

INDUSTRY OVERVIEW

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OVERVIEW OF CHINA APPAREL MARKET

Apparel refers to finished garments worn as innerwear or outerwear. By purpose and user segment, the market consists of five major segments: menswear, womenswear, baby and kidswear, sportswear, and other apparel. “Other apparel” mainly covers loungewear and intimates, and also includes corporate and institutional uniforms and customized categories such as professional attire and school uniforms.

On a brand revenue basis, China’s apparel market increased from RMB1,304.9 billion in 2020 to RMB1,588.8 billion in 2025, representing a CAGR of 4.0%, and is projected to reach RMB2,017.5 billion by 2030, representing a CAGR of 4.8% from 2026 to 2030. Growth has been supported by the recovery of offline traffic, improving store execution, clearer pricing and inventory management, and rising demand for dependable quality, functional attributes and transparent pricing.

Domestic brands continued to gain share, accounting for 86.0% of China’s apparel market in 2020 and 87.5% in 2025, and are expected to reach 88.1% by 2030, while foreign brands are projected to decline from 12.5% in 2020 to 11.9% in 2030. This reflects the continued strengthening of Chinese brands across product development, channel control and consumer reach.

Channel mix continues to shift toward shopping centers and directly operated stores, which support more standardized merchandising, pricing and service. Online operations are increasingly focused on efficiency and repeat purchase rather than scale alone, with content engagement and fulfillment improvements supporting conversion and retention. On the demand side, apparel preferences are expanding toward athleisure, urban-outdoor and functional everyday wear, broadening both the addressable consumer base and price bands.

Competitive Landscape

On a brand-revenue basis, China’s apparel market remains fragmented. In 2025, we ranked fifth with a market share of 1.3%. The top five players together accounted for approximately 11.8% of the market. The table below sets forth the ranking of top five apparel groups in China in 2025.

Ranking of Apparel Groups in China, By Revenue, 2025

Ranking	Company	Market Share
1	Company A	5.0%
2	Company I	2.0%
3	Company B	1.9%
4	Company C	1.6%
5	The Company	1.3%
Total	—	11.8%

Source: Listed companies’ public filings, expert interview, Frost & Sullivan analysis

Notes:

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- (1) Company A is a public company founded in 1991 and is headquartered in Jinjiang. It is a leading Chinese sportswear brand offering a wide range of athletic products.
- (2) Company B is a public company founded in 1990 and is headquartered in Beijing. It is renowned for its professional and leisure sports products.
- (3) Company C is a public company founded in 1976 and is headquartered in Changshu. It is engaged in the research, design, and development of down apparel products in China.
- (4) Company I is a private company founded in 1974 and is headquartered in Tokyo, Japan. It primarily focuses on the design, manufacturing, and retail of casual and athletic wear.

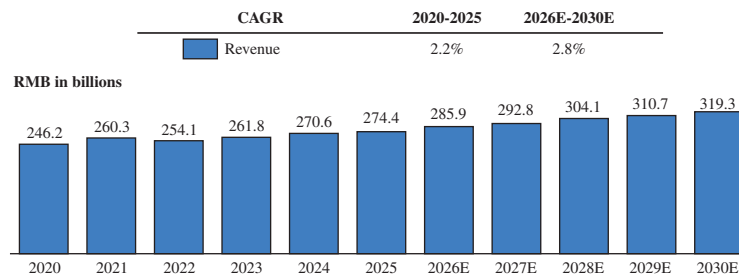
OVERVIEW OF CHINA MENSWEAR MARKET

Menswear refers to ready-to-wear garments for male consumers, excluding footwear and accessories. It mainly covers down jackets, jackets, suits, shirts, knitwear, T-shirts and trousers, serving business commuting, everyday casual, urban outdoor and formal occasions. Demand is largely replacement- and replenishment-driven, with fit, quality, comfort and functionality being key purchase considerations.

Menswear is a key segment of China’s apparel market, serving approximately 600 million male consumers. Competitive advantage increasingly depends on complete and consistent sizing, disciplined pricing and markdown management, alteration and after-sales services, data-enabled assortment and forecasting, and efficient omnichannel fulfillment.

The chart below sets out the market size of menswear in China by revenue from 2020 to 2030. Domestic brands continued to gain share, increasing from 87.2% in 2020 to 88.8% in 2025 and expected to reach 89.7% by 2030, while the mass market remained dominant, accounting for 84.0% of the market in 2025 and expected to remain above four-fifths by 2030 despite ongoing premiumization.

Market Size of Menswear in China, by Revenue, 2020-2030E



Source: National Bureau of Statistics of China (“NBS”), China National Garment Association (“CNGA”), expert interview, Frost & Sullivan

China’s menswear market is increasingly defined by execution quality. Key challenges include pricing discipline, consistency in sizing and service, inventory responsiveness and regional seasonality. In response, leading brands are strengthening lifecycle pricing governance, unified inventory with frequent replenishment, standardized store operations and localized allocation, which together support sell-through, reinforce price discipline and improve inventory efficiency.

Growth Drivers and Development Trends

- **More deliberate consumption is favoring leading brands with stronger execution.** As consumers become more rational in apparel purchases, mainstream menswear is increasingly driven by practical value, including comfort, durability, versatility, transparent pricing, reliable fit and stable quality. Compared with womenswear and certain other apparel categories, where style variety, trend relevance and occasion-specific dressing may play a greater role, mainstream menswear is more often purchased for daily, workplace and business-casual use. These preferences are closely aligned with the Group’s core menswear positioning. Through disciplined assortment selection, consistent sizing, clear price points and dependable in-store service, the Group is better positioned to improve purchase conversion, repeat purchases and sell-through of core products, thereby supporting revenue growth, inventory turnover and market share gains.

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- ***Channel reconfiguration and lifecycle pricing governance are improving operating efficiency.*** Commercial resources are concentrating in prime shopping districts, while brands are increasing the share of directly operated and jointly managed stores to reinforce pricing consistency and brand presentation. For the Group, this trend supports growth by improving channel productivity and inventory efficiency. As commercial resources shift toward prime retail locations and the Group continues to strengthen directly operated and jointly managed stores, more consistent lifecycle pricing and disciplined markdown execution help maintain price integrity across channels. At the same time, differentiated outlet clearance enables the Group to clear ageing inventory in a more orderly manner without disrupting full-price sales. Together, these measures support healthier sell-through, faster inventory turnover and better cash conversion, thereby enhancing store-level profitability and releasing working capital for new product launches and channel expansion.
- ***Data-driven supply chains and unified inventory are enhancing responsiveness.*** Data-enabled assortment planning, replenishment and transfer are becoming more routine, supported by automated warehousing, coordinated regional distribution and more flexible small-batch manufacturing. Together with unified inventory pools, weekly replenishment and store-based fulfillment, these capabilities improve size coverage, shorten lead times, reduce stockout and obsolescence risks, and raise overall inventory efficiency.
- ***Product upgrades and improving compliance are supporting higher-quality growth.*** Menswear demand is shifting toward casual, functional and urban-outdoor styles, with comfort, ease of care and performance features becoming more important across everyday scenarios. Meanwhile, clearer rules for product quality, green manufacturing and online transactions are raising operating transparency and quality standards, favoring brands with traceable supply chains, durable governance and the ability to deliver upgraded products at scale.

Entry Barriers and Key Success Factors

- ***Scale and network governance.*** Scale supports stronger bargaining power in materials and processing, lower logistics and inventory costs, and more efficient cross-region allocation under a national inventory pool. It also improves access to prime trade areas, enhances lease negotiation ability, and supports stronger store and distributor network governance across city tiers.
- ***Brand trust, pricing power and lifecycle management.*** Stable brand recognition, clear price-band positioning, and consistent pricing and service across channels strengthen repeat purchase, membership stickiness and pricing power. Leading players also institutionalize merchandise lifecycle management across full-price selling, seasonal markdowns and differentiated discount channels, balancing gross margin, cash conversion and brand image.
- ***Product, quality and service systems.*** A complete and stable sizing and fit system, consistent materials and workmanship, and standardized alteration and returns processes are critical to building trust and repeat purchase. The barrier lies in long-term accumulation of fit data, coordinated capabilities across fabrics and processes, and end-to-end quality control that can support consistent nationwide execution.
- ***Digitization, unified inventory and end-to-end fulfillment.*** An integrated digital and physical supply chain is increasingly essential. National inventory pools, weekly replenishment, inter-store transfers and standardized pick-and-pack improve turns and reduce size breaks, while front-end data and back-end systems support assortment planning, demand forecasting and coordination across warehouses and stores. These capabilities require sustained systems investment, supply-chain coordination and organizational execution.

Competitive Landscape

We had built enduring leadership in China. In 2025, we achieved a market share of 5.4% by revenue, exceeding the combined share of the second- to fifth-largest market participants. The top five brands together accounted for approximately 10.7% of the market, reflecting the category’s fragmentation.

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Ranking of Menswear Brands in China, By Revenue, 2025

Ranking	Company	Market Share
1	The Company	5.4%
2	Company E	1.6%
3	Company F	1.5%
4	Company G	1.1%
5	Company H	1.1%
Total . .	–	10.7%

Source: Listed companies’ public filings, expert interview, Frost & Sullivan analysis

Notes:

- (5) Company E is a public company founded in 1979 and is headquartered in Ningbo. It focuses on the fashion industry, operating a multi-brand portfolio that includes menswear.
- (6) Company F is a public company founded in 1987 and is headquartered in Jinjiang. It primarily engages in the design and sale of business casual and contemporary menswear.
- (7) Company G is a public company founded in 1990 and is headquartered in Jinjiang. It is renowned by its jacket products in China’s outerwear market.
- (8) Company H is a public company founded in 2004 and is headquartered in Quanzhou. It is a well-known company in China’s men’s trousers and business casual apparel market.

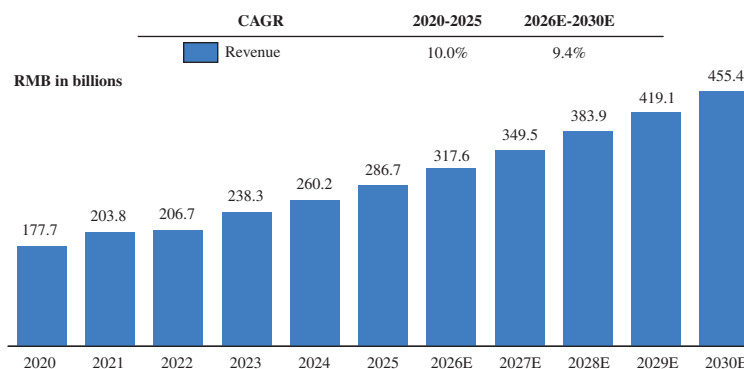
OVERVIEW OF CHINA SPORTSWEAR MARKET

Sportswear refers to ready-to-wear apparel designed for athletic and physical activity and also suited to everyday travel and leisure. It mainly covers tops, bottoms, outerwear and base layers, and emphasizes performance attributes such as breathability, moisture-wicking and quick-dry, stretch and recovery, thermal insulation, and weather protection. Products are increasingly optimized for multi-scenario use, combining functional fabrics with clean, versatile silhouettes.

The chart below sets out the market size of sportswear in China, by revenue, from 2020 to 2030. Growth continues to be supported by rising exercise participation, broader usage across training, commuting and leisure, and ongoing product upgrades that bring performance features to wider consumer groups. Despite recent momentum, sports participation in China remains below mature markets, leaving room for further penetration.

The mass market remained the largest segment, accounting for 70.0% of the market in 2025, but its share is expected to decline to 68.7% by 2030 as demand gradually shifts toward more premium and performance-driven sportswear.

Market Size of Sportswear in China, by Revenue, 2020-2030E



Source: NBS, CNGA, expert interview, Frost & Sullivan analysis

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Growth Drivers and Development Trends

- **Rising participation and athleisure adoption are broadening multi-scenario apparel demand.** Higher health awareness and increasing participation in running, gym training, ball sports and school athletics continue to expand the consumer base for sports-inspired apparel. At the same time, sportswear elements are increasingly adopted in commuting, leisure, family outings, school activities and light outdoor occasions, extending the use cases of functional and comfort-oriented apparel. These trends are also relevant to the Group’s broader product portfolio, as they support consumer demand for more comfortable, versatile and easy-to-match daily wear across menswear, womenswear, baby and kidswear and casualwear categories.
- **Functional product upgrades are reshaping mainstream apparel preferences.** Consumers are increasingly seeking practical product features such as quick-dry, stretch, sun protection, lightweight thermal comfort and easy-care performance at mainstream price points. These functional attributes are no longer limited to professional sportswear, but are increasingly incorporated into daily apparel to enhance comfort, wearability and product differentiation. For the Group, selectively applying sports-inspired fabrics, more comfortable fits and multi-scenario designs to its existing apparel categories can help improve product appeal, encourage cross-selling and support repeat purchases.
- **Channel optimization and supply chain responsiveness are improving category expansion efficiency.** As sports-inspired and functional apparel becomes more embedded in everyday consumption, brands with stronger assortment planning, pricing discipline, regional adaptation and replenishment capabilities are better positioned to capture demand while maintaining healthy inventory turnover. Shopping malls, brand-operated stores and membership-based channels can further strengthen product presentation, consumer engagement and repeat purchase. The Group’s established retail network, membership base and supply chain capabilities provide a foundation for responding to this trend in a disciplined manner, supporting broader consumer reach, store productivity and inventory efficiency.

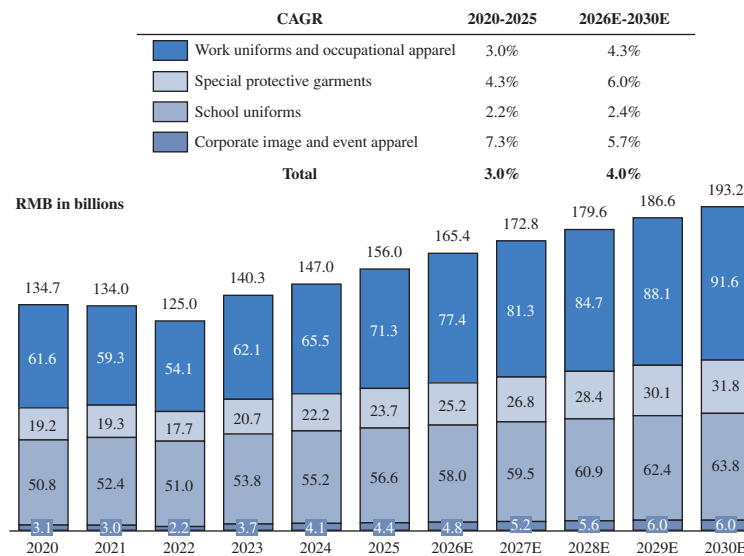
OVERVIEW OF CHINA CORPORATE AND INSTITUTIONAL CUSTOMIZED APPAREL MARKET

Corporate and institutional customization refers to the bulk procurement of apparel by corporations, organizations and institutions. The scope covers uniforms, workwear, special protective garments, image and hospitality wear, and school uniforms, supplied either as ready-to-wear with size runs or as made-to-measure where required.

The chart below sets out the market size of the apparel group purchase and customization market in China, by revenue and by major categories, from 2020 to 2030. The market is gradually recovering and shifting toward more standardized, quality-oriented procurement, supported by clearer tender cycles, tighter safety and quality requirements, and broader adoption of digital procurement processes.

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Market Size of Corporate and Institutional Customized Apparel Market in China by Revenue, by Major Categories 2020-2030E



Source: CNGA, Frost & Sullivan analysis

As buyer expectations evolve, procurement decisions are no longer based solely on unit price, but increasingly reflect a balance of compliance, service and delivery certainty. The wider use of digital tender platforms, standardized specifications and framework agreements is improving transparency and favoring qualified suppliers with proven delivery, regulatory and after-sales capabilities.

At the same time, stronger safety and product standards are increasing demand for higher-value functional apparel and traceable materials, while flexible manufacturing, digital measurement and faster replenishment are improving fulfillment certainty. Buyers are also placing greater emphasis on full-life-cycle service, durability and total cost of ownership, supporting a more quality-led and service-oriented market structure.

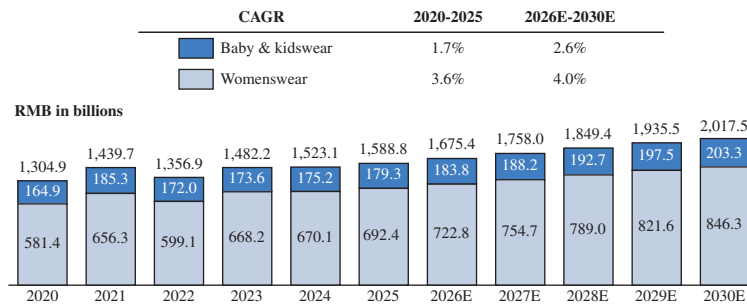
OVERVIEW OF CHINA WOMENSWEAR AND BABY AND KIDSWEAR MARKET

Womenswear is the largest and most fragmented subsegment of China’s apparel market. Demand is fashion-led, with high SKU intensity, broad size and color ranges, and a greater need for disciplined pricing, lifecycle management and reliable after-sales service. The chart below sets out the market size of womenswear, baby and kidswear in China, by revenue, from 2020 to 2030. Within womenswear, the mass market remained dominant in 2025, although its share is expected to decline further by 2030 as consumer demand gradually shifts toward higher-end and designer labels.

Baby and kidswear is smaller and more replacement-driven, with purchasing decisions centered on safety, quality, durability and age- and height-based sizing. Demand is also shaped by school calendars, holidays and climate conditions, while comfort, functional attributes and licensed IP remain important. The mass market continued to account for the majority of baby and kidswear revenue in 2025, but its share is expected to contract further by 2030 as parents place greater emphasis on brand quality and functional specialization.

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Market Size of Womenswear, Baby and Kidswear in China, by Revenue, 2020-2030E



Source: NBS, CNGA, Frost & Sullivan analysis

Growth Drivers and Development Trends

- Growth in womenswear and baby and kidswear is expected to become increasingly quality-led, supported by more rational and value-focused demand.** In womenswear, consumers are placing greater emphasis on comfort, everyday wearability, easy styling and value for money, while baby and kidswear demand remains supported by replacement needs, growth-stage size changes and multiple family purchasers. As consumption becomes more deliberate, brands with clearer pricing, stable product quality and reliable service are better positioned to encourage repeat purchases. For the Group, these trends are relevant to its broader apparel portfolio, as they support demand for accessible, comfortable and dependable products across daily wear and family consumption scenarios.
- Channel standardization and stronger execution are improving operating efficiency across both subsegments.** The increasing role of directly operated stores, mall-based retail networks, platform e-commerce and content commerce is shifting brand competition from pure traffic expansion to conversion quality, repeat purchase and inventory efficiency. Unified pricing, clear return and exchange policies, coordinated online-offline fulfillment and more consistent terminal service help improve product availability and consumer trust. For the Group, stronger channel discipline and integrated retail execution can support healthier sell-through, more orderly inventory turnover and improved store productivity.
- Product, sizing and data-driven operational upgrades are enhancing product appeal and reducing markdown risk.** In womenswear, standardized sizing, broader size coverage and more reliable alteration services can reduce fit uncertainty and improve purchase conversion; in baby and kidswear, age- and height-based grading, skin-friendly fabrics and functional designs address parents’ focus on comfort, safety and practicality. At the same time, collection-based presentation, set dressing, school-season and holiday collections, and selected licensed intellectual property products can help expand basket size and attract family traffic. Supported by data-led assortment planning, unified inventory management, regional adaptation and high-frequency replenishment, brands are better positioned to match local demand, reduce size breaks and overstock, and improve margin quality.

OVERVIEW OF OVERSEAS APPAREL MARKET

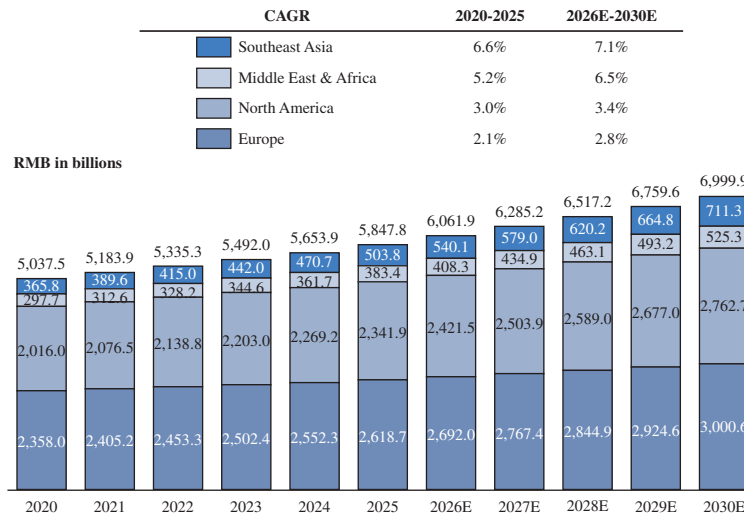
Overseas apparel markets are differentiated by development stage, income level, channel structure and consumer behavior. Europe and North America are relatively mature markets characterized by stable demand, disciplined pricing, established omnichannel operations and efficient inventory management. By contrast, Southeast Asia and the Middle East & Africa are

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growing faster from smaller bases, supported by urbanization, rising middle-income consumers and continued retail modernization. Across regions, channel structures are gradually evolving toward direct operation and standardized franchise models, with digital platforms supporting traffic and discovery, while product assortments are becoming increasingly localized by climate, sizing and functional preferences.

The chart below sets out the market size of apparel markets in major overseas regions, by revenue, from 2020 to 2030.

Market Size of Apparel Market in Major Overseas Regions, by Revenue, 2020-2030E

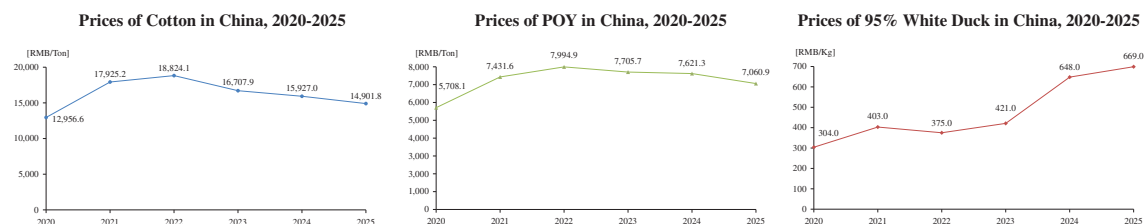


Source: Listed companies' public filings, expert interview, Frost & Sullivan analysis

COST ANALYSIS

Common raw materials for apparel include natural fibers such as cotton, synthetic fibers represented by polyester filament yarn (POY), and thermal fillings such as 95% white duck down. Movements in these input prices flow directly into cost of goods sold and gross margin, and pass-through to retail prices typically occurs with a lag of one to two seasons. Cotton prices rose before gradually normalizing as supply conditions improved and downstream demand softened. POY prices broadly tracked feedstock costs and capacity changes, and have generally stabilized after earlier increases. By contrast, 95% white duck down prices were more volatile and trended upward overall, reflecting tighter supply and resilient demand from down outerwear and active-outdoor categories. Overall, cotton and POY prices are expected to remain broadly stable, while down prices may stay at relatively elevated levels with seasonal fluctuations.

The chart below sets out the prices of cotton, POY and 95% white duck down in China from 2020 to 2025.



Source: NBS, Frost & Sullivan

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SOURCE OF INFORMATION

This section contains information extracted from the Frost & Sullivan report prepared by Frost & Sullivan independently, which is commissioned by us in connection with the [REDACTED]. We expect to pay Frost & Sullivan a total fee of RMB550,000 for the Frost & Sullivan report and our use of the report. Based on their best knowledge, our Directors believe that there has been no adverse change in the market information since the date of the research report that may qualify, contradict or impact the information disclosed. Frost & Sullivan is a consulting company that provides industry consulting services, commercial due diligence and strategic consulting services for a variety of industries. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the Frost & Sullivan report. We have extracted certain information from the Frost & Sullivan report in this section, as well as in the sections headed “Summary,” “Risk Factors,” “Business,” “Financial Information” and elsewhere in this Document to provide our potential investors with a more comprehensive presentation of the industry in which we operate.