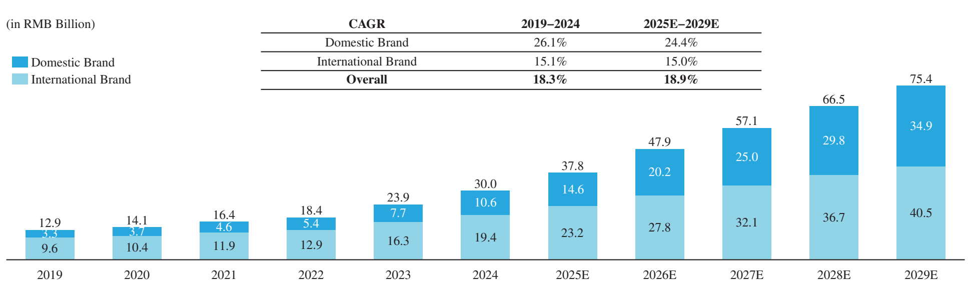
Overview

Hardshell apparel, a key category of the performance outdoor garment industry, is high-performance outerwear designed for protection against extreme weather during outdoor activities. Its functionality is achieved through interdisciplinary integration of advanced materials, ergonomic structural design, and increasingly incorporated intelligent technologies. In 2024, the hardshell apparel market accounted for 29.2% of the performance outdoor garment industry in Chinese mainland in terms of retail sales.

Market Size

Consumer demand for hardshell apparel in Chinese mainland is rising rapidly, fueling substantial market growth. This trend aligns with that of the broader performance outdoor garment market and is likewise attributable to increasing disposable incomes and a growing interest in outdoor activities, as well as their reliable wind and waterproof protection for a wide range of uses. The market size for hardshell apparel in terms of retail sales increased from RMB12.9 billion in 2019 to RMB30.0 billion in Chinese mainland in 2024, with a CAGR of 18.3%. It is expected to grow to RMB75.4 billion in Chinese mainland in 2029, representing a CAGR of 18.9% from 2025 to 2029. The chart below sets forth the market size of the hardshell apparel industry in Chinese mainland by brand origin in terms of retail sales.

Market Size of Hardshell Garment Industry in Chinese mainland in Terms of Retail Sales, Breakdown by Brand Origin, 2019–2029E



Sources: National Bureau of Statistics, China National Garment Association, Frost & Sullivan

Competitive Landscape

The hardshell apparel industry in Chinese mainland is concentrated, in terms of retail sales in 2024, the top 10 hardshell apparel brands in Chinese mainland collectively claimed a total market share of 54.9%, and no player has a dominant market share. According to Frost & Sullivan, *Pelliot* was the fastest-growing brand among the top 10 hardshell apparel brands with a CAGR of 164.6% in terms of retail sales from 2022 to 2024. The following table sets forth the top 10 hardshell apparel brands in Chinese mainland in terms of retail sales in 2024 and the respective CAGR from 2022 to 2024.

Ranking of Top 10 Hardshell Apparel Brands in Chinese mainland by Retail Sales*, 2024

Brand	Brand Origin	Market Share	CAGR (2022 to 2024)
Brand A	China	15.9%	63.1%
Brand B	U.S.	7.3%	34.8%
Brand E	Japan	6.4%	53.1%
Brand C	Canada	6.0%	67.3%
Brand D	France	4.6%	21.9%
Brand F	South Korea	4.4%	65.2%
Pelliot	**China**	**3.9%**	**164.6%**
Brand H	U.S.	2.5%	52.0%
Brand G	China	2.1%	54.1%
Brand I	China	1.8%	15.2%

Sources: Frost & Sullivan, public information or filings of respective companies

Note:

* *Refer to retail sales generated from hardshell apparel products.*

Pelliot became the second-largest hardshell apparel brand in Chinese mainland in terms of online retail sales in 2024. The following table sets forth the top five hardshell apparel brands in Chinese mainland in terms of online retail sales in 2024 and the respective CAGR from 2022 to 2024.

Ranking of Top Five Hardshell Apparel Brands in Chinese mainland by Online Retail Sales*, 2024

Brand	Brand Origin	Market Share	CAGR (2022 to 2024)
Brand A	China	21.6%	75.7%
Pelliot	**China**	**6.6%**	**148.6%**
Brand B	U.S.	6.0%	33.2%
Brand C	Canada	3.8%	45.5%
Brand E	Japan	3.2%	11.7%

Sources: Frost & Sullivan, public information or filings of respective companies

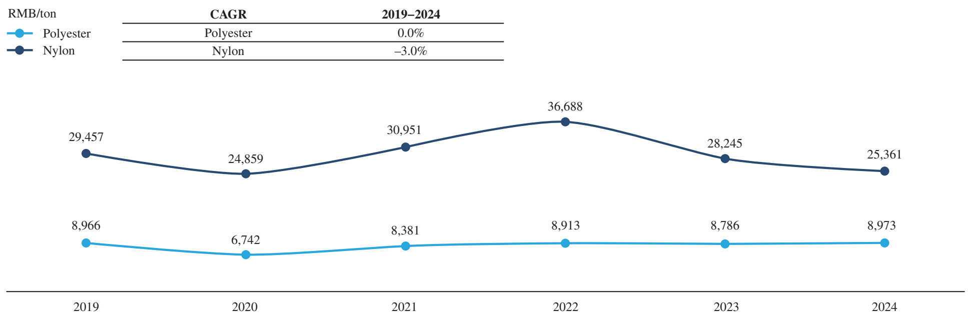
Note:

* *Refer to retail sales generated from hardshell apparel products through online channels.*

HISTORICAL PRICES OF MAJOR RAW MATERIALS

Polyester and nylon are two major raw materials for the performance outdoor garment industry. The following diagram sets forth the prices of polyester and nylon from 2019 to 2024 in Chinese mainland, according to Frost & Sullivan.

Price of Major Raw Materials in Chinese mainland, Polyester and Nylon, 2019–2024



Source: Frost & Sullivan

The price of polyester remained relatively stable from 2019 to 2024, reflecting rigid demand from textile enterprises. In addition, there was an uptick of price of nylon in 2022, primarily due to rising raw material costs and the impact of environmental protection policies. During the Track Record Period, new production capacity increased supply while demand weakened, causing nylon prices to fall to RMB25,361 per ton in 2024.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, a market research and consulting company and an independent third party, to conduct an analysis of, and to report on the outerwear garment market, functional garment market, performance outdoor garment market, and hardshell apparel market in Chinese mainland. The report prepared by Frost & Sullivan for us is referred to in the document as the F&S Report. The F&S Report has been prepared by Frost & Sullivan independently of our influence. The fee payable to Frost & Sullivan for preparing the F&S Report is RMB720,000 which we believe reflects market rates for similar services. Founded in 1961, Frost & Sullivan has over 45 global offices with more than 3,000 industry consultants, market research analysts, technology analysts and economists. Our Directors confirm, to the best of their knowledge, and after making reasonable enquiries, that there have been no adverse changes in the industry since the date of the F&S report and up to the Latest Practicable Date which may qualify, contradict or have an impact on the information set out in this section.

During the preparation of the F&S Report, Frost & Sullivan collected, analyzed, assessed, and validated the information and statistics using its in-house analysis models and techniques. Primary research was conducted via discussions and interviews with industry participants and industry experts. Secondary research involved analysis of market statistics obtained from several publicly available data sources, such as releases from the governments of the research countries, company reports, independent research reports, and Frost & Sullivan's own internal database. The methodology applied by Frost & Sullivan is based on information and statistics gathered from multiple levels and allows such information and statistics to be cross-referenced for accuracy.

The F&S Report contains a series of market projections which were produced based on the following assumptions, without limitations: (i) the economy is likely to maintain steady growth in the next decade globally and in Chinese mainland; and (ii) the social, economic, and political environment is likely to remain stable from 2025 to 2029 globally and in Chinese mainland.