OVERVIEW

We are a leading manufacturer and exporter of decorative gardening products, primarily decorative plastic planters for indoor and outdoor use. Established in 2004 in Hong Kong, we commenced manufacturing operations in 2006 and initially supplied products to U.S. distributors before transitioning around 2011 to direct engagement with large-scale retailer customers. We have since built a customer portfolio comprising globally recognized and long-standing retailer customers, including Lowe's, Walmart, Sam's Club and Costco, with products sold predominantly to major mass-merchandise and home-improvement retailers in North America through Program-Based and Repeat Procurement Arrangements. We currently operate five production facilities in the PRC. In addition, we have established a production facility in Cambodia, which is currently at the preparatory stage. We offer a broad SKU portfolio supported by in-house product design, mold development, materials procurement and coordinated manufacturing capabilities, which enable product customization, efficient scale-up and reliable fulfilment for high-volume retail programs. During the Track Record Period, the majority of our revenue was derived from sales to the United States, with additional sales to Canada, Mexico and Australia.

According to CIC, we were the world's largest manufacturer by revenue in 2024 and 2025 in the decorative plastic planter industry, with a market share of 4.6% in each year, which is a sub-segment of the decorative planter industry (accounting for approximately 51.5% of the decorative planter market by revenue). We were also the largest exporter by revenue among PRC-based planter manufacturers in 2024 and 2025. Our market position reflects our production scale, manufacturing capacity and established supply relationships with large-scale retailer customers.

Over the years, we have expanded our manufacturing footprint to enhance efficiency and supply resilience. We currently operate five production facilities in the PRC, which form the core of our product development, molding and engineering capability, and one facility in Cambodia which was established in 2024 to diversify labor and land cost exposures, improve price competitiveness and strengthen our position against trade volatility. Our production capacity reached approximately 18.9 million pieces annually during the Track Record Period, subject to regular seasonal pausing for tooling changeover and maintenance. Our products are certified by EQA, audited under the BSCI and SCAN programs, and comply with RCS, demonstrating adherence to international quality, social responsibility and recycled-material traceability requirements.

Our products are supplied primarily under customer-direct arrangements, where we participate in design development, tooling planning, materials sourcing, production scheduling and final delivery. Today, our products portfolio includes outdoor decorative planters (generally above 12-inch diameter for patio and garden applications), indoor decorative planters (smaller vessels for interior décor), and other gardening products such as growers pots, resin pots, saucers, self-watering planters, vertical garden products and hose bowls. We maintain a broad and expanding SKU catalog covering a range of shapes, finishes and seasonal themes, supplying 241, 381 and 446 SKUs for the years ended December 31, 2023, 2024 and 2025. The majority of our revenue was generated from sales to the United States, reflecting strong demand from home-improvement and outdoor-living categories.

According to CIC, the North American decorative planter market reached approximately US$1.8 billion in 2025. Within this market, decorative plastic planters accounted for approximately 55.4% of total market value, representing a sub-segment size of approximately US$1.0 billion in 2025. The decorative plastic planter segment recorded a compound annual growth rate of approximately 5.9% over the period from 2021 to 2025, reflecting growth that outpaced the broader decorative planter market.

The expansion of the decorative plastic planter segment has been supported by several structural factors, including: (i) differences in tariff treatment applicable to plastic and ceramic planter products, which may influence sourcing decisions and product mix preferences of certain customers, (ii) cost and handling advantages associated with plastic products, and (iii) continued improvements in resin-based molding and plastic aesthetics. Against this industry backdrop, leveraging our long-standing relationships with major U.S. mass-merchandise and home-improvement retailers, we have established ourselves as a key supplier in the U.S. decorative plastic planter market and one of the largest suppliers by revenue among China-based suppliers serving this market.

During the Track Record Period, our revenue amounted to HK$357.5 million, HK$474.5 million and HK$501.8 million for the years ended December 31, 2023, 2024 and 2025, respectively, representing a CAGR of approximately 18.5%. Gross profit reached HK$199.9 million, HK$282.4 million and HK$289.4 million for the three years ended December 31, 2023, 2024 and 2025, representing gross profit margins of 55.9%, 59.5% and 57.7%, respectively. Net profit for the same periods was HK$79.7 million, HK$126.0 million and HK$81.8 million, respectively. Overall growth during the Track Record Period was primarily driven by rising order volumes from North American retailers, deeper SKU penetration, and improvements in production efficiency, which reduced raw material waste and lowered per-unit production costs, thereby boosting profitability.

Looking ahead, we aim to strengthen our customer partnerships through expanded product development, further automation and tooling capability. With an established customer base, scalable manufacturing platform and growing presence in both China and Cambodia, we believe we are well-positioned to capture additional growth opportunities in the decorative gardening segment.

OUR COMPETITIVE STRENGTHS

We are a globally recognized leader in the design and manufacture of decorative plastic planter products, supported by long-term customer partnerships and a proven track record of delivery.

Our reputation is built on high product quality, innovative design, and reliable delivery performance. With a strong market presence, we have developed an in-depth understanding of consumer preferences and industry trends, supported by our design team's capability to transform customers' conceptual ideas into finished products, we are able to produce prototypes that meet customers, requirements within a shorter lead time than our competitors. Leveraging our in-house mold development capabilities and integrated design-to-production workflow, we are able to develop and deliver customer prototype samples typically within approximately one to five days, depending on product complexity and mold requirements. This lead time compares favorably with industry practice, where prototype development may extend over longer timelines due to outsourcing of mold fabrication or fragmented production processes. These strengths have enabled us to establish long-term partnerships with leading global enterprises, driving sustained order growth and reinforcing our established market position and brand reputation.

We have strategically developed long-standing business relationships with major retailer customers, which we believe will support the sustainable growth of our business. During the Track Record Period, we maintained partnerships of over 10 years with most of our top five customers, primarily comprising major North American retailers such as Lowe's, Walmart and Sam's Club. Leveraging our established market position and proven track record in delivering high-quality and reliable decorative plastic planter products, we are well-positioned to serve international brands and retailers that impose stringent quality requirements when selecting product suppliers. We believe that these strong relationships will continue to drive our long-term growth.

Global Leadership Position/Dominant Position in High-Growth Decorative Planter Segment: The global decorative planter market is steadily expanding. According to CIC, the market reached US$4.6 billion in 2025 and is projected to grow at a CAGR of 9.4% through 2030, potentially exceeding US$7.2 billion. Decorative plastic planters, as an emerging category, hold a significant market share of 51.5% in 2025. Our focus on decorative plastic planters places us in a high-growth niche, outpacing the broader market with an estimated CAGR of 10.5%.

Consistent Top-Tier Ranking: According to CIC, we ranked first in terms of revenue in global decorative plastic planter market in 2024 and 2025 and ranked 6th in terms of revenue in global decorative planter market. In the U.S. market, we maintained a stable and growing market share of approximately 6.2% of market share in the U.S. decorative planter market and 11.2% of market share in U.S. decorative plastic planter market in 2025.

Long-Standing Partnerships with Major Global Retailers: With 20 years of dedicated experience in the decorative gardening planter industry, we maintain deep, longstanding partnerships with major North American retail giants such as Lowe's, Walmart and Sam's Club. Demonstrating exceptional partnership value, we achieve a 100% retention rate with key clients since 2011.

Strategic Expansion through Global Partnership and Product Diversification: Despite our strong market position, we remain committed to expanding our business. In 2024, we initiated the establishment of a new manufacturing facility in Cambodia as part of our "China Plus One" expansion strategy. Additionally, we expanded our global presence with a new cooperation agreement with Home Depot, Costco, broadening our appeal to a wider customer base. These milestones exemplify our ongoing commitment to business growth.

Certified Quality and Operational Excellence: Our trusted status as a long-standing supplier to global retailers underscores our operational strength. Our products conform to the highest industry standards and are certified by EQA, BSCI, SCAN, and RCS.

We believe that our stable and long-term business relationship with our major North American retailer customers is an invaluable asset to our business which ensures us a source of recurring revenue, and plays an important role for us to promote and develop our business and enhance our profile in the industry.

We develop a highly adaptable product portfolio focused on customization and sustainability to address diverse consumer needs.

We are committed to delivering an extensive and versatile product portfolio that caters to the evolving needs of the decorative gardening planter market. We focus on customization, innovation, and sustainability to provide solutions that suit a wide range of applications — from large-scale commercial landscaping to personalized home installations. Backed by a dedicated design, research and product development team and advanced manufacturing capabilities, we continuously introduce new and improved products that align with current market trends and consumer preferences. We believe our strong emphasis on environmental responsibility and operational efficiency ensures that we not only meet but exceed industry standards, maintaining our position as a trusted leader in the decorative gardening planter industry.

Comprehensive and Customized Product Range: Our product line encompasses a broad spectrum of decorative gardening planter products, primarily made from recycled resin and composite materials. This versatile offering serves a variety of applications — from large-scale landscape projects for garden centers to decorative displays for home furnishing retailers and personalized styling for individual consumers. Most products are customizable, enabling precise alignment with each client's specific requirements.

We maintain a competitive advantage by introducing more than 220 new SKUs annually during the Track Record Period. Our streamlined customization process market research, collaborative design, and rapid sample approval, allows us to launch new products within six months.

Sustainability at Our Core with Cost Efficiency: Sustainability is fundamental to our operations. We use 100% recycled polypropylene resin as our primary material, consuming more than 10,000 tons annually during the Track Record Period. Our commitment is certified by RCS, underscoring our active role in environmental stewardship. While polypropylene is suitable for durable applications, certain products used in outdoor environments may be subject to material degradation over time when exposed to ultraviolet radiation. For further details, please refer to the section headed "— Environmental, Social and Governance — Product Materials and Environmental Impact" in this section.

Additionally, our in-house manufacturing techniques contribute to cost savings and logistical efficiency. For example, our specially engineered stacked planters optimize transportation by allowing multiple pieces per shipment and freight costs.

Stringent Quality Assurance: Our strict quality control process covers every stage from raw material selection to finished product delivery. Each step follows rigorous production standards and thorough inspections to ensure consistent product quality, reinforcing our strong market reputation.

We operate a vertically integrated global production system that combines large-scale capacity with exceptional operational flexibility.

We control the entire production process from raw material procurement to final assembly, ensuring strict quality control and cost efficiency at every stage. By integrating product design, material sourcing, processing, and logistics under one comprehensive framework, we can quickly adapt to changing market demands and customize products to meet diverse customer requirements. Our vertically integrated approach also enhances coordination across different production sites, reduces lead times, and strengthens supply chain resilience. This operational model positions us to efficiently scale production while maintaining high standards of product quality and reliability in the competitive decorative gardening planter industry.

Strategic Manufacturing Footprint: We currently operate five production facilities in the PRC, totaling 123,750.28 sqm. Overall, these sites provide an annual capacity exceeding 19.9 million pieces as of December 31, 2025. This strategically distributed and scalable manufacturing network uniquely positions us to capitalize on emerging opportunities in the decorative gardening planter sector.

Advanced Production Efficiency: Our integrated production system is equipped with 1 multi-nozzle spraying machine, 3 automated spraying lines, 17 spraying cabinets, and 77 injection machines, enabling a daily output of approximately 69,000 pieces on average. With a cycle time of approximately 30–90 seconds per piece for injection stage and an order fulfillment cycle of 45 days, we maintain production efficiency that leads the industry.

Cost Optimization and Risk Mitigation via Overseas Facility: In 2024, we initiated the establishment of a new manufacturing facility in Cambodia as part of our "China Plus One" expansion strategy. This offshore presence not only will optimize our cost structure but also will mitigate geopolitical risks such as trade restrictions and tariffs, ensuring stable operations — an essential advantage for our multinational clients.

Production Chain Autonomy and Control: We believe that our ability to maintain full end-to-end control of our core production chain can enhance production continuity, ensures consistent product quality, and guarantees reliable delivery performance.

Our Directors are of the view that this autonomy positions us better than our competitors to capture the rapid growth opportunities in the decorative gardening planter market.

Our direct sales-driven network allows us to precisely capture customer needs and cultivate a stable, high-value client portfolio.

We have established a highly efficient direct sales model that emphasizes close, localized customer relationships and deep industry expertise. Supported by a seasoned U.S.-based sales team with extensive experience, we maintain trusted partnerships with leading retailers and deliver rapid responses to market changes. Leveraging sophisticated sales analytics, we continuously align our product offerings and production planning with emerging demand trends. Based on over a decade of accumulated customer and sales data, combined with external data sources such as weather patterns, seasonal trends, regional economic indicators, and social media sentiment analysis, we are able to enhance our market responsiveness and precision in demand forecasting. Our proven ability to build and sustain long-term collaborations with major clients reinforces our leadership position and drives ongoing growth in worldwide decorative gardening planter sector.

Efficient Direct Sales Model: We operate a focused B2B direct sales approach supported by dedicated, localized service teams. Our U.S.-based sales team, each member boasting over 15 years of experience, has built long-standing, stable relationships with key retail clients across the United States. This team is instrumental in ensuring rapid responsiveness to market demands and maintaining trusted partnerships. Additionally, our specialized sales analytics division rigorously examines client purchasing behaviors to forecast demand trends, enabling data-driven decisions in product development and capacity planning.

Trusted by Leading Clients: Our experienced sales team has been central to establishing a broad, stable partnership network throughout North America's decorative gardening planter sector. Long-term collaborations with major retailers such as Lowe's, and Walmart — some lasting over a decade — reflect our commitment to product quality and service. We believe this strong track record had strengthened, and will continue to strengthen our credibility and driving new client acquisition.

Our group is led by an experienced management team with deep expertise spanning the entire decorative gardening planter supply chain.

Our Group is guided by an experienced and cohesive management team with extensive expertise across every stage of the decorative gardening planter supply chain — from product design and raw material sourcing to manufacturing, quality control, and global distribution. Our Board of Directors attributes our Group's sustained success and resilience to the strategic vision and operational discipline demonstrated by this leadership team, whose capabilities continue to underpin our growth momentum and market competitiveness.

Under the leadership of Mr. Lo, our founder, and Chief Executive Officer, the management team has implemented comprehensive governance and control frameworks across procurement, production, quality assurance, and logistics. These standardized systems ensure consistent process efficiency, cost discipline, and product integrity, forming a solid foundation for a culture of continuous improvement and innovation throughout the organization.

With a workforce of more than 500 employees, our Group emphasizes talent retention and skills development as key enablers of sustainable growth. We have a high employee retention rate, particularly among our technical specialists.

Looking ahead, our Group remains dedicated to strengthening the leadership bench, enhancing management depth, and expanding the knowledge base to adapt to emerging market trends and digital transformation.

OUR DEVELOPMENT STRATEGIES

Although we are currently one of the market leaders in the decorative gardening sector, we recognize significant untapped potential to further increase our market share. To seize this opportunity, we have launched several strategic initiatives focused on expanding our market presence.

Focusing on High-Growth Segments and Enhancing Core Product Competitiveness

To drive sustainable growth, our core strategy centers on prioritizing high-potential segments and strengthening product competitiveness through technological innovation. Our key initiatives include:

Targeting the High-growth Small-sized Planter Market

We are prioritizing the expansion of the small-sized planter segment (under 12 inches), the revenue of which has grown steadily during the Track Record Period, reflecting consistent market demand. Over the next three years, we will strategically allocate more resources into design, research and product development and make dedicated investments to enhance our product competitiveness and portfolio.

Advancing Eco-Friendly Material Development to Set Green Product Standards

We remain committed to researching and applying environmentally friendly materials, such as organic composites materials, and other sustainable or biodegradable materials, as part of our green manufacturing initiatives. The increasing adoption of such materials is driven by growing consumer awareness of environmental sustainability, retailer sustainability initiatives and increasing demand for environmentally friendly products.

While the use of sustainable and biodegradable materials may involve higher costs and certain manufacturing challenges, we intend to progressively increase their use across our product portfolio. Our goal is to ensure that within three years, 100% of our core product lines will utilize sustainable, biodegradable materials, subject to material availability, customer requirements, product performance standards and commercial feasibility. We believe this initiative will enhance our ability to respond to evolving market trends and customer preferences.

Advancing Our Global Production Capacity Upgrades and Optimizing Supply Chain Efficiency

To build a more resilient and cost-efficient supply network, we are actively expanding our global manufacturing footprint and pursuing a diversified supply chain strategy. This approach is designed to enhance operational efficiency, mitigate risks, and support sustainable business growth.

Accelerating Production Capacity Expansion and Smart, Technology-driven Upgrades at the Cambodia Production Hub

Our production facility in Cambodia, a key overseas manufacturing center of our Group, has been newly established and has not yet commenced full-scale operations as of the Latest Practicable Date. Subject to the facility commencing full operations in 2026, we plan to expand its production lines, which is expected to enhance our Group's overall manufacturing capacity. Key initiatives include adding an automated spray line to enhance surface treatment efficiency and expanding an intelligent packaging line to optimize end-of-line processes. Once fully operational, this hub is estimated to account for at least 30% of our production capacity, strengthening service to the Asia-Pacific, Europe, and North America markets. The expansion is expected to boost production efficiency by 20% through increased scale and automation while stabilizing overall production costs.

Enhancing Supply Chain Diversification to Strengthen Risk Resilience

In response to geopolitical uncertainties and raw material price volatility, we are systematically developing global sourcing channels for high-quality raw materials. Key actions include onboarding new suppliers for resin in Southeast Asia. This strategy significantly reduces reliance on any single region or supplier, spreading procurement risk. By establishing a multi-source, stable supply network, we improve supply chain stability and flexibility, effectively minimizing the impact of supply disruptions and raw material price fluctuations on operating costs.

Driving Comprehensive Digital Transformation in Production and Strengthening Design, Research and Product Development Innovation and Operational Efficiency

We are scaling up automated production by introducing advanced equipment, such as automated injection molding lines, targeting a significant reduction in unit production costs.

Building an Intelligent Application Ecosystem

We are actively integrating artificial intelligence technologies to enhance key business functions including product design, demand forecasting and daily production. Currently, we utilize AI-generated product visualization to foster design innovation, and leverage AI-driven market trend analysis to optimize product planning. Additionally, we are maximizing our production by applying AI functions in our new machinery acquired recently, which boosts significantly production efficiency.

Strengthening Design, Research and Product Development Capabilities

We are committed to expanding our design, research and product development team by attracting interdisciplinary experts to promote technical collaboration and maintain a leading position in industry trends. We continuously nurture talents and actively acquire the latest technological knowledge to enhance our product development capabilities and sustain our technological advantage. These initiatives are designed to strengthen our competitive edge and support sustained growth in market share.

Optimizing the International Sales Network and Customer Portfolio, Reducing Reliance on Key Clients, and Lowering Regional Market Dependence

To strengthen our global market resilience, we are continuously optimizing our international sales network and diversifying the customer portfolio. This strategy aims to minimize dependence on any single regional market and establish a healthier, more sustainable growth model.

Diversifying Customer Portfolio

While maintaining strong relationships with leading retail giants, we are actively expanding into high-quality channels such as specialized decorative gardening brands and major e-commerce platforms. Our goal is to reduce sales revenue concentration from any single customer. During the Track Record Period, we broadened our customer base by securing new partners, to supply decorative gardening planter products. In particular, we onboarded Customer G in 2024 and Customer H in 2025, both being large multinational retailers, which contributed to improving our customer mix. The onboarding process for large multinational retailers typically involves product development, testing, and trial orders prior to commercialization and generally takes approximately 12 to 36 months. The onboarding of Customer G and Customer H followed a similar timeline, with commercialization achieved after approximately 20 months and 20 months, respectively. Since establishing our partnership with Customer G, we successfully improved our customer concentration status and have demonstrated sustained capability to continuously form new partnerships with customers. We remain committed to pursuing and securing new partnerships with additional customers in the future, continually expanding our market reach and reinforcing the diversity and resilience of our customer portfolio. By broadening channel diversity and onboarding new partners, we aim to boost the overall stability and profitability of our customer portfolio.

Accelerating Expansion into Emerging Markets

We are fast-tracking growth in key emerging markets, including Australia — where we plan to establish a local sales office — and Canada, focusing on increasing market share while tailoring our regional strategies to each market's unique needs. At the same time, we will leverage the strategic location and cost advantages of our Cambodia production facility to enhance regional supply chain collaboration and enable direct customer engagement. These coordinated efforts aim to diversify our growth sources beyond North America, expanding our global footprint and competitiveness. We also view Europe as a growth region for our future development. We are actively formulating strategic plans to enter the market, focusing on understanding local consumer needs, building strong partnerships, and gradually establishing our brand presence across major European countries. This proactive approach will lay a solid foundation for our long-term expansion and sustainable growth in the region.

Expanding New Material Product Categories and Upgrading the Product Portfolio

To establish a more diversified and high-value product ecosystem, we plan to expand our new material product lines through a combination of in-house design, research and product development and targeted strategic acquisitions. This strategy will enable us to continuously optimize our product mix, strengthen market competitiveness, and enhance our customer service capabilities. By focusing on innovation and product differentiation, we aim to create sustainable growth momentum and deliver greater value to our customers.

Proactive M&A in High-Potential Segments

We are actively pursuing mergers and acquisitions in high-potential niche markets, such as ceramic planters, to strengthen our supply chain capabilities and respond to the increasing demand for diversified and integrated procurement solutions. We aim to expand our proprietary manufacturing base, enrich our product portfolio, and accelerate our evolution into a leading provider of innovative, premium-quality decorative products. Such strategy enables us to broaden our product offering beyond plastic planters and cater to a wider range of customer preferences, including demand for premium, natural and design-oriented products. In addition, ceramic planters remain an established category in certain retail channels, particularly in higher-value segments where product differentiation and aesthetics are key purchasing considerations.By expanding into ceramic planters, we are able to offer a more comprehensive product range to our customers and enhance our ability to serve different price points and product categories within the planter market. We believe this strengthens our overall customer relationships and supports more stable and diversified revenue streams.We consider that our expansion into ceramic planters is complementary to our existing plastic planter business and supports our long-term development.

Targeting High-end Decorative Gardening Planter Products Consumers

We plan to launch a premium small-sized planter series crafted from innovative composite materials, emphasizing eco-friendliness, lightweight design, and durability. Such products are intended to complement our existing product offerings rather than replace our core mass-market product range. While our customers primarily comprise mass-merchandise and home-improvement retailers, these retailers typically offer products across different price points, including mid-range and premium product lines. Our higher-end planter products are therefore intended to target such higher-value segments within existing retail channels, as well as selected specialty retailers.

In terms of pricing, our higher-end planter products are expected to command higher unit selling prices compared to our standard products, reflecting differences in materials, design and positioning. In terms of sales potential, we expect such products to contribute a relatively smaller proportion of our overall sales volume in the near term, but to contribute to higher overall margins.

OUR BUSINESS

We are a manufacturer and exporter of decorative gardening products with a primary focus on decorative plastic planters for home and garden applications. Our products are sold to overseas markets, particularly the U.S., where decorative gardening and home décor consumption is supported by stable demand across mass-market retailer channels. Leveraging our product development capabilities, material know-how and vertically coordinated production processes, we design, manufacture and supply a wide range of decorative plastic planters for both outdoor and indoor use, including outdoor decorative planters (generally above 12-inch diameter, suited for patios, gardens and external environments) and smaller indoor decorative planters designed for interior décor. Our portfolio also includes pottery and complementary gardening products and accessories, covering a spectrum of styles, finishes, materials and seasonal themes.

Our revenue is primarily derived from contract manufacturing sales to major U.S. retailers. Through long-term working relationships, we collaborate with customers from ideation to final delivery, providing product design input, tooling and mold development, materials sourcing, production scheduling and quality-assured manufacturing to meet their merchandising and Seasonal Program requirements. Sales under our proprietary brand contributed less than 2.5% of our revenue during the Track Record Period and currently represent a non-core component of our overall business. Our Group does not have any current plan to expand its proprietary branded business, and such activities are primarily functioning as a supplementary channel to enhance market presence.

The following table sets out a breakdown of revenue of our Group by our product categories for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	HK$'000	*HK$'000*	*HK$'000*
Decorative planters products			
— Outdoor decorative planters	230,877	324,967	326,674
— Indoor decorative planters	79,477	87,660	102,962
Other gardening products	47,191	61,850	72,180
Total	**357,545**	**474,477**	**501,816**

Revenue by Geographical Markets

During the Track Record Period, our revenue was predominantly derived from the United States market, with supplementary contributions from Canada, Mexico, Australia and other countries. The table below sets out the breakdown of our revenue by geographical region for the years ended December 31, 2023, 2024 and 2025.

	Year Ended December 31,					
	2023		2024		2025	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
U.S.	338,994	94.8%	443,832	93.5%	469,045	93.5%
Canada	7,071	2.0%	7,947	1.7%	8,375	1.7%
Mexico	5,850	1.6%	13,728	2.9%	13,317	2.6%
Australia	3,496	1.0%	5,665	1.2%	4,558	0.9%
Other countries	2,134	0.6%	3,305	0.7%	6,521	1.3%
Total	**357,545**	**100.0%**	**474,477**	**100.0%**	**501,816**	**100.0%**

Note: Other countries primarily consists of United Kingdom, Chile and Guatemala.

The United States remained our largest revenue contributor throughout the Track Record Period. Revenue generated from the U.S. market amounted to HK$339.0 million, HK$443.8 million and HK$469.0 million for the years ended December 31, 2023, 2024 and 2025, respectively, representing

94.8%, 93.5% and 93.5% of our total revenue for the same periods. The U.S. market remained highly stable and continued to be the core demand driver for our decorative planter products, reflecting long-standing relationships with major retailer customers.

Revenue from Canada amounted to HK$7.1 million, HK$7.9 million and HK$8.4 million for the years ended December 31, 2023, 2024 and 2025, contributing 2.0%, 1.7% and 1.7% of our total revenue, respectively. Although representing a smaller proportion compared to the U.S., Canada remains a stable recurring market, with revenue fluctuations primarily reflecting shipment scheduling and product mix cycles, including (i) the timing of bulk shipments arranged to align with retailer customers' seasonal inventory planning and logistics schedules, and (ii) variations in the mix of products supplied in each period, with some periods including a higher proportion of higher-value items than others.

Revenue from Mexico amounted to HK$5.9 million, HK$13.7 million and HK$13.3 million for the years ended December 31, 2023, 2024 and 2025, representing 1.6%, 2.9% and 2.6% of total revenue, respectively. Revenue in 2025 remained broadly stable, with a slight decrease primarily attributable to shipment timing and customer ordering patterns during the year.

Revenue from Australia amounted to HK$3.5 million, HK$5.7 million and HK$4.6 million for the years ended December 31, 2023, 2024 and 2025, representing 1.0%, 1.2% and 0.9% of total revenue, respectively. The decline in contribution was primarily driven by reduced order volumes from our sole customer serving the Australian market. Please also refer to "— Historical Joint-Venture Arrangement" in this section for further details of our sole customer serving the Australian market.

Overall, our geographical revenue concentration reflects our strong foothold in the United States market, which we expect to remain our core revenue driver in the near to medium term. Leveraging our manufacturing cost advantages and product development capabilities, we plan to further expand in other regions including Canada, Mexico and Australia, while actively exploring entry into new European markets as part of our growth strategy. This aligns with our future strategy initiatives, under which we intend to diversify our sales network beyond the U.S., broaden our customer base, and increase revenue contribution from overseas markets over time. For more details, please refer to the paragraph headed "— Our Development Strategies" in this section.

OUR PRODUCTS

We primarily produce decorative plastic planters for indoor and outdoor use, forming the core of our product offering. Our outdoor decorative planters are generally above 12 inches in diameter and catered for patio and garden applications, while indoor decorative planters are typically below 12 inches, positioned for household décor and interior display. In addition, we offer a rage of other gardening products, including growers pots, resin pots, saucers and self-watering planters, vertical garden products and hose bowls, allowing us to serve a wider range of esthetic, seasonal and price segments for mass retailers.

Our portfolio is extensive, covering multiple shapes, textures, mold patterns, color finishes and material formulations. Each year, we typically introduce approximately more than 220 new SKUs while retaining recurring program items that are reordered on a seasonal basis, supporting both innovation and stable replenishment volume. Product development is supported by in-house mold design and tooling capability, enabling us to deliver new collections, colorways and theme-based assortments in response to retailer season planning.

Decorative Planters Products

Our decorative plastic planters are known for their craftsmanship, diverse forms, and durability. We categorize our decorative plastic planters into outdoor decorative planters and indoor decorative planters based on their sizes. Planters with a diameter above 12 inches are classified as outdoor decorative planters, while those with a diameter of 12 inches or below are categorized as indoor decorative planters.

Outdoor Decorative Planters

Tree Rings Trophy Planter

Our tree rings trophy planter features a classic urn silhouette with gracefully flared edges and subtle, ringed detailing reminiscent of natural tree rings, offering a timeless and sophisticated look suitable for various outdoor environments. Available in multiple sizes, including diameters of 16 inches and 18 inches, the planter is ideal for displaying a wide variety of plants, from ornamental shrubs to vibrant seasonal flowers. Its versatile design makes it perfect for placement on patios, entryways, or in garden landscapes, adding an elegant touch to any décor. The product is typically offered in neutral, stone-inspired colors, effortlessly complementing both traditional and contemporary settings.

Arabian Planter

Our arabian planter showcases a simple yet elegant rounded silhouette with clean, soft curves and a slightly tapered base, reflecting a modern take on classic Mediterranean pottery. Its subtle horizontal bands and smooth surface provide a timeless aesthetic that fits seamlessly into both contemporary and traditional settings. Ideal for outdoor use, this planter is perfect for showcasing flowers, herbs, or decorative foliage in patios, gardens, or entryways.

Available sizes include a 14 inches bell shape and a 14 inches taller version, providing options for different spaces and plant types. The planter comes in a neutral, stone-inspired color that effortlessly complements a variety of décor styles and plant palettes, making it a practical and attractive choice for any space.

Woodchip Planter

Our woodchip planter showcases a distinctive, gently tapered rounded form with an elegant basket-weave surface texture that evokes the natural look of wood chips. Its rich, dark color finish adds a modern, earthy touch that blends effortlessly into any outdoor environment. Designed for versatile outdoor use, this planter is ideal for displaying a wide range of plants–such as shrubs, small trees, or blooming flowers–making it perfect for patios, gardens, balconies, and entryways.

Available in multiple sizes, including 16 inches, 20 inches, and a 16 inches tall version, the woodchip planter offers flexible options to suit various plant arrangements and landscaping needs. Its deep color coordinates well with colorful foliage and flowers, making it both a practical and stylish choice for outdoor décor.

Stone Lattice Planter

Our stone lattice planter features a wide, flared rim and a gracefully tapered body adorned with an intricate woven grid pattern reminiscent of classic stone craftsmanship. Its textured basket-weave design and robust structure make it a standout accent for any garden, patio, or outdoor living space, perfectly balancing traditional charm and contemporary style.

Ideal for outdoor use, the stone lattice planter comes in two versatile sizes — 16 inches and 20 inches — offering flexible solutions for showcasing vibrant seasonal flowers, ornamental shrubs, or decorative greenery. The planter is finished in an elegant stone-white hue, blending seamlessly with a variety of plants and outdoor décor while providing a clean and timeless visual appeal.

Faux-Ceramic Glazed Planter

Our faux-ceramic glazed planter combines the elegant look of glazed pottery with the practicality of a lightweight, durable construction. Featuring a gently flared rim and smoothly rounded, tapered body, it offers a clean, contemporary silhouette that enhances outdoor spaces. The exterior is finished in a serene aqua-turquoise tone with a subtly variegated effect, complemented by a darker, glossy rim that adds depth and visual contrast.

Crafted from robust resin with a high-gloss faux-ceramic finish, this planter delivers the refined appearance of traditional ceramic while being easier to move, more impact-resistant, and suitable for everyday use in households or commercial settings. Ideal for showcasing lush foliage, flowering plants, or decorative arrangements, it provides generous planting volume while maintaining a compact footprint, making it perfect for tabletops, shelving, balconies, or clustered displays on patios and terraces.

Available in multiple sizes, including 16 inches, 20 inches, and 22 inches, our faux-ceramic planter is an attractive, low-maintenance choice for creating coordinated green displays in homes, offices, cafés, and other commercial environments.

Faux-Ceramic Diamond Planter

Our faux-ceramic diamond planter features a clean, gently flared silhouette with a smoothly tapered base, creating a modern profile that sits elegantly on patios, balconies, or garden paths. The exterior is adorned with a refined diamond-embossed texture that adds depth and visual interest while catching the light from different angles.

Finished in a striking ombré blue glaze that transitions from a soft, light tone at the rim to a rich, deep blue toward the base, the planter offers a vivid, contemporary look that pairs beautifully with lush green foliage and colorful blooms.

Crafted from lightweight, weather-resistant resin with a durable faux-ceramic finish, this planter is designed specifically for outdoor use, standing up to sun, rain, and changing temperatures with minimal maintenance. Available in multiple sizes, including 10 inches, 12 inches, 15 inches, and 18 inches, offering generous planting space while maintaining a stable footprint for a variety of outdoor plants.

Indoor Decorative Planters

Faux-Ceramic Vertical Ridged Planter

Our faux-ceramic vertical ridged planter features a sleek, rounded profile with a distinctive vertically ribbed surface, lending a clean and contemporary touch to any indoor setting. The simple yet elegant design creates soft shadows and visual interest, while the gentle curves allow it to harmonize with a variety of indoor décor styles.

Perfect for displaying small houseplants, succulents, or decorative arrangements on windowsills, desks, or shelves, this indoor planter adds a fresh accent to living spaces, offices, and bedrooms. Available in two convenient sizes, 6.8 inches and 8.6 inches in diameter, it provides the flexibility to accommodate different plant varieties and arrangements. The planters come in stylish modern colors such as crisp white and soothing aloe green, making them a chic and versatile addition to any indoor space.

White Faux-Ceramic Planter with Attached Saucer

Our white faux-ceramic planter with attached saucer features a modern cylindrical form with clean lines and a smooth, glossy finish, offering a timeless and minimalist look that complements a wide range of interior styles. Its simple silhouette highlights the natural beauty of your plants, while the polished white glaze adds a touch of brightness and elegance to any space.

Perfect for displaying houseplants, succulents, or decorative arrangements on shelves, tables, or windowsills, this indoor planter brings a fresh and refined accent to living rooms, offices, and bedrooms. Available in three practical sizes, 6 inches, 8 inches, and 10 inches in diameter, it offers versatility for different plant types and arrangements. The crisp white color ensures easy coordination with any plant or décor, making it a beautiful and functional choice for modern interiors.

Stone Urn Planter

Our stone urn planter features a classic urn-inspired silhouette with a gently flared rim, a gracefully tapered body, and a sturdy pedestal base that adds height and presence to any interior setting. Its smooth, softly contoured profile brings a touch of traditional elegance that complements both contemporary and vintage décor styles.

Finished in a subtle stone-gray tone with a natural, lightly weathered effect, this planter offers a neutral, sophisticated look that pairs beautifully with leafy houseplants, flowering arrangements, or decorative branches. The understated color allows plants to take center stage while still providing a refined focal point in living rooms, entryways, or office spaces.

Designed for indoor use, the stone urn planter is ideal for styling on floors, beside furniture, or as an accent near windows and doorways. The 18 inches high size fits for most settings providing generous planting depth while ensuring stability on flat indoor surfaces.

Mason Square Planter

The mason square planter features a clean, minimalist box silhouette with straight sides and a low, stable base, making it an ideal statement piece for modern interiors. Its generous rectangular profile offers ample planting space, perfect for creating linear arrangements of foliage, herbs, or decorative grasses along walls, windows, or room dividers.

Finished in a refined concrete-gray tone with a subtly mottled, stone-like surface, the Mason planter brings an urban, architectural feel that pairs effortlessly with contemporary furniture and neutral color palettes. The understated color allows vibrant greenery to stand out while maintaining a sophisticated, gallery-style look.

Designed for indoor use, this planter works beautifully in living rooms, offices, lobbies, and corridors, either as a single focal point or grouped in multiples for a cohesive design. Available in multiple sizes, including 12 inches and a rectangular version of 18 inches, providing deep soil volume and a stable footprint suitable for medium to large indoor plants.

Other Gardening Products

Growers Pots and Resin Planters



Our growers pots and resin planters are expertly crafted from high-quality resin materials to cater to the needs of modern gardening. These pots are lightweight yet robust, boasting excellent weather resistance for versatile use in indoor and outdoor settings. The collection includes a variety of shapes, such as tall cylindrical pots ideal for larger plants, wide and shallow round pots perfect for flowers and small shrubs, and rectangular trough-style planters for organized herb or vegetable gardening. The classic, minimalist design allows these planters to seamlessly blend into any home or garden décor. Equipped with practical drainage features and exceptional durability, our growers pots & resin planters are very economical and provide an ideal environment for healthy plant growth, making them a reliable choice for enhancing your living space and enjoying gardening to the fullest.

Saucers and Self Watering Bases

Our collection of saucers, self-watering bases, and accessories is designed to enhance both the functionality and convenience of gardening setup. The saucers come in a variety of shallow oval and round shapes, providing reliable drip protection and water catchment to prevent messes and protect your surfaces. The self-watering bases feature raised compartments that elevate pots, allowing excess water to drain away. This water is then absorbed gradually by the plant, which promotes healthy root hydration and prevents overwatering. These practical accessories are essential for maintaining optimal plant health and ensuring a clean, efficient gardening experience.

Planter Saucers


Our gardening saucers come in a variety of classic round and shallow shapes, providing a functional solution for catching excess water that drains from pots. Available in both dark and transparent finishes, our saucers are designed to fit beneath planters of various sizes, safeguarding indoor and outdoor surfaces from water marks and soil spills. Their low-profile, gently sloped edges ensure efficient collection of runoff, keeping the growing area neat and tidy — making them an essential accessory for healthy, mess-free plant care.

Self-watering Bases

Our self-watering bases are engineered for convenience and optimal plant hydration. The collection features designs such as a sturdy, round platform with multiple support legs. Placed beneath plant pots, each base provides a water reservoir, allowing moisture to be drawn up gradually into the soil through capillary action. This mechanism helps maintain consistent soil moisture and reduces watering frequency. The elevated structure ensures proper drainage and aeration, while the sleek, functional design adds a modern touch to any gardening setup.

Vertical Gardens

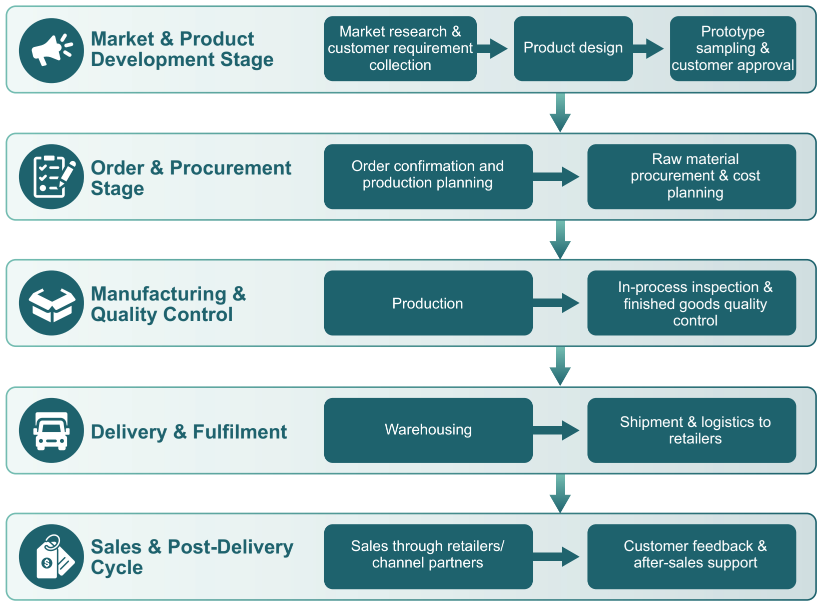
Our innovative vertical garden planter series features stacked multi-tiered modules, each composed of several semi-circular growing pockets surrounding a central axis. The design comes in natural terracotta and textured beige tones, providing esthetic versatility for both indoor and outdoor spaces. The vertical format maximizes planting capacity without occupying much floor area, making it perfect for compact living environments or patios. Mounted on sturdy caddies equipped with all-direction-casters, these systems allow easy movement and repositioning. Ideal for growing herbs, flowers, succulents, or even small vegetables, these vertical planters optimize sun exposure and airflow for all plants at every level, helping create lush, space-saving green displays and productive gardens with minimal hassle.

Hose Bowls

Our hose bowl collection features a range of sturdy, round containers designed to stylishly conceal and organize garden hoses. The bowls are characterized by their broad, open tops and gently tapered sides, allowing for easy coiling and storage of hoses inside. Surface finishes include realistic wood grain, contemporary fluted patterns in gray and terracotta, and neutral stone textures, offering versatile options to complement any garden style. Each bowl is built-in with a practical cut-out hole at the base for hassle-free access and smooth water flow during hose use. These functional hose bowls not only help maintain a tidy garden space but also serve as decorative accents for patios, yards, and green areas.

OUR BUSINESS MODEL

With 20 years of operation in the decorative gardening planter industry, we have developed a vertically integrated manufacturing system encompassing all core stages of decorative plastic planter production — from product development and raw material sourcing to manufacturing, quality control, warehousing, and logistics management. Supported by our automated production, and warehousing facilities, our one-stop supply chain management enables us to respond rapidly to customer demands, deliver consistent high-quality products, and continuously optimize operational efficiency.



Market and Product Development Stage

- **Market Research and Customer Requirement Collection**: We carry out structured market research through industry analysis, review of historical sales data, discussions with customers, and participation in trade fairs and industry events to monitor trends in decorative gardening products and identify emerging product opportunities. In parallel, we work closely with major retailers to understand their detailed requirements on product functionality, design, price positioning, and in-store or online merchandising, which serve as key inputs for our product development roadmap and production capacity planning.

- **Product Design**: Based on market insights and customer requirements, our in-house design, research and development team leads the development of product appearance and structure, and conducts technical assessments on material formulation, weather resistance, and intended usage scenarios. Once the design is approved, we utilize our internal mold development capability to design, followed by trial runs and mold fine-tuning prior to mass production, in order to enhance molding efficiency and ensure product consistency.

- **Prototype Sampling and Customer Approval**: Using our in-house prototyping capabilities, we produce samples based on the approved design and molds, followed by internal inspections of appearance, dimensions, strength, and surface finish. These prototypes are then submitted to customers for review, allowing them to provide feedback on details such as color, texture, packaging, and labeling. Production orders are confirmed only after obtaining final customer approval.

Order and Procurement Stage

- **Order Confirmation and Production Planning**: Customers typically provide rolling purchase forecasts ahead of the selling season and issue formal purchase orders detailing model specifications, quantities, pricing, delivery schedules, and shipping arrangements. Upon confirmation, we integrate these demands into our annual and rolling production plans, coordinating production scheduling, line capacity, manpower allocation, and warehousing resources to ensure reliable order fulfillment — particularly during peak seasons.

- **Raw Material Procurement and Cost Planning**: Based on confirmed orders and the production plan, we place purchase orders with our qualified raw material suppliers to secure stable supply and quality of key raw materials, such as resin, paints, and packaging materials. Concurrently, we conduct cost estimations and rolling budget management — factoring in material pricing, production efficiency, and logistics expenses — to underpin our pricing strategy and profitability oversight.

Manufacturing and Quality Control

- **Production**: Once raw materials are available, we run production according to established process parameters, using highly automated injection molding and related equipment for product forming. Production technicians continuously monitor machine performance, mold condition, and key quality indicators to ensure consistent appearance and structural integrity that meet customer's specifications.

- **In-process Inspection and Finished Goods Quality Control**: We implement in-process inspection at critical stages, including incoming material checks, first-piece approval, sampling inspections, and final outgoing checks, to minimize quality risks. For finished goods, we conduct comprehensive inspections against customer's specifications and internal quality standards on dimensions, appearance defects, color variation, and packaging integrity, ensuring only conforming products are released to warehouse and shipment.

Delivery and Fulfilment

- **Warehousing**: Products that pass quality control are transferred into the warehousing system. In packaging, we configure cartons, labels and accompanying documents according to customer requirements, and conduct regular stock counts and aging analysis to optimize inventory structure and support replenishment planning.

- **Shipment and Logistics to Retailers**: We primarily sell our products to our overseas retailer customers on an FOB basis. We are responsible for delivering finished goods to the designated port of departure, completing export clearance procedures, and loading the goods onto the vessel nominated by our customer. Title and risk of loss transfer to the customer once the goods are loaded onboard the vessel at the port of shipment, after which the customer bears responsibility for ocean freight, insurance, import customs, warehousing and subsequent transportation. When selecting logistics partners, we evaluate their performance on the basis of their track record, distribution network coverage and scale of operation, to ensure reliable delivery of large volumes, particularly during peak seasons.

Sales and Post-Delivery Cycle

- **Sales through Retailer Customers**: Our customers primarily comprise U.S. independent retailers that source products directly from us for resale under their own brands and in their own stores. Through these partnerships, we provide a diverse range of customizable products that align with their brand positioning and consumer preferences. By maintaining close relationships with our retail partners, we ensure efficient distribution and broaden our market reach across different retail segments.

  As of December 31, 2025, we engaged five independent sales representatives in the U.S. who worked exclusively with us to provide customer liaison and coordination services for our retail customers in North America. Given that our business requires ongoing communication with customers regarding order status, delivery schedules, seasonal procurement planning and other day-to-day commercial matters, we believe it is commercially efficient to engage local representatives who possess experience in the North American retail market and familiarity with the operating practices and procurement processes of major retailers, as well as close proximity to our retailer customers.

  These representatives primarily facilitate routine communications between us and our customers, assist in coordinating customer inquiries, order follow-up and delivery-related matters, and assist maintain regular communication with our retailer customers across different time zones. Their local presence enables timely customer support and facilitates efficient communication with our North American customer base without incurring the fixed costs associated with establishing and maintaining a dedicated sales office in the U.S..

  Neither these sales representatives act as our distributors, nor do they take title to our products bear any inventory or credit risk. They do not have the authority to enter into contracts on our behalf. They are not involved in pricing negotiations or contract execution. All sales agreements, pricing arrangements and purchase orders are entered into directly between us and the relevant customers, and payments are made directly to us. These representatives were compensated based on agreed service arrangements.

- **Customer Feedback and After-sales Support**: Following product delivery and during the sales phase, we actively collect performance data and customer feedback through ongoing customer communications, sales analytics, and monitoring of returns or complaints. These insights are systematically fed back to our design, research and development team to drive iterative improvements in existing products, process optimizations, and development of new designs, forming a closed-loop cycle of "market research, design, production, sales, and feedback" that enhances our customer relationships and supports long-term business growth.

MAJOR CUSTOMERS AND SUPPLIERS

Our Customers

Our primary customers are leading U.S. retailers, including Lowe's, Walmart, Sam's Club and Costco. We specialize in delivering fully customized decorative gardening planter products, collaborating closely with each customer to design and manufacture products that perfectly align with their specifications. These tailored products are then distributed through their extensive channels, ensuring nationwide reach to end consumers. We do not serve end customers directly.

These U.S. major retailers, our direct customers, act as purchasers rather than intermediaries or agents in our transactions. Among other factors, they exercise full control over pricing and profit margins when reselling products sourced from us. Under our FOB arrangement, ownership and risk of loss transfer completely to our customers upon delivery of the goods onto the vessel at the port of shipment. We do not exercise any control over their subsequent business operations and assume no liability for their resale activities, except in cases involving product quality issues. Based on the historically no physical product return amounts and our regular commercial communications with these customers, our Directors believe that there is no risk of channel stuffing in our dealings with them.

For the years ended December 31, 2023, 2024 and 2025, the aggregate revenue generated from our top five customers amounted to HK$345.7 million, HK$449.1 million and HK$466.0 million, respectively, representing 96.7%, 94.7% and 92.9%, respectively, of our total revenue for the respective periods. For the same periods, revenue generated from our largest customer amounted to HK$185.6 million, HK$266.5 million and HK$190.6 million, respectively, representing 51.9%, 56.2% and 38%, respectively, of our total revenue for the respective periods.

Our ability to support large-volume orders, maintain on-time fulfillment and scale production capacity during the seasonal peak has been an important factor in sustaining these relationships and deepening engagement across multiple SKU lines. We continue to explore category expansion with existing customers to prioritise sustainable growth and strengthen customer engagement.

The table below sets out information of our five largest customers during the Track Record Period:

Customer		Credit terms	Year of commencement of business relationship	Revenue	Percentage of total revenue
				HK$'000	
For the year ended December 31, 2023					
1.	Customer A(1)	165 days	2013	185,643	51.9%
2.	Customer B(2)(9)	90 days	2011	116,090	32.5%
3.	Customer C(3)(9)	90 days	2015	29,476	8.2%
4.	Customer D(4)	60 days	2012	9,785	2.7%
5.	Customer F(5)	120 days	2012	4,754	1.3%
For the year ended December 31, 2024					
1.	Customer A(1)	165 days	2013	266,458	56.2%
2.	Customer B(2)(8)	90 days	2011	114,726	24.2%
3.	Customer C(3)(8)	90 days	2015	48,533	10.2%
4.	Customer G(6)	30 days(9)	2024	10,396	2.2%
5.	Customer D(7)	60 days	2012	8,984	1.9%
For the year ended December 31, 2025					
1.	Customer A(1)	165 days	2011	190,614	38.0%
2.	Customer B(2)(8)	90 days	2013	153,101	30.5%
3.	Customer G(6)	30 days	2024	54,654	10.9%
4.	Customer C(3)(8)	90 days	2015	42,958	8.6%
5.	Customer F(5)	150 days	2012	24,630	4.9%

Notes:

(1) Customer A: A large American home improvement and hardware retailer (listed on the New York Stock Exchange and a constituent of the Standard and Poor's ("**S&P**") 100) that sells building materials, appliances, tools, and garden supplies to both DIY customers and professional contractors.

(2) Customer B: An American multinational retail corporation operating hypermarkets, discount department stores, and grocery stores worldwide.

(3) Customer C: A membership-only retail warehouse club offering bulk groceries, electronics, furniture, and general merchandise at discounted prices for business and individual members.
Customer B and Customer C belong to the same retail group (listed on Nasdaq and a constituent of the S&P 100) but operate distinct businesses with different brands, retail stores, locations and staff. Please refer to the note (9) below for the background of Customer B and Customer C.

(4) Customer D: An American discount retail chain (previously listed on the New York Stock Exchange, until its delisting due to bankruptcy filing in September 2024) specializing in closeout, overstock, and bargain merchandise such as furniture, home goods, apparel, and consumables.

(5) Customer F: An American discount variety store chain (listed on the New York Stock Exchange and a constituent of the S&P 500) with over 20,000 locations across 48 states, offering low-priced consumables, seasonal items, snacks, health products, housewares, and basic apparel primarily in rural and suburban communities.

(6) Customer G: An American multinational retailer operating membership-only warehouse clubs (listed on Nasdaq and a constituent of the S&P 100) that sell bulk quantities of brand-name merchandise, groceries, electronics, appliances, and services at discounted prices worldwide.

(7) Customer H: A large home improvement retailer (listed on the New York Stock Exchange and a constituent of the S&P 100), operating over 2,300 big-box stores across the United States, Canada, and Mexico, offering a wide range of tools, construction products, appliances, and services for both DIY customers and professional contractors.

(8) During the Track Record Period, our Group's major retailer customers primarily comprised global large overseas retailers with whom we maintain long-standing commercial relationships. Our Group supplies products to such retailer customers pursuant to customer-specific contract manufacturing arrangements, under which product designs, specifications and branding are developed to meet each customer's respective merchandising strategies and brand requirements.

By way of background, Customer B and Customer C are ultimately under common ownership. However, Customer B and Customer C operate as economically and operationally distinct counterparties to our Group and are therefore presented separately.

Customer B and Customer C are independent third parties to our Group and belong to the same retail group, which is a U.S.-Listed Company. They have distinct retail businesses operating under different brands, with separate retail formats, store networks and staff, and they adopt different business models targeting different customer segments. Customer B operates as an open-access mass-market retailer offering a broad range of products, primarily serving price-sensitive households with frequent shopping needs, whereas Customer C operates a membership-based retail model focused on curated product offerings and bulk-value purchasing.

From an operational and commercial perspective,

- Customer B and Customer C maintain separate procurement functions, vendor onboarding procedures and compliance requirements, and our Group is required to satisfy distinct qualification, audit and product approval processes in respect of each customer;

- our Group supplies contract manufacturing products to Customer B and Customer C under separate customer-specific product programs, with product designs, specifications and branding developed to align with each customer's own private-label or house-brand requirements, reflecting their distinct merchandising strategies, SKU structures and target customer positioning;

- commercial terms, including pricing, order volumes and program timing, are negotiated separately with Customer B and Customer C, and there are no bundled arrangements, cross-default provisions or cross-subsidization between the two customer relationships;

- our Group also enters into separate invoicing, credit and payment arrangements with Customer B and Customer C, and all transactions with each of Customer B and Customer C are conducted independently.

Accordingly, notwithstanding their common ultimate ownership, our Directors consider that the separate presentation of Customer B and Customer C more accurately reflects the substance of our Group's customer relationships and the underlying commercial reality. The Directors are of the view that such disclosure in this document provides a fair and balanced information for investors to assess our Group's customer profile, customer concentration risk and the sustainability of our revenue streams.

For completeness and to provide investors with additional context on customer concentration, we have included information on our six largest customers for each year during the Track Record Period. This presentation is intended to ensure transparency where two major customers are ultimately under common ownership and would otherwise have been presented as a single customer group, and enables investors to better assess the distribution of revenue among our Group's principal customers.

Customer	Credit terms	Year of commencement of business relationship	Revenue	Percentage of total revenue
			HK$'000	
For the year ended December 31, 2023				
Urban Pottery	30 days	2017	3,496	1.0%
For the year ended December 31, 2024				
Customer H	30 days	2024	6,078	1.3%
For the year ended December 31, 2025				
Customer H	30 days	2024	16,155	3.2%

(9) Receipt of goods at Customer G unless otherwise stated.

To the best knowledge and belief of our Directors, none of our Directors or Shareholders who own more than 5% of the issued share capital of our Company immediately following completion of the Share Subdivision and the **[REDACTED]**, nor any of their respective associates, had any interest in any of the five largest Customers of our Group, for each year during the Track Record Period.

Customer Concentration

Customer concentration is common on a global basis in the decorative planter and gardening products supply industry, where procurement is dominated by a limited number of large international retailers with scale purchasing power. According to CIC and based on our experience and interactions with major retail customers, supplier selection processes generally involve product development, supplier qualification, quality assessment, compliance reviews, production capability evaluation and, in many cases, tooling development and trial orders before a supplier is approved for larger-scale procurement programs. As a result, retailers typically maintain relationships with qualified suppliers that demonstrate consistent product quality, reliable delivery performance and program execution capabilities. In view of the above and according to CIC, concentration among a limited number of major customers is generally reflective of the industry structure and procurement model rather than, by itself, heightened dependency.

For the years ended December 31, 2023, 2024 and 2025, our Group's largest customer accounted for 51.9%, 56.2% and 38.0% of our total revenue, respectively, while our second largest customer accounted for 32.5%, 24.2% and 30.5% of our total revenue during the same periods.

While our revenue is concentrated among a small number of major retailer customers, such customer concentration is common and structurally inherent in the decorative gardening and gardening supply industry, where procurement is typically centralized within large international retail chains. Our principal customers are independent third-party global retailers (almost all of which are listed in the U.S. and among the largest companies in the world). We have been included in their vendor programs over multiple years, our Directors are of the view that this demonstrates our operational reliability and stable, long-term commercial relationships with our principal customers under normal commercial terms. Supported by our dual-site production footprint, in-house tooling capabilities, and stable program scheduling, we believe our existing concentration profile is sustainable and aligned with global industry practice. Against this backdrop, the following factors further support the stability of our customer base and mitigate concentration risk:

(1) Long-Term Strategic Relationships with Major Global Retailer Customers

We have maintained a strong and successful partnership with Customer A for approximately 12 years since 2013 and with Customer B for approximately 14 years since 2011. Over the years, we have consistently strengthened our production capabilities and marketing strategies in response to the evolving demands of the market and retailer program requirements. This continuous improvement has enabled Customer A and Customer B to gain deep insights into our operational strengths, technical expertise, and commitment to quality. As a result, their confidence in our capabilities has grown, leading to an increase in the volume and diversity of orders entrusted to us.

Our collaborations with Customer A and Customer B are both governed by long-term framework agreements. These framework contracts establish the foundational scope, terms, and quality standards for our contract manufacturing services.

The commercial relationship is executed through the issuance of specific purchase orders by the customers. These purchase orders, issued under the umbrella of the framework agreements, detail the procurement volume, pricing, and delivery schedules for our decorative planter products. These agreements reflect a mutual commitment to long-term cooperation and ensure a steady and reliable supply of high-quality decorative plastic planter products. We work closely with Customer A and Customer B to align production schedules, quality standards, and innovation efforts that support their market strategy and customer expectations.

According to CIC, we are the world's largest decorative plastic planter manufacturer and supplier by revenue in 2025 with an estimated 4.6% global market share. Unlike other U.S. peers that operate as trading companies without in-house design or manufacturing, we operate our own production facilities and are supported by in-house mold development and large-scale manufacturing capability. This reduces switching feasibility and reinforcing supplier — customer stickiness. This unique position makes it difficult for our customers to find suitable alternatives, reinforces the stability and exclusivity of our supply relationships.

In addition, as advised by CIC, providing contract manufacturing services for decorative gardening planter products requires high customization, mold tooling alignment, and supply chain integration. Due to the significant resources, investments, and specialized expertise involved in supporting such integration, suppliers typically focus on maintain long-term strategic and stable partnerships with a select group of key retailer customers. This structure is consistent with global industry practice, where decorative gardening products such as decorative planters are typically produced and procured through recurring seasonal programs rather than fragmented short-term procurement.

Moreover, our Directors believe that our long-standing partnership has demonstrated stability and ongoing cooperation, and we have not received any complaints or disputes or indication of dissatisfaction from our retailer customers regarding our products and services during the Track Record Period and up to the Latest Practicable Date.

(2) Industry Structure and Operational Characteristics

Our Directors acknowledge that revenue concentration with major retail customers is characteristic of the decorative gardening industry, which is led by a limited number of large multinational retailers operating seasonal procurement programs. Such concentration arises from industry structure, scale requirements and recurring seasonal program participation. While our Group maintains established and recurring commercial relationships with most of our retailer customers, such relationships are based on operational capability and performance under normal commercial terms. The following factors illustrate how industry structure and operational procurement dynamics contribute to revenue concentration while maintaining arm's-length commercial arrangements:

- **Industry Structure Dictates Revenue Concentration Rather than Risk Exposure:** According to CIC, the decorative gardening supply chain is characterized by (i) a concentrated downstream retail ecosystem led by a limited number of global large international chains, and (ii) the need for manufacturers to maintain significant production scale, mold capacity and shipment capability to participate in seasonal programs. As a result, it is common and commercially efficient for upstream suppliers to generate a substantial proportion of their revenue from a small group of anchor retailers, and such concentration reflects industry norms rather than heightened counterparty risk, according to CIC.

- **We are a Top-tier, Established Core Supplier with Demonstrated Delivery Capability:** According to CIC, we are recognized as one of the key manufacturers in decorative gardening products in the world and to our Directors' knowledge, and we are one of the key suppliers for Customer A and B. Our in-house mold development, dual-site production footprint, quality consistency, on-time fulfilment, and ability to scale volume during peak seasons enable us to support their procurement needs effectively. These capabilities have underpinned multi-year program renewals with both customers, reinforcing our role as a trusted long-term manufacturing partner in their decorative planter category.

- **Supplier Switching Costs and Vendor Stability:** While the global decorative planter market is highly fragmented with numerous suppliers, the process for a large retailer to replace or onboard a new vendor typically involves multiple structured validation and qualification stages. In practice, the process typically begins with an extended initial engagement phase, which may include market research, sales pitching, product proposal discussions and preliminary sample development and refinement. During this stage, suppliers work closely with retailers to understand product positioning, pricing expectations and design requirements, and may undergo multiple rounds of sample iteration and commercial discussions. Based on our experience with major North American mass-merchandise and home-improvement retailers, this initial engagement phase generally takes approximately six to nine months before a supplier progresses to formal qualification procedures, depending on the complexity of product requirements and the retailer's internal review process.

  Following initial engagement, suppliers typically undergo formal qualification procedures involving multiple stages of operational, technical and commercial validation, which may include:

  (i) **Initial Supplier Screening, System Registration and Factory Audit (typicaly one to three months):** Retailers typically conduct preliminary supplier evaluations, including documentation review, social compliance assessment and production capability review.

In addition, vendor registration on the retailer's internal system may take approximately two to three months, and completion of factory audit procedures may take approximately three months, depending on audit scheduling and the retailer's internal process.

(ii) **Product Sampling and Technical Evaluation (approximately two months):** Prototype samples are developed and submitted for dimensional verification, aesthetic review and specification alignment. Retailers may request multiple sampling iterations before approval. In our experience, both the buyer-side team and the retailer's global sourcing team may be required to complete internal approvals before the supplier advances to the next stage, which can take two to three months.

(iii) **Quality Testing and Compliance Certification (approximately two weeks, which may overlap with sampling stage):** Products may undergo durability testing, chemical or material compliance testing and retailer-specific quality inspections. Third-party laboratory testing may also be required for certain SKUs prior to commercialization.

(iv) **Packaging, Labeling and Logistics Validation (approximately one to two months):** This stage involves barcode verification, packaging artwork approval, pallet configuration confirmation and shipping compatibility testing. Based on our experience, initial trial orders are often limited to one or two items in the first year.

(v) **Trial Orders and Initial Shipment Performance Review (approximately 1 procurement cycle or one selling season):** Retailers typically place pilot orders to evaluate fulfillment capability, including on-time delivery, product quality consistency, damage rates and coordination with distribution centers. Performance during this stage is a key determinant of progression to larger-scale procurement.

(vi) **Store-Level Sell-Through and Merchandising Assessment (one additional selling cycle):** Retailers assess in-store sales velocity, customer acceptance, return rate and seasonal performance before scaling the program to larger volumes.

As a result, the full process from initial engagement to stable, recurring supply typically spans approximately one to two procurement cycles, and may extend beyond one year depending on the retailer's internal review timelines, seasonal procurement schedules and the complexity of product programs. In particular, where onboarding timelines do not align with a retailer's procurement cycle, suppliers may need to wait until the next cycle before receiving meaningful purchase orders.

In addition to the time required, retailers also assess suppliers' production capacity, operational scalability and ability to support large-volume programs as part of the onboarding process. Given the relatively large order volumes and product sizes in the decorative planter industry, suppliers with limited production capacity or operational flexibility may face challenges in meeting retailer requirements.

- **Retailers Typically Do Not Substitute Qualified Suppliers Once Relationship Maturity is Reached:** As advised by CIC, suppliers generally undergo multi-season validation involving tooling alignment, quality inspection, packaging approval, shipping performance tracking and store-level sell-through assessments. Once a stable partnership is established, switching costs for retailers are very high and time-consuming due to program continuity, mold compatibility requirements and delivery risk. Long-term supplier relationships therefore enhance supply chain efficiency and quality assurance for both parties. Maintaining close cooperation with key retail partners is thus an integral and normal feature of the decorative gardening sector, and continued partnership supports steady order visibility and mutually beneficial growth.

In addition to the above relationship factors, the Directors consider the following further illustrate the operational and procurement characteristics contributing to recurring commercial relationships:

- **Large-scale Capacity and Peak-season Fulfilment Advantage:** Shipment windows for decorative gardening products such as decorative planters are highly concentrated and retailers expect guaranteed supply continuity during spring-lead procurement cycles. Our five PRC facilities and one Cambodia facility enable us to produce large volumes within compressed delivery periods. Smaller or single-site factories often cannot ramp capacity at short notice or sustain multi-program runs concurrently. This scale advantage supports our participation in large seasonal procurement programs, although retailers retain discretion over supplier allocation and volume distribution.

- **Dual-site Production in the PRC + Cambodia Enhances Resilience and Sourcing Flexibility:** As global retailers increasingly adopt "China-plus-One" procurement strategies to diversify logistics and tariff exposure, suppliers with multi-region manufacturing footprints have a competitive edge. The opening of our Cambodia facility in 2026 provides a second sourcing base with labor cost advantages and tariff mitigation potential, if any, will improve our fulfilment flexibility and supply continuity. This positioning aligns with prevailing sourcing strategies adopted by large retailers and supports our continued participation in retailer customers' diversified procurement programs.

- **Independent, Third-party Retailer Customers Purchasing at Arm's-length:** Our major retailer customers are globally recognized mass-merchandise and home-improvement retailers with established compliance protocols and independent from our Group. Procurement is conducted strictly under arm's-length commercial terms, supported by annual vendor evaluation, social compliance audits and quality assurance monitoring.

- **High Switching Cost and Tooling Specificity:** Decorative plastic planter programs require dedicated mold investment, product calibration, packaging approval and multi-season performance assessment before a supplier can be qualified. Tooling compatibility is highly customized and difficult to replicate quickly. Once a supplier has passed full qualification, retailers are less inclined to change vendors unless performance issues arise, thereby contributing to relationship continuity and contract renewal stability. The onboarding process for large multinational retailers in our industry typically ranges from approximately twelve to twenty-four months, depending on the customer's internal supplier qualification procedures, product testing requirements, compliance audits and seasonal procurement cycles. For instance, during the Track Record Period, Customer G and Customer H were both onboarded after approximately 20 months, following completion of supplier qualification, product testing, compliance audits and pilot orders. For further details regarding the background of Customer G and Customer H, please refer to the section headed "Business — Major Customers and Suppliers — Our Customers".

Accordingly, revenue concentration with certain key retail customers reflects the structural characteristics of the decorative gardening industry and recurring seasonal procurement dynamics. While our Group has demonstrated the operational capability to participate in such programs, procurement decisions remain subject to customers' internal sourcing policies and performance evaluations, and customers retain discretion over supplier selection and order volumes.

(3) Broadening Customer Base with Gradual Dilution of Top-Customer Proportion

Although our sector structurally features anchor-retailer concentration, we are expanding channel coverage into Canada, Mexico and other regions, with new SKU categories such as growers pots, resin items, saucers, self-watering solutions and vertical garden accessories. During the Track Record Period, we have continued to develop and acquire new customers. The notable examples are Customer G and Customer H, major U.S. retailers with whom we commenced supply of decorative gardening planter products since 2024. According to CIC, the onboarding process (including full scale deployment) for large multinational retailers in our industry typically ranges from approximately 12 to 36 months, depending on supplier qualification procedures, product testing requirements, compliance audits and seasonal procurement cycles. Customer G and Customer H were both onboarded after approximately 20 months. As such onboarding cycles are lengthy, customer diversification is typically realized progressively rather than immediately.

As our production capacity scales and with the gradual onboarding of new accounts and expansion of SKU penetration, we expect our revenue to broaden naturally across both new and existing accounts, and we expect revenue contribution from non-top-two customers to increase as procurement and sale cycles mature. Going forward from 2027, we intend to continue diversifying our customer base through the following phased initiatives:

Phase I (0–12 months): Market Development and Sales Infrastructure

(i) **Geographic Market Expansion Outside the United States:** We sales efforts in Europe and Australia, in addition to strengthening presence in Canada and Mexico. We intend to have designated dedicated sales personnel responsible for non-U.S. territories and intend to participate in at least one international trade exhibition annually over the next two years to engage directly with regional retail buyers. Initial engagement, product sampling and compliance review are expected to take place within this period.

(ii) **Mid-Sized and Regional Retailer Penetration:** In addition to large multinational chains, we intend to target mid-sized regional retailers and specialized decorative planter brands, which typically have shorter supplier qualification cycles compared to large mass-merchandise retailers. We expect initial trial orders from such customers to be secured within 12 to 18 months from engagement, subject to product acceptance and seasonal procurement planning.

Phase II (12–24 months): Customer Onboarding and Program Scaling

(iii) **Conversion of Trial Orders into Recurring Programs:** Following successful pilot orders and seasonal performance evaluation, we expect selected new customers to convert trial orders into recurring supply programs within 12 to 24 months from initial engagement, in line with industry onboarding practices.

Phase III (24–36 months): Revenue Rebalancing and SKU Deepening

(iv) **SKU Expansion to Broaden Customer Penetration:** Following the establishment of customer relationships and onboarding of new customers in the earlier phases of our business development roadmap, we intend to expand our product categories, including growers pots, resin items, saucers, self-watering solutions and vertical garden accessories, to increase average order value and deepen penetration within both new and existing accounts. Broader SKU coverage enables cross-selling and supports expansion into complementary gardening categories in non-U.S. markets.

(v) **B2C E-commerce Channel Development:** We intend to strengthen partnerships with international B2C sourcing platforms to supplement traditional offline sales. Over the next two to three years, we expect this channel to enhance exposure to overseas retailers and gradually contribute incremental non-U.S. revenue streams.

While concentration is inherent in the decorative planter industry due to the scale of multinational retailers, we expect the above phased implementation plan to progressively broaden revenue contribution from a wider customer base over the medium term. There can be no assurance that such initiatives will achieve the intended results within the expected timeframe.

For further details, please also refer to the paragraph headed "Business — Our Development Strategies" in this section and the section headed "Future Plans and **[REDACTED]**" in this document. We maintained stable relationships with our five largest customers throughout the Track Record Period. Our Directors believe that concentration levels are typical for the global decorative gardening supply chain and that ongoing customer diversification initiatives, new client onboarding and expanded capacity are expected to reduce concentration exposure over time without undermining long-standing key relationships.

Conclusion

Our concentration profile is broadly consistent with global peers. We believe our ability to manage design development, mold engineering and large-scale production in-house, together with dual-site manufacturing across the PRC and Cambodia, supports delivery reliability during peak seasons and has contributed to recurring program renewals with anchor retail partners. While we continue to pursue category expansion and new customer acquisition to broaden our revenue base over time, we consider the current concentration level to be structurally normal for our industry and supported by stable, long-term commercial relationships and is not likely to adversely affect our business operations or financial performance.

For further details of our customer concentration risk, please refer to the section headed "Risk Factors — Risks Relating to Our Business and Industry — Over revenue during the Track Record Period was primarily driven by a concentrated group of customers. Our business performance therefore depends on the continuity and stability of these customer relationships. Any reduction in orders, delay or cancellation of purchases, non-renewal of contracts, or failure by such customers to perform their contractual obligations may materially and adversely affect our business, financial condition and results of operations." in this document.

Contracting, Pricing and Settlement

We typically enter into framework agreements with our major customers. Our framework agreements with major customers generally take two forms: (i) perpetual agreements that remain in effect until terminated by either party upon notice, or (ii) agreements with an initial term of one year, which thereafter automatically renew for successive one-year periods absent written notice of non-renewal from either party prior to the end of the then-current term. These agreements are generally non-exclusive with no minimum purchase obligations. Under these agreements, we regularly receive purchase orders from our customers that detail the specific terms of each order, such as pricing, product specifications, quantities, and delivery dates.

We generally set prices of our products on a cost-plus basis after taking into account a combination of factors, among other things, production factors such as cost of raw materials and other manufacturing costs, expected profit margins, type of product sold, product features, quality and production techniques involved, extent of customization (if any), and design, research and product development efforts involved; as well as market factors such as market trends and demand, target markets and customers and their purchasing power, business relationship with our customers (such as duration of business relationship and historical sales volume to such customers), and comparable product prices set by our competitors. Please refer to the paragraph headed "Major customers and Suppliers — Our Customers — Key Salient Terms of Framework Agreements with Our Major Customers" in this section for details of the material terms of framework agreements we generally enter into with our major customers.

We generally offer our business customers payment terms that are typically based on a set number of days after receipt of goods or invoice. We may also grant a credit period for part or all of the purchase price from 30 to 165 days.

Alongside our credit policy, we also adopt a series of credit control measures which include: (i) preparing a monthly accounts payable aging analysis; (ii) conducting regular reviews of the carrying value of accounts receivable to identify any objective evidence of impairment — such as the debtor experiencing significant financial difficulty, breach of contract, potential bankruptcy, or other indications of impairment; (iii) making provisions for bad debts based on the assessed risk of default for receivables over 30 days; and (iv) reversing previously recognized impairment losses when there is objective evidence that the value of receivables has been restored, ensuring the book value does not exceed the amortized cost that would have been recognized had no impairment been recorded. The results of these assessments are then reviewed by our sales and marketing department and our finance department on a periodic basis. Our finance department is responsible for payment collection, invoice issuance and the management of receivables. During the Track Record Period, we had not experienced any major defaults in payments or bad debts from our customers which may materially affect our financial condition and operating results.

During the Track Record Period and as of the Latest Practicable Date, we did not have material disputes with our customers.

Key Salient Terms of Agreements with Our Major Customer in 2025

Set out below are the principal commercial terms of the framework supply agreements entered into with our largest customer in 2025. Such agreements were entered into in the ordinary and usual course of business and are generally consistent with the commercial terms adopted with our other major customers. The framework agreements establish the overarching supply relationship, while specific orders are placed on a purchase-order basis subject to agreed pricing and quality:

Service Scope:	We are responsible for the supply of products according to the product requirement set by our customers.
Payment terms and method:	We generally offer our business customers payment terms that are typically based on a set number of days after receipt of goods or invoice. We grant a credit period for part or all of the purchase price from 165 days. Our business customers generally pay us by way of bank transfer in USD.
Delivery:	We deliver our products generally on FOB terms, under which we arrange delivery of our products to the designated port in the PRC for shipment. We are generally responsible for arranging customs clearance in the countries of origin and bear freight, insurance, customs and other associated costs. We are generally required to deliver our products within 30 days upon receiving the purchase order. Late delivery may result in us bearing breach of contract liability.
Rebates:	In line with industry practice, customers require us to participate in rebate arrangements as part of the overall commercial terms. Such rebate arrangements form an integral part of our pricing framework and are generally determined based on agreed criteria, including purchase volume and sales targets. Rebate arrangements typically comprise multiple components, which may include, among others, (i) volume-based rebates linked to annual purchase thresholds; (ii) promotional or marketing support rebates; and (iii) logistics or supply chain support incentives. The specific structure and applicability of these components vary depending on the nature and scale of the customer relationship. Rebates are typically settled through offsets against future purchase orders or by cash settlement within an agreed period following the relevant assessment cycle.

Terms and Termination:	The term of framework agreements and termination provisions vary depending on individual customer arrangements. Such agreements are typically subject to termination upon mutual agreement or in accordance with specified termination events, including material breach.
Exclusivity:	Our framework agreements with major customers are generally entered into on a non-exclusive basis.
Indicative sales quantity:	Framework agreements typically do not specify binding purchase commitments. Actual order quantities are determined by customers based on their procurement needs and market conditions.
Quality control and product return:	Our products are subject to customer inspection and acceptance upon delivery. We generally do not accept product returns after acceptance, except in cases involving quality defects. Customers are typically responsible for import procedures and quality inspection upon arrival at destination.

Set out below are the material terms of the framework agreements we generally enter into with our other major customers:

Service scope:	We are responsible for the supply of products according to the product requirement set by our customers.
Payment terms and method:	We generally offer our business customers payment terms that are typically based on a set number of days after receipt of goods or invoice. We may also grant a credit period for part or all of the purchase price from 30 to 165 days. Our business customers generally pay us by way of bank or telegraphic transfer in USD.
Delivery:	We deliver our products generally on FOB terms, under which we arrange delivery of our products to the designated port in the PRC for shipment. We are generally responsible for arranging customs clearance in the countries of origin and bear freight, insurance, customs and other associated costs. We are generally required to deliver our products within 60 days upon receiving the purchase order. Late delivery may result in us bearing breach of contract liability.

Rebate:	Rebate arrangements are determined on a customer-by-customer basis through commercial negotiations, taking into account factors such as purchase volume, product mix, sales targets and the overall scope of cooperation. These arrangements may comprise multiple components, including, among others, (i) volume-based rebates linked to purchase thresholds, (ii) promotional or marketing support rebates, (iii) logistics or supply chain-related incentives, and (iv) other performance-based rebates tied to program participation. The specific structure and applicability of such components vary across customers and are subject to periodic review.
Exclusivity:	Generally on a non-exclusive basis for both parties.
Indicative sales quantity:	We may agree with our customers on a non-binding annual sales target or expected purchase volume; our customers do not commit to any minimum purchase amount, and actual orders shall be based on the purchase orders placed with us. We do not require our customers to purchase any fixed or minimum amount per order.
Quality control and product return:	We generally do not accept any product return upon our customers' inspection and acceptance save for quality issues. Our customers are responsible for handling local customs clearance and import procedures, as well as conducting quality check upon arrival of shipment.
Term:	Generally take two forms: (i) perpetual agreements that remain in effect until terminated by either party upon notice, or (ii) agreements with an initial term of one year, which thereafter automatically renew for successive one-year periods absent written notice of non-renewal from either party prior to the end of the then-current term.
Termination:	We and our customers are both entitled to terminate the agreement with 30 - 60 days' prior notice.

Our Suppliers

We maintained a diversified pool of more than 50 raw material suppliers as of December 31, 2025, covering our principal inputs including resin, paint, and packaging materials. Supplier onboarding is subject to a structured evaluation process led by our procurement team, which reviews business operations, product quality performance, delivery track record, financial stability, environmental compliance and capability to meet our standards for color consistency, durability and recycled-content applicability. We procure in accordance with relevant laws and regulations and seek to source materials only from legitimate and traceable channels to ensure integrity of origin.

To strengthen supply resilience and reduce exposure to price volatility, we have established a multi-supplier strategy for key raw materials, maintaining approximately 35 alternative suppliers in the PRC for each key raw material category. This redundancy allows us to flex procurement volumes, manage cost fluctuations during peak resin cycles and secure continuous availability during high-season demand. Our procurement process is supported by ongoing supplier performance monitoring, including periodic quality audits, material testing, delivery timeliness assessments and ESG compliance checks. We believe our diversified supplier base, combined with disciplined supplier management and quality control mechanisms, provides a stable and cost-efficient foundation for production planning and enables us to balance cost competitiveness with product quality requirements.

Our suppliers typically provide us with a credit term of up to 30–60 days for our material purchases. We have not experienced any shortage of raw materials, quality issues with our raw materials or legality and non-compliance issues associated with our procurement during the Track Record Period that materially affected our operations.

We generally do not enter into any long-term purchase agreement with our suppliers. Our purchases are made on a purchase order basis. Due to the frequent price fluctuations of certain key raw materials, the purchase price for each batch of procurement is determined by both parties by referring to indicative prevailing market prices as mutually agreed. We specify the product type, unit price, quantity, delivery timeline and other detailed items in each purchase order we send to our suppliers from time to time. Delivery charges are generally borne by our suppliers. We may return defective products and seek replacements. We typically settle our trade payables in Renminbi by bank transfers.

We obtain fee quotes from multiple suppliers before each purchase to control our procurement costs and to manage fluctuations in raw material costs. In addition, based on our cost-plus pricing approach, we seek to pass on the increase in procurement costs to our customers. However, in order to maintain business relationships with our customers and level of market demand for our products, we may not be able to increase our product prices to cover the increase in raw material costs. Please refer to the section headed "Financial Information — Key Factors Affecting Our Results of Operations — Fluctuations in the Prices of Raw Materials" in this document for a sensitivity analysis of our raw material costs and "Risk Factors — Risks Relating to Our Business and Industry — Our financial performance may be affected by fluctuations in the price of raw materials and we may not be able to pass on the increase in raw materials cost to our customers." in this document for details of the associated risks.

Our top five suppliers for our business collectively accounted for HK$71.0 million, HK$92.0 million and HK$110.4 million of our total purchase amount for the years ended December 31, 2023, 2024 and 2025, respectively. Our top five suppliers collectively accounted for 45.1%, 47.9% and 51.9% of our total purchase amount in 2023, 2024 and 2025 respectively.

The following tables set forth the details of our five largest suppliers by purchase amount for each period of the Track Record Period.

	Supplier	Credit terms	Principal items supplied	Year of commencement of business relationship	Purchase amount	% of total purchase
					HK$'000	
For the year ended December 31, 2023						
1.	Supplier A[(1)]	30 days	Polypropylene	2018	25,322	16.1%
2.	Supplier C[(3)]	60 days	Paints	2013	16,751	10.6%
3.	Supplier B[(2)]	30 days	Polypropylene	2015	11,454	7.3%
4.	Supplier D[(4)]	30 days	Logistic	2013	9,361	5.9%
5.	Supplier E[(5)]	30 days	Polypropylene	2020	8,155	5.2%

	Supplier	Credit terms	Principal items supplied	Year of commencement of business relationship	Purchase amount	% of total purchase
					HK$'000	
For the year ended December 31, 2024						
1.	Supplier A[1]	30 days	Polypropylene	2018	27,506	14.3%
2.	Supplier C[3]	60 days	Paints	2013	22,815	11.9%
3.	Supplier B[2]	30 days	Polypropylene	2015	18,601	9.7%
4.	Supplier D[4]	30 days	Logistic	2013	12,210	6.4%
5.	Supplier F[6]	30 days	Processing of raw blanks	2014	10,843	5.6%
For the year ended December 31, 2025						
1.	Supplier C	60 days	Paints	2013	36,559	17.2%
2.	Supplier A	30 days	Polypropylene	2018	34,051	16.0%
3.	Supplier B	30 days	Polypropylene	2015	18,316	8.6%
4.	Supplier D	30 days	Logistic	2013	12,392	5.8%
5.	Supplier E	30 days	Polypropylene	2020	9,109	4.3%

Notes:

(1) Supplier A: A private company based in PRC, primarily engaged in the plastic products sales, hardware sales, and the development of electronic products. Its products are mainly sold within the PRC. The key products supplied to our Group include PET/PP/PE series recycled plastic pellets and modified materials. Payments are settled by bank transfer. The company is not listed on any stock exchange.

(2) Supplier B: A private company based in PRC, primarily engaged in sales of plastics, chemical products (excluding hazardous chemicals), wood materials, electronic products, hardware materials and products. Its products are mainly sold within the PRC. The key products supplied to our Group include recycled and modified PP and PE plastic materials. Payments are settled by bank transfer. The company is not listed on any stock exchange.

(3) Supplier C: A private company based in PRC, primarily engaged in the research, development, production, and sales of coatings and paints. Its products are sold in the PRC and Southeast Asia. The product range includes glass inks, high-temperature inks, plastic coatings, rubber paints, hardware paints, 3C coatings, UV coatings and various water-based environmental coatings. Payments are settled by bank transfer. The company is not listed on any stock exchange.

(4) Supplier D: A private company based in PRC, primarily engaged in logistics and related business development. Its services cover 157 countries and regions worldwide. Services provided to our Group include customs brokerage and freight forwarding. Payments are settled by bank transfer. The company is not listed on any stock exchange.

(5) Supplier E: A private company based in PRC, primarily engaged in the production and sales of plastic materials. Its products are mainly sold within Hunan Province, the PRC. The key products supplied to our Group include PP black plastic pellets. Payments are settled in cash. The company is not listed on any stock exchange.

(6) Supplier F: A private company based in PRC, primarily engaged in the technical development and sales of plastic products, hardware products, digital product casings, and molds. Its products are mainly sold within the PRC. Payments are settled by bank transfer. The company is not listed on any stock exchange.

To the best knowledge and belief of our Directors, none of our Directors or Shareholders who own more than 5% of the issued share capital of our Company immediately following completion of the Share Subdivision and the **[REDACTED]**, nor any of their respective associates, had any interest in any of the five largest suppliers of our Group for each year or period during the Track Record Period.

PRODUCT RETURN POLICY

For our customers, we generally do not accept any product return upon their inspection and acceptance save for quality issues. In practice, if customers identify defects, breakage or other quality matters during inbound inspection or in-store handling, such items are recorded in the customer's system and periodically consolidated for notification to us. Remedial action is typically arranged either through commercial adjustments such as reimbursement or credit notes after verification, depending on the scale and nature of the defect. These practices are consistent with industry norms and do not involve physical return of goods.

For accounting purposes, revenue is recognized upon transfer of control to customers in accordance with HKFRS 15. Replacement pieces or credits issued for quality issues are recognized as a reduction of revenue or recorded as expenses when incurred. Given the immaterial level of quality-related claims during the Track Record Period, no separate provision for product return liabilities was considered necessary.

During the Track Record Period, we did not, due to material product quality issues, (i) receive fines, product recall orders or other penalties from the PRC government or other regulatory bodies, (ii) receive any material products return requests from our customers or (iii) receive any material complaints from our customers.

COMPETITION LANDSCAPE

The decorative gardening section have relatively high entry thresholds, particularly for new entrants. The market scale is relatively niche compared with broader gardening categories, with a smaller pool of experienced talent and specialized molding know-how. New entrants typically require several years to build product development and tooling capability, achieve color/texture consistency, and establish stable supply chain capacity. Retail vendor onboarding cycles are generally long, often requiring multi-season performance assessment before qualification. Once cooperation is established, replacement of an incumbent supplier is uncommon due to tooling compatibility, SKU repeatability, and quality control expectations, resulting in high customer stickiness.

Alongside rising diversification needs, many major North American retailers have adopted a "China-plus-One" sourcing strategy, preferring suppliers with dual-location production to mitigate tariff and logistics volatility. Whilst Southeast Asia has expanded production capacity, the region still trails the PRC in molding sophistication, industry clustering, and integrated upstream material procurement. Only a limited number of players are able to satisfy both scale and dual-site requirements, enabling qualified suppliers to maintain strategic positioning and higher program visibility.

Competition remains concentrated among a small group of specialized players, including large U.S. distributors that operate through outsourced production without in-house manufacturing capabilities. In contrast, we operate a vertically integrated model encompassing product design, mold fabrication, resin formulation, production management and QC inspection, enabling cost efficiency, enhanced development speed and lead-time reliability. Whilst price competition may arise in commoditised SKUs, our differentiation is driven by design esthetics, material innovation, category depth, fulfillment reliability and long-term retailer collaboration. Our China–Cambodia production footprint enhances resilience to labor cost and tariff exposure, allowing us to support high-volume orders and manage seasonal program fluctuations at scale. We believe these capabilities position us favorably against peers and provide long-term structural competitive advantages.

SEASONALITY

Our business exhibits a clear seasonal pattern, with the peak sales period occurring from October to April each year. Since our products are primarily shipped to the U.S. market via sea freight, which typically takes around two months, shipments are usually concentrated in October, with products expected to arrive in the U.S. gradually starting in December. Following arrival, the goods are distributed progressively from the southern to the northern regions, reaching markets across the United States. This seasonality is driven primarily by industry characteristics and closely aligns with market demand cycles. Correspondingly, our financial performance also reflects this seasonality, with stronger revenue and profitability typically recorded in the second half of the financial year. This is consistent with the ramp-up in shipments, distribution, and retail sales aligned to the decorative plastic planter buying season. Inventory build-up, production scaling, and promotional activities during this period contribute to improved operational cash flow and margins. Conversely, the off-season period naturally results in lower sales volumes and revenues in the first half of the financial year, which is typical in the decorative gardening planter industry and well accounted for in our planning and forecasting. As this fluctuation reflects normal industry trends, we currently do not see the need to implement additional operational efficiency measures to address the off-season.

OUR PRODUCTION FACILITIES

We have highly automated production facilities. We currently have five production facilities in the PRC (Huizhou, Guangdong Provinces, with an aggregate GFA of 123,750.28 sqm) and one production facility in Cambodia with a GFA of 12,703 sqm, collectively delivering a designed capacity exceeding 19.9 million pieces per annum as of December 31, 2025. This strategic distribution and scale advantage uniquely position us to seize emerging opportunities within the decorative gardening sector.

Each of our production facility is equipped with dedicated warehousing facilities that efficiently support the storage and flow of raw materials, work-in-progress, and finished products. This setup not only helps reduce logistics costs and improve material coordination but also ensures a seamless connection between production and sales operations. By managing inventory locally, we can respond more flexibly to changing market demands while maintaining a stable and efficient supply chain.

Our integrated production system is equipped with 1 multi-nozzle spraying machine, 3 automated spraying lines, 17 spraying cabinets, and 77 injection machines, enabling a daily output of approximately 69,000 pieces on average. With a cycle time of approximately 30–90 seconds per piece for injection stage and an order fulfillment cycle of approximately 45 days, we maintain industry-leading production efficiency.

In 2024, we initiated the establishment of a new manufacturing facility in Cambodia (the "**Cambodia Facility**") as part of our "China Plus One" expansion strategy. As of the Latest Practicable Date, the Cambodia Facility remained in the ramp-up stage and accounted for less than 10% of our total production capacity. The Cambodia Facility was initially established on a relatively modest scale as our first production platform outside the PRC, enabling us to develop local operational capabilities and gain experience in managing overseas production. In light of our anticipated production requirements, including confirmed customer orders and production planning, we are currently evaluating and negotiating the lease of a new production facility in Cambodia comprising approximately 45,000 sq.m (the "**New Cambodia Factory**"). We expect this new facility to become our principal production platform in Cambodia and to support both our immediate and long-term production capacity requirements.

Subject to completion of the expansion plan and full ramp-up of the Cambodia operations, we currently expect our Cambodia production facilities to contribute approximately 30% of our total production capacity in the next few years. We currently intend to continue utilizing the existing Cambodia Facility until the expiry of its lease term in January 2027 and gradually transition production to the New Cambodia Factory thereafter. Our Cambodia operations are expected to enhance our production flexibility, strengthen supply chain resilience and support our future growth.

Below is a summary of annual production capacity, showing the number of production machines, annual designed capacity, annual actual capacity and utilization rate during the Track Record Period.

	For the years ended December 31,		
	2023	2024	2025
Number of Machines	51	60	77
Designed Capacity (pieces)	17,833,325	20,441,645	28,822,263
Actual Capacity (pieces)(1)	13,782,003	18,182,814	19,897,507
Utilization Rate (%)	77.3%	88.9%	69.0%

Note: (1) Annual capacity per machine is calculated based on 5.5 operating days per week, 52 weeks per year. The basis for calculating the annual capacity of our production facilities are based on the usual two shifts in total of 16 hours, assuming that all the production machines operate normally throughout the year.

Our utilization rate increased from 77.3% in 2023 to 88.9% in 2024, primarily due to the recovery in customer orders following the 2023 inventory destocking cycle, which resulted in higher production output and improved utilization of our existing production capacity. Our utilization rate subsequently decreased to 69.0% in 2025, primarily because we substantially expanded our production capacity during the year. In particular, the number of our production machines increased from 60 as of December 31, 2024 to 77 as of December 31, 2025, resulting in our designed production capacity increasing by approximately 41.0% from approximately 20.4 million pieces to approximately 28.8 million pieces. By comparison, our actual production output increased by approximately 9.4% from approximately 18.2 million pieces in 2024 to approximately 19.9 million pieces in 2025. As the increase in our designed production capacity significantly outpaced the increase in our actual production output, our overall utilization rate decreased notwithstanding the increase in production volume. In addition, a substantial portion of the newly added production machines were installed and commissioned during the last two months of 2025 and accordingly were not fully utilized throughout the year. As these newly added production machines progressively ramp up and contribute to production over a full operating period, we expect the utilization of such capacity to improve. Certain newly installed production machines, including those at our Cambodia Facility, were also undergoing ramp-up and operational optimization during the year and had not yet been fully utilized.

We have implemented a comprehensive maintenance system for our facilities and equipment, including scheduled downtimes for maintenance and repairs and regular inspections of facilities and equipment. We carry out cleaning and maintenance of our production machinery and equipment on a daily basis to prolong their useful life. We did not experience any material or prolonged interruptions to our production process due to equipment or machinery failure during the Track Record Period.

The utilization rate of our production facilities during the Track Record Period varied mainly as a result of seasonal demand fluctuations. Moreover, we conduct periodic repair and maintenance on our production lines to ensure production quality and efficiency, which idle time may also result in a decrease in the overall utilization rate of our production lines. Adjustments or improvements to production lines from time to time and trial productions of new products may also result in a lower utilization rate during the relevant periods.

Our Production Process

The typical production process of our end products generally involves the following steps: (i) Raw Material Receiving; (ii) Plastic Injection; (iii) Spraying; (iv) Heat Curing; (v) Packaging; (vi) Outgoing Quality Assurance (OQA) inspection; (vii) Loading.

The following flow charts illustrate the general manufacturing process of our decorative planter products:

Our production process begins with stringent control of raw materials. Upon arrival, all materials undergo rigorous Incoming Quality Control ("**IQC**") inspections. Non-conforming materials are addressed through a standardized Material Review Board ("**MRB**") process to ensure only qualified materials are released for warehouse storage, securing product quality from the outset. Throughout production, multiple quality inspection points — including first article inspections and in-process checks — are embedded to maintain controlled and stable manufacturing. Any non-conforming items identified are subject to rework or scrapping to prevent defects from advancing.

In the core manufacturing phase, we utilize high-precision plastic injection molding to form product bodies. This involves drying polymer granules into the injection machine, melting the material, and injecting it into custom molds that define critical design features such as drainage holes and structural ribs. Parameters like temperature, pressure, and cooling time are tightly controlled to ensure consistent wall thickness, surface finish, and long-term dimensional stability for durability and functionality.

After molding, automated spraying lines apply environmentally friendly water-based paints via a precise multi-stage process starting with electrostatic surface preparation, followed by primer, base color, and clear protective coats. Each layer undergoes heat curing in computer-controlled ovens, a chemical cross-linking process creating a tough, durable film resistant to damage and UV exposure. Value-added steps such as decorative painting and varnishing follow, each with dedicated drying cycles and stringent process controls. Coated products then undergo a mandatory 24-hour resting period to release internal stresses from curing, ensuring long-term dimensional stability and coating performance.

Finally, products proceed to packaging and pre-shipment inspection, including packing confirmation and manufacturing process checks to uphold packaging standards. Each finished item must pass rigorous Outgoing Quality Assurance ("**OQA**") inspections before being approved for shipment to customers. This comprehensive, tightly controlled process ensures products meet our highest quality standards at every stage.

It typically takes no more than 2 days to complete the entire manufacturing process for all of our major products. During the Track Record Period, the lead time between orders from our customers and delivery of our end products was generally approximately 45 days, depending on the availability and production complexity of the relevant product and taking into account the time required for shipment to our overseas customers.

INVENTORY MANAGEMENT, WAREHOUSING AND LOGISTICS

Inventory Management

Our inventory primarily consists of finished products and raw materials including resin, paint and packing materials. We have implemented an effective inventory control system that requires close coordination among our various departments, including our sales, raw material procurement, and production and storage departments to ensure that raw materials procurement meets production requirements, and production and storage meets sales projections and actual demand.

In order to maintain accurate inventory records, we conduct full stocktaking of all finished products and raw materials at least once every year and assess the effectiveness of our historical inventory levels on a regular basis. In addition, we adjust our storage forecast for finished products weekly based on our production plan, sales forecast and existing inventory level. We believe that we effectively manage our inventory at a reasonable level by considering historical sales and conducting regular assessments. This approach minimizes storage space and carrying costs and enhances working capital efficiency. We consider these factors are crucial for maintaining our stringent quality control policy.

In addition to inventory maintained for export sales, commencing in the second half of 2024 we also stage a portion of our finished goods inventory at a third-party warehouse in the United States under our fulfillment-by-seller arrangement for certain U.S. retailer customers. Inventory stored under the FBS model remains owned by us prior to purchase order placement, and is utilized as ready stock for end-user online order fulfillment. Further details are set out in the section headed "— Logistics — U.S. Fulfillment and Warehouse Arrangements".

Warehousing Facilities

Each of our production facility is equipped with dedicated warehousing facilities that efficiently support the storage and flow of raw materials, work-in-progress, and finished products. We currently operate five warehousing facilities in the PRC and one warehousing facility in Cambodia. This setup not only helps reduce logistics costs and improve material coordination but also ensures a seamless connection between production and sales operations. By managing inventory directly at our production facilities, we can respond more flexibly to changing market demands while maintaining a stable and efficient supply chain.

We also utilize a third-party warehouse in the United States to support the FBS delivery model. Please refer to the paragraph headed "— Inventory Management, Warehousing and logistics — U.S. Fulfillment and Warehouse Arrangement" in this section for more details.

Logistics

To support global distribution and the growing needs of U.S. e-commerce channels, we operate two logistics fulfillment models. For bulk shipments, we primarily adopt an Free on Board arrangement, completing export clearance and loading goods onto vessels nominated by customers, which is our main logistics fulfilment model. In addition, to address online demand requiring shorter delivery times, we operate a fulfillment-by-seller/forward warehouse arrangement in the United States, where inventory is staged at a third-party warehouse and used to fulfill orders placed by end-users through our retailer customers' online platforms. Together, these models provide delivery flexibility and enhance operational efficiency.

Free on Board ("FOB") Arrangement

We primarily sell our products to our overseas retailer customers on an FOB basis. Under this arrangement, our Group is responsible for delivering finished goods to the designated port of departure, completing export clearance procedures, and loading the goods onto the vessel nominated by our customer. Title and risk of loss transfer to the customer once the goods are loaded onboard the vessel at the port of shipment, after which the customer bears responsibility for ocean freight, insurance, import customs, warehousing and subsequent transportation, unless otherwise agreed.

Under FOB arrangements, our customers typically place purchase orders based on seasonal procurement schedules, replenishment needs and inventory planning cycles. Goods are shipped directly from our production facilities to ports nominated by our customers. Revenue is recognized when control of the goods transfers to the customer upon loading onboard the vessel, in accordance with the relevant incoterms. Payments are generally made by telegraphic transfer under agreed credit terms.

The FOB arrangement remains our principal sales and delivery model, particularly for container-based bulk purchases by major international retailer customers. This model offers clear allocation of logistics responsibilities, minimizes our exposure to international shipping and downstream distribution costs, and enables customers to consolidate shipments and manage freight routing according to their own logistics strategy.

U.S. Fulfillment and Warehouse Arrangement

In addition to the FOB arrangement, we also undertake a fulfillment-by-seller ("**FBS**")/forward fulfillment warehouse arrangement for certain U.S. retailer customers. At the request of these retailer customers, we commenced this arrangement in the second half of 2024 in order to support their e-commerce operations. Under this arrangement, we ship certain finished products to a third-party warehouse in the United States for inventory staging, while ownership of the goods remains with our Group until purchase orders are placed by the retailer customers. The staged inventory serves as the stock pool for online orders placed by end-users through the retailers' own e-commerce platforms, enabling the retailers to fulfill such orders directly from the warehouse without requiring cross-border shipment from Asia. This fulfillment arrangement is increasingly adopted by overseas suppliers that serve U.S. retailers seeking lean inventory strategies and last-mile distribution flexibility.

For online sales, when end-users place orders through the e-commerce platforms operated by these retailers, the orders are routed to the warehouse for direct fulfillment. Upon receipt of such orders, the third-party logistics operator engaged for the warehouse undertakes picking, packing and delivery to end-consumers, and we bear the related warehousing and logistics costs under this arrangement. Returned products are processed through the same warehouse and either repackaged or disposed of in accordance with our requirements. The product return rate under this arrangement has historically been low, representing less than 0.1% of our total revenue during the Track Record Periods. This approach shortens the delivery lead time and improved responsiveness to online order. Revenue generated from this fulfillment-by-seller arrangement amounted to HK$120,019 and HK$637,112 for the year ended December 31, 2024 and 2025, respectively.

Inventory Policy for Online Sales

For our online sales channels, we typically adopt a consignment-based model under which our products are stored in third-party logistics warehouse ("**US Warehouse**") and displayed on retailer customers' online platforms. Under this arrangement, ownership of the goods remains with our Group until purchase orders are placed by retailer customers, at which point title and risk of loss are transferred to the end customers. As a result, we bear the risk of unsold inventory prior to the placement of purchase orders. To manage such risk, we have implemented internal inventory control policies. In particular, we do not replenish inventory at US Warehouse until existing consignment stock at such location has been sold, thereby limiting inventory build-up and exposure to slow-moving products.

In addition, we conduct regular inventory monitoring and reconciliation procedures. Our merchandising team performs monthly reconciliation of inventory records against reports provided by US Warehouse service providers and investigates any discrepancies. Notwithstanding the foregoing measures, there can be no assurance that we will not experience unsold or slow-moving inventory from time to time. Any significant accumulation of unsold products may require us to offer discounts or incur inventory write-downs, which could adversely affect our financial performance.

QUALITY CONTROL

We emphasize quality control in all aspects of our production processes from the sourcing of raw materials to manufacturing, packaging, storage and transportation, with a view to ensuring the highest quality standards. In order to monitor the production quality and ensure that our products meet all our internal benchmarks and requirements, we have implemented various quality-control checks into our production process.

Our manufacturing standards are based on relevant national standards and industry standards, including any standards as may be specified in our contracts with our customers, and are updated according to any changes of such national and industry standards. Our products adhere to the highest industry standards and are certified by EQA, BSCI, SCAN, and RCS, while maintaining an industry-leading defect rate below 1%. During the Track Record Period and up to the Latest Practicable Date, we had not received any material complaint on quality standards or product return due to quality issues.

Quality Control Team

We have established a quality management team and devote significant resources to quality management of our products. As of December 31, 2025, we had over 88 staff in our quality control team. The quality management team is responsible for ensuring that we are in compliance with all applicable laws, regulations and internal policies as well as conducting relevant tests and inspections. It also collects and analyzes feedback on complaints from our customers in order to improve the quality of our products.

Quality Control Process

We only purchase raw materials from suppliers who have passed our quality and reliability assessment and have been admitted to our list of qualified vendors. Our quality management team inspects incoming raw materials upon delivery, and materials that fail inspection are returned and replaced at no additional cost. We regularly assess our suppliers and those who fail our evaluation are removed from our qualified vendor list.

We implement rigorous quality control throughout the entire production process. Quality checks are conducted at critical control points to ensure proper operations and detect any issues that could impact product quality. Comprehensive inspections are performed on production equipment and machinery to ensure they meet national standards. After production, packaging is verified to strictly comply with national standard requirements.

Incoming Quality Control (IQC)

To ensure our products possess outstanding and consistent quality from the very source, we have established a rigorous and scientific incoming inspection protocol for all imported polypropylene (PP) raw materials. Our IQC system is dedicated to comprehensive assessment of the physical properties of these materials, with core processes including Impact Force Test for evaluating the structural strength of board substrates, Tensile Force Test for assessing tensile resistance, and Density Test for confirming compliance with density standards. We further simulate demanding application scenarios through Temp and Humidity Test and UV Weathering Test to validate material stability under varied conditions and resistance to UV aging. Carton Compression Test is implemented to verify the compression strength of carton board material, ensuring their integrity during warehousing and transportation.

This multi-dimensional inspection framework forms the first robust safeguard of our high-quality manufacturing system and lays a solid foundation for the durability and reliability of our finished products.

Product Quality Control

During the manufacturing stage, we implement a rigorous quality control system that extends throughout the entire process to ensure exceptional and consistent quality from semi-finished goods to final products. Semi-products are regularly checked on the production line, allowing for comprehensive process monitoring and control. For finished products, we employ a multidimensional reliability validation workflow. This includes routine product checks to verify process and specification compliance, drop tests that simulate transport and accidental impact scenarios to evaluate structural integrity, and outdoor real-life tests where products are exposed to real-world environmental conditions to assess long-term durability and performance. This integrated quality assurance strategy significantly enhances product reliability in actual use and drives customer satisfaction.


Product Check


Drop Test


Outdoor Real Life Test

DESIGN, RESEARCH AND PRODUCT DEVELOPMENT

We place great emphasis on research and development. Our design, research and development activities mainly focus on innovating and updating decorative planter products designs to align with evolving market trends. We conduct annual customer consultations to identify evolving requirements, leveraging these insights to design and develop updated decorative planter products collections.

Our design, research and product development team consists of two collaborating groups across different locations. Three members are based in the United States for our design, research and product development team, primarily responsible for market insights and early-stage product design. Among them, two focus on product design and development, while the third specializes in gathering U.S. market information — including trending colors, styles, and other dynamics — and conducting systematic market analysis to provide decision support for product design. Additionally, we also have a domestic research and product development engineering team handles the full implementation process from design to mass production. Their responsibilities include mold development, production process optimization, and ensuring that products are not only innovative but also manufacturable and cost-effective.

Regarding our product development process, we evaluate potential new products annually based on market research and customer feedback, including requests for customized products. Once a customized product order is initiated, we begin by creating customized designs according to customer requirements, typically delivering the initial drafts within 2 to 3 weeks for preliminary discussions. After 2 to 3 rounds of in-depth communication, the product requirements are finalized. Within approximately six weeks following work, we produce physical samples, which serve as the basis for further detailed discussions with designers and customers. This refinement phase lasts around three months, concluding with the full confirmation of the final product style. Overall, the entire process from the customized product order initiation to final sample approval takes about six months. This structured approach ensures that we continuously respond to market trends and customer needs while balancing creative design with practical production considerations.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had one registered patent and five patents under application in U.S., and one registered trademark in the PRC, four registered trademarks in Hong Kong, two registered trademarks in U.S., and two trademarks under application in Hong Kong. For details of our intellectual property rights, please refer to the section headed "Appendix V — Statutory and General Information — Further Information about Our Business — (b) Intellectual Property Rights of Our Group" in this document.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes or claims of infringement of intellectual property rights with third parties, whether as claimants or as defendants. As of the Latest Practicable Date, we were not aware of any such disputes or claims against us.

EMPLOYEES

We believe that professional employees are the cornerstone of our continuous growth. We place great emphasis on attracting and retaining qualified employees. We believe we offer competitive remuneration packages and are committed to investing in the training and development of our employees.

As of the Latest Practicable Date, we had 574 full-time employees. The majority of our remaining employees are frontline production workers.

The following table sets forth the number of our employees by function as of the Latest Practicable Date.

Finance	23
Management	10
Human Resources & Administration	56
Merchandising	24
Procurement	7
Production	263
Project & Engineering	42
Quality Control	69
Shipping & Inventory	50
Total	**544**

Our employees are important assets for our development, and we place great importance on attracting and recruiting qualified employees. Our human resource department is responsible for recruiting our employees. We recruit our employees primarily through online job advertisement, and internal and external referrals. We treat our employees fairly and ensure that they enjoy fair opportunities and conditions. In order to attract, retain and develop the knowledge, skill level and quality of our employees, we place a strong emphasis on training our employees. We provide training periodically and across operational functions, including introductory training for new employees, technical training, product training, management training and work safety training.

We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, safety and sanitary conditions in the workplace, and termination. As required by PRC Law, we participate in various social security plans for our employees including housing provident fund, pension insurance, medical insurance, work-related injury insurance, maternity insurance, and unemployment insurance.

We have not experienced any significant difficulty in recruiting employees, nor have we experienced any labor shortages during the Track Record Period that materially affected our operations. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material claims, lawsuits, penalties or administrative actions relating to non-compliance with occupational health and safety laws or regulations and had not experienced any strikes, labor disputes or industrial actions which have had a material effect on our business in the PRC, HK, Cambodia and the U.S..

HISTORICAL JOINT-VENTURE ARRANGEMENT

Historically, Mr. Lo, our controlling shareholder, established a joint venture company as a distribution platform, Urban Pottery (the "**JV Distributor**") with an independent third party in 2016 to explore overseas markets outside the United States. The JV Distributor primarily acts as a sales and distribution intermediary and does not engage in any manufacturing activities. Its principal business involves sourcing decorative planter products from our Group and primarily distributing our products to retail customers in Australia and to a lesser extent, United Kingdom. We supplied our products to the JV Distributor at normal commercial terms and at arm's length pricing by reference to prices for similar products offered to other independent customers. We do not hold any equity interest in the JV Distributor and do not participate in its distribution profits. During the Track Record Period, Urban Pottery's geographical focus was primarily Australia, with limited sales to United Kingdom.

The joint venture was funded by Mr. Lo personally and the joint-venture partner, as at the time of formation, some of the minority shareholders of the Company did not wish to assume the overseas expansion entry risk. The JV Distributor therefore served as a standalone channel to test new markets, and allowed our Group to maintain a lean structure while testing emerging markets without diverting resources from our core business in the North America. During the Track Record Period, sales to the JV Distributor amounted to approximately HK$3.5 million, HK$5.8 million and HK$4.3 million for 2023, 2024 and 2025, respectively representing 1.0%, 1.2% and 0.9% of on total revenue for the same periods, which our Directors consider to be immaterial.

The Directors confirm that all sales to the JV Distributor were conducted on arm's length basis, and that the JV Distributor did not obtain preferential pricing, credit terms or rebate arrangements granted beyond those available to independent third-party customers.

On December 15, 2025, Mr. Lo entered into a sale and purchase agreement with the other joint venture partner, an independent third party, pursuant to which Mr. Lo shall transfer his entire equity interest in the JV Distributor to the other joint venture partner (the "**JV Transfer**"). Upon the completion of the JV Transfer on December 18, 2025, the JV Distributor has ceased to be associated with our Controlling Shareholder and our Group. In order to address the potential competition and conflict of interests between our Group and our Controlling Shareholder, Mr. Lo has entered into a deed of non-competition (the "**Deed of Non-competition**") in favor of our Group, under which he has undertaken, among other things, not to carry on, participate in, or be interested in any business that competes or is likely to compete with the business of our Group, and to provide our Group with a first right of refusal if he identifies any new business opportunities that may compete with our business. Please also refer to the section headed "Relationship with Our Controlling Shareholders — Deed of Non-competition" in this document for more details of the Deed of Non-competition.

The Disposal of Mr. Lo's interest in Urban Pottery on December 18, 2025 was undertaken as part of our Group's overall restructuring in preparation for the **[REDACTED]**, with a view to streamlining our Group's business operations and eliminating potential connected party relationships. From a commercial perspective, the Disposal allows our Group to adopt a more direct sales approach to its overseas customers and enhances transparency in its business structure. To the best knowledge of our Directors, Urban Pottery was not loss-making and is not subject to any material non-compliances during the Track Record Period. Urban Pottery's financial performance was not material to our Group, and our Directors confirm that its operations did not have any material adverse impact on our Group's overall financial position.

Following the transfer, we no longer supply products to the JV Distributor as an intermediary. Instead, we will supply directly to the underlying customers that were historically served through the JV Distributor, with commercial terms negotiated directly with each such customer. Among these customers, one is a local distributor in Australia that purchases our products for onward sale to local retailers and other downstream customers in its territory (the "**Australian Local Distributor**"). In 2025, the JV Distributor's revenue attributable to sales to this Australian Local Distributor accounted for less than 0.9% of our total revenue.

The distributor-type arrangement that existed through, and with the JV Distributor during the Track Record Period was opportunistic in nature and not indicative of our long-term sales model. Our overall strategy remains to focus B2B sales, primarily to mass-market retailers, rather than building a multi-layered distributor network. The continued cooperation with either the JV Distributor or Australian Local Distributor is maintained only for market-specific reasons, including its established customer coverage, warehousing capabilities and experience in handling local logistics and import requirements in a geographically dispersed market. This ensures continuity of customer service without incurring immediate fixed costs for local market build-out, and the arrangement will be reviewed periodically as volumes scale.

Our Directors are of the view that the post-transfer arrangement will not have any material adverse impact on our Group, taking into account (i) the declining revenue contribution of the JV Distributor, (ii) that the JV Distributor now operates as an independent sale agent for us on arm's length terms, (iii) that retaining this arrangement in the interim provides efficient market access to Australia while our Group prioritizes resources for other emerging markets, and (iv) that sales to the Australian Local Distributor are immaterial relative to our total revenue.

Historical Distributor Arrangement with JV Distributor

Historically, our sales to Australia were made through the JV Distributor, which purchased finished products from our Group on normal commercial terms for onward sale to Australian downstream customers. The JV Distributor acted as a distributor and assumed logistics, credit and resale risks. Pricing was determined with reference to prices offered to other independent customers for similar products, and no preferential pricing, rebates, price protection, guaranteed margins or exclusivity rights were granted to the JV Distributor. During the Track Record Period and up to December 15, 2025, there was no product returned to us from the JV Distributor or its downstream customers in Australia.

For the year ended December 31, 2023, 2024 and 2025, sales to JV Distributor amounted to HK$3.5 million, HK$5.8 million and HK$4.3 million, respectively, representing 1.0%, 1.2% and 0.9% of our total revenue for the same periods. Under this historical arrangement, we did not insist on fixed purchase commitments, buy-back obligations or minimum sales guarantees, and we were not involved in the JV Distributor's onward pricing or customer management. The JV Distributor typically settled trade receivables in accordance with agreed credit terms, i.e. within 30 days and during the Track Record Period there were no disputes, abnormal credit ageing, nor any product returns.

On December 15, 2025, Mr. Lo entered into a sale and purchase agreement with the other joint venture partner, pursuant to which Mr. Lo shall transfer his entire equity interest in the JV Distributor to the other joint venture partner. Upon the completion of the JV Transfer, the JV Distributor shall cease to be associated with our Controlling Shareholder and our Group. Following the JV Transfer, we no longer sell to the JV Distributor, and all sales to Australia are now made directly to the underlying customers previously served via the JV Distributor.

Future Direct Supply Arrangement

Following the JV Transfer, we no longer supply products to the JV Distributor as an intermediary. Instead, we now supply directly to the end customers that previously purchased through the JV Distributor (the "**End Customers**"), including one of its customer that acts as a sub-distributor in Australia, the Australian Local Distributor.

Going forward, we plan to engage the JV Distributor as our non-exclusive sales agent for the Australian market. Under the proposed arrangement, the JV Distributor will assist us in facilitating B2B sales in Australia by (i) liaising with local retailers, trade buyers, End Customers, and Australian Local Distributor that historically purchased from the JV Distributor, and (ii) supporting customer relationship management and marketing activities at its own cost. We will enter into sales contracts and issue invoices directly to these Australian customers, including the Australian Local Distributor, and will recognize revenue upon transfer of control of goods to such customers. The JV Distributor will not take title to our products or bear inventory risk and will instead receive a service fee or commission based on agreed terms. As of the Latest Practicable Date, no definitive agreement had been entered into between our Group and the JV Distributor and no commission rate or service fee had been agreed. Any future commission or service fee arrangement will be determined through arm's length negotiations taking into account, among other things, the scope of services to be provided, prevailing market practice and the anticipated sales volume in Australia market.

As of December 19, 2025, we had not yet commenced sales to such the End Customers or the Australian Local Distributor or any customers facilitated by the JV Distributors (the "**Australian Customers**"). Sales to these Australian Customers will be made on normal commercial terms. We intend to (i) adopt a seller buyer relationship rather than a principal-agent relationship, (ii) not impose minimum purchase quantities, (iii) allow the Australian Local Distributor to determine resale prices to downstream customers, (iv) require full payment within the credit terms granted, and (v) disallow product returns and exchanges save for quality issues. We intend to deliver products on FOB terms, under which we will be responsible for delivery to the designated port in the PRC and the distributor will bear freight, insurance and import-related costs thereafter. The distributor will be responsible for sales and marketing activities in Australia and must comply with applicable laws and regulations in conducting its resale activities.

Given that our Australian sales will comprise both direct customers and a local distributor, there is a potential risk that sales made through the distributor may cannibalize sales that could otherwise be made directly by us to other B2B customers. We intend to manage this risk by (i) clearly defining the scope of customers and sales channels to be covered by the JV Distributor, (ii) maintaining arm's length wholesale pricing to avoid undercutting existing direct B2B accounts, and (iii) reviewing order volume, pricing and customer allocation periodically.

Given the limited scale and the fact that sales to Australia account for an immaterial proportion of our revenue during the Track Record Period, the supply and distributor arrangement is not expected to constitute a material business model of our Group. We will review such arrangement periodically as the

Australian market develops. In addition, there is no assurance that such supply and distributor arrangement will place orders or develop the market as expected. However, given the historically small revenue size, any financial impact is expected to be limited.

Strategic Nature and Future Intention

The distributor arrangement in Australia arose due to historical access through the JV structure and is not a core sales model of our Group. Our principal strategy remains to engage in direct B2B sales to mass-market retailers, rather than establishing multi-layered distribution channels. The continued cooperation with the JV Distributor and Australian Local Distributor is maintained solely for market-specific operational efficiency, including its established retail coverage, warehousing capacity and experience navigating local import and logistics requirements. We will periodically review the arrangement as sales volume grows.

PROPERTIES

Owned Property

As of the Latest Practicable Date, we held ownership of one story in an office building located in Hong Kong, with a GFA of 1,908 sqm. We hold this property as an investment and lease it to third parties. Please refer to the section headed "Appendix III — Property Valuation" in this document.

As of December 31, 2025, we leased properties in Hong Kong, primarily for office, administrative and ancillary operational purposes. We also had 8 leased properties in the PRC related to our business operations, with a GFA of 123,750 sqm. These properties are primarily used for production and warehousing. As of the same date, our Company leased one property in Cambodia with a GFA of 12,703 sqm, which is used for production and warehousing purposes.

Our Hong Kong and Cambodia legal advisors have confirmed that the lease agreements for our leased properties in Hong Kong and Cambodia are legal, valid, and enforceable under the applicable laws of Hong Kong and Cambodia, respectively.

INSURANCE

We maintain insurance policies in accordance with relevant laws and regulations and based on our assessment of the needs of our operations and industry practices. In accordance with the requirements of relevant laws and regulations, we take out social insurances for our employees working in the PRC, including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance. We have procured fire insurance and personal accident insurance in respect of our operations in Cambodia, and employee compensation insurance for our operations in Hong Kong. Our current insurances also cover, among others, inventory insurance, product liability insurance, employee medical insurance and auto insurance. We believe that our current insurance coverage is adequate to meet the needs of our operations and consistent with industry practices in the PRC, Hong Kong, Cambodia and the U.S.. During the Track Record Period, we did not make any material insurance claims relating to our business.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

There were no material litigation or arbitration or administrative proceedings pending or threatened against our Group or any of our Directors which could have a material adverse effect on our Group's financial condition or results of operations as of the Latest Practicable Date. We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business.

Save as disclosed below, our Directors, confirm that during the Track Record Period and up to the Latest Practicable Date, we have complied with all relevant PRC, Hong Kong, Cambodia and U.S. laws and regulations in all material respects and have obtained all requisite material licenses, approvals and permits from relevant regulatory authorities for our operations in the PRC, Hong Kong, Cambodia and U.S..

Underpayment of Social Insurance and Housing Provident Fund

During the Track Record Period, certain of our PRC subsidiaries did not make full contributions to social insurance and housing provident funds for certain employees as required under applicable PRC laws and regulations. Pursuant to applicable PRC laws and regulations, an employer that fails to make social insurance contributions in full may be required to pay the outstanding amount within a prescribed period, together with a late payment surcharge at a daily rate of 0.05%. If such employer fails to rectify within the prescribed period, it may be subject to a fine of one to three times the outstanding amount. For housing provident fund contributions, the relevant authority may order rectification within a prescribed period and, failing which, may apply to the PRC courts for compulsory enforcement.

According to the Supreme People's Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)) (the "**Interpretation**") issued by the Supreme People's Court of the PRC on 31 July 2025 which has become effective from 1 September 2025, any undertakings or agreements by employees to waive social insurance contributions are invalid. Where an employer fails to make social insurance contributions and the employee terminates the employment relationship on such basis, the employee is entitled to economic compensation pursuant to Article 38(3) of the Labor Contract Law; and if an employer has made supplementary contributions for social insurance, it may request the return of any overpaid social insurance compensation, and the people's courts shall support such claims. As advised by the PRC Legal Advisor, if the competent PRC government authority determines that the social insurance contributions we made for our employees violate the requirements under the relevant PRC laws and regulations, we may be required to pay outstanding social insurance contributions within a stipulated period, with late fees at a daily rate of 0.05% of the outstanding amount, accruing from the date when the social insurance contributions were due. As of the Latest Practicable Date, no inspections or investigations had been imposed by the relevant regulatory authorities with respect to our social insurance contributions, nor had we received any order to settle the shortfall. The Interpretation has no further impact on our Group's compliance with social insurance contribution requirements under relevant PRC laws and regulations considering that the Interpretation only strengthens and provides further clarification on the application of existing labor laws and regulations, particularly in relation to social insurance contributions.

We estimate that, during the Track Record Period, our Group had aggregate shortfalls in its mandatory contributions: with respect to social insurance payments, the estimated shortfall was approximately RMB2.3 million, RMB2.4 million, and RMB3.1 million; and with respect to housing provident fund contributions, the estimated shortfall was approximately RMB0.9 million, RMB0.9 million, and RMB1.3 million for the years ended December 31, 2023, 2024 and 2025 respectively. These are presented separately due to differing legal bases and potential penalties.

These non-compliance incidents were mainly due to insufficient understanding and incorrect interpretation by our junior human resource personnel who lacked understanding of the rules in relation to the applicable PRC laws and regulations relating to social insurance and housing provident fund contribution and certain employees being unwilling to contribute their portion of the payments, which would otherwise reduce their take-home pay.

We have conducted consultations with the competent regulatory authorities, where our non-compliant PRC subsidiaries are domiciled. Based on such consultations conducted on October 17, 2025, the relevant local authorities indicated that (i) they would not proactively pursue historical underpayments in the absence of employee complaints, and (ii) no penalties would be imposed if we complete rectification within the prescribed period upon receiving any such notice.

As of the Latest Practicable Date, (i) we have not received any notice from relevant authorities requiring rectification or imposing penalties, (ii) we have not been subject to any administrative penalties in this regard as evidenced by the credit reports obtained from competent authorities, and (iii) we are not aware of any material employee complaints or labour disputes in relation to such matters.

Based on the above and in the absence of (i) material changes to applicable laws and regulations or their enforcement, and (ii) any material employee complaints or labor disputes, our PRC Legal Advisor is of the view that the likelihood of us being subject to material administrative penalties is remote. The maximum potential exposure would primarily consist of (i) the outstanding social insurance contributions and housing provident fund contributions; (ii) any applicable late payment surcharges in respect of the outstanding social insurance contributions; (iii) fines of up to three times the outstanding social insurance contributions; and (iv) rectification orders and compulsory enforcement measures in respect of the outstanding housing provident fund contributions.

We have implemented remedial and internal control measures, including (i) requiring our human resources department to regularly monitor and review the latest laws, regulations and policies issued by relevant government authorities; (ii) providing periodic training to relevant personnel on applicable requirements relating to social insurance and housing provident fund contributions; (iii) enhancing payroll and benefits compliance systems; (iv) conducting periodic reviews of contribution levels; and (v) strengthening coordination with external advisors and local authorities to ensure ongoing compliance.

Not Obtained the Required Fire Control Acceptance Procedure (消防驗收手續)

As of the Latest Practicable Date, certain of our PRC subsidiaries, namely Dafeng Gardening, Huiyang Branch, Xinxu Branch and Dafeng Plastic, had not obtained the required Fire Control Acceptance Procedure (消防驗收手續) for their historical planter production projects. As advised by our PRC Legal Advisor, failure to file with the housing and urban-rural development authorities as required by relevant laws would result in an order to rectify the non-compliance and a fine of up to RMB5,000 imposed by such authorities. An independent third party conducted a fire safety facility inspection on our subsidiaries and issued a Building Fire Facility Inspection Report (《建築消防設施檢測報告》), which concluded that, based on functional testing of the systems, all inspected fire facilities were in good condition and compliant with fire safety requirements.

We have also conducted interviews with competent authorities, where our non-compliant PRC subsidiaries are domiciled. Based on such consultations, the local authorities indicated that (i) the historical projects mainly involved decoration and equipment installation rather than construction of primary structures; (ii) retrospective completion of Fire Control Acceptance Procedures is not feasible; and (iii) in the absence of fire safety incidents and subject to ongoing compliance with fire safety requirements, we would not be subject to penalties, suspension of operations or other material administrative measures.

We can further confirm that, and based on the credit reports of Dafeng Gardening, Huiyang Branch, Xinxu Branch and Dafeng Plastic issued by the relevant competent authorities, we were not subject to any administrative penalties in relation to fire safety during the Track Record Period and up to the Latest Practicable Date.

Further, the relevant competent local governmental authorities confirmed that we can continue to use the relevant premises for ongoing production and business activities as long as we are in compliance with fire safety requirements.

We have strengthened our internal control measures by (i) engaging qualified consultants to monitor compliance; (ii) enhancing internal approval procedures for construction and renovation projects; and (iii) conducting periodic compliance reviews of regulatory filings and approvals.

Non-compliant Hiring of Dispatched Workers

During the Track Record Period, the proportion of dispatched workers engaged by certain of our PRC subsidiaries exceeded the statutory threshold of 10% as prescribed under the Interim Provisions on Labor Dispatch, the Labor Contract Law of the PRC and its implementation rules.

Pursuant to applicable PRC laws and regulations, where an employer fails to comply with the relevant labor dispatch requirements, the labor administrative authorities may order rectification within a specified period. Failure to rectify within the prescribed period may result in a fine ranging from RMB5,000 to RMB10,000 for each dispatched worker exceeding the statutory threshold.

As of December 31, 2025, we had completed rectification by reducing the number of dispatched workers such that the proportion of dispatched workers complies with applicable regulatory requirements. As of the Latest Practicable Date, we have not received any notice from the relevant labor administrative authorities requiring rectification or imposing any administrative penalty in respect of such non-compliance.

During the years ended December 31, 2023 and 2024, the number of dispatched workers engaged by our PRC subsidiaries that exceeded the statutory threshold was 159 and 205, respectively. No dispatched workers exceeded the statutory threshold as of December 31, 2025 following the completion of our rectification measures. Based on the applicable statutory penalty of RMB5,000 to RMB10,000 for each dispatched worker exceeding the statutory threshold, the maximum theoretical administrative penalty exposure would have been approximately RMB1.6 million and RMB2.1 million for the years ended December 31, 2023 and 2024, respectively.

Based on the above and in the absence of (i) material changes to applicable laws and regulations or their enforcement, and (ii) any material employee complaints or labor disputes, our PRC Legal Advisor is of the view that the likelihood of us being subject to material administrative penalties is remote.

To prevent recurrence, we have strengthened our internal control measures, including (i) implementing stricter headcount monitoring procedures to ensure compliance with statutory thresholds; (ii) enhancing internal review and approval procedures for labor dispatch arrangements; and (iii) conducting periodic compliance training for human resources personnel.

Directors' and Sponsor's Views

Our Directors consider that the above non-compliances were administrative in nature, have been rectified or are not material in the context of our overall operations, and did not involve any dishonesty, fraud or wilful misconduct.

Taking into account the nature of the non-compliances, the rectification measures implemented, and the due diligence conducted, our Sponsor is of the view that the above non-compliances do not affect the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules.

Our Directors further consider that no provision has been made or is required to be made in respect of the above non-compliance in the Historical Financial Information for the Track Record Period, as the contingent liabilities are remote. The Reporting Accountants has issued an unqualified opinion on our Group's Historical Financial Information for the Track Record Period as a whole. For details, please refer to the Accountants' Report in Appendix I to this document.

To prevent recurrence, we have strengthened our internal control measures to prevent recurrence of similar non-compliances, including (i) enhancing internal compliance monitoring procedures; (ii) implementing regular review mechanisms to ensure compliance with applicable laws and regulations; (iii) providing periodic training to relevant personnel; and (iv) engaging an internal control consultant to review and advise on our enhanced internal control policies and procedures.

Save as disclosed above, as of the Latest Practicable Date, there were no material litigation, arbitration or administrative proceedings pending or, to the best of our knowledge, threatened against our Group or any of our Directors which could have a material adverse effect on our Group's financial condition or results of operations.

LICENSES AND APPROVALS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, permits and approvals from the relevant government authorities in the PRC, Hong Kong, Cambodia and the U.S., that are material for our business operations.

We have not experienced any material difficulties in renewing material licenses, permits or certificates during the Track Record Period and up to the Latest Practicable Date and do not expect there to be any material difficulties in renewing them upon their expiry, if applicable, as long as we comply with the relevant legal requirements and all necessary steps to submit the relevant applications in accordance with the requirements and schedule prescribed by the applicable laws and regulations in the PRC, Hong Kong, Cambodia and the U.S.

The following table forth our material licenses, permits and approvals which are critical and essential for our business operation:

Holder	License/Permit/Approval	Grant date	Expiry date	Whether renewal is required
Dafeng Gardening	Customs Import/Export Goods Consignor/Consignee Filing Acknowledgement (海關進出口貨物收發貨人備案)	January 29, 2013	Not applicable	No
Lvyoufang	Customs Import/Export Goods Consignor/Consignee Filing Acknowledgement (海關進出口貨物收發貨人備案)	October 24, 2025	Not applicable	No
Dafeng Gardening	Fixed Pollution Source Emission Registration Receipt (固定污染源排污登記回執)	January 28, 2022	January 27, 2027	Yes
Huiyang Branch	Pollutant Discharge Permit (排污許可證)	October 18, 2023	October 17, 2028	Yes
Xinxu Branch	Fixed Pollution Source Emission Registration Receipt (固定污染源排污登記回執)	January 12, 2022	January 11, 2027	Yes
Dafeng Plastic	Fixed Pollution Source Emission Registration Receipt (固定污染源排污登記回執)	December 8, 2025	December 7, 2030	Yes
Diecuiyuan	Fixed Pollution Source Emission Registration Receipt (固定污染源排污登記回執)	November 6, 2024	November 5, 2029	Yes
Lvyoufang	Fixed Pollution Source Emission Registration Receipt (固定污染源排污登記回執)	September 22, 2025	September 21, 2030	Yes
Artistic Garden(1)	Licence to Import Chemical Substance	June 28, 2025	June 27, 2026	Yes

Note:

(1) The Company is in the process of renewing the relevant licence and, as of the Latest Practicable Date, is not aware of any material legal or regulatory issues that would reasonably be expected to adversely affect the renewal application.

During the Track Record Period and up to the Latest Practicable Date, we had not been penalized by any government authorities for non-compliance relating to material licenses, permits or certificates in the PRC, Hong Kong, Cambodia and the U.S. For more information about the laws and regulations to which we are subject, please refer to the section headed "Regulatory Overview" in this document.

U.S. TARIFF AND GARDENING EXEMPTION

A substantial portion of our products are exported to the United States. Certain Chinese-origin products have been subject to additional tariffs imposed by the United States under Section 301 of the Trade Act of 1974. The tariff treatment of our products is determined based on their classification under the Harmonized Tariff Schedule of the United States ("**HTSUS**").

As advised by our U.S. legal counsel, our products primarily comprise decorative plastic planters and other gardening-related plastic products, which are generally classified under HTSUS headings applicable to plastic household or horticultural articles (typically within Chapter 39 of the HTSUS). Based on such classification and the applicable tariff treatment during the Track Record Period, our products were not subject to additional tariffs under the Section 301 measures and were eligible for tariff exclusion or exemption commonly referred to as the "Gardening Exemption". Accordingly, we did not incur any direct additional tariff costs under Section 301 measures during the Track Record Period.

The applicability of such exemption depends on the relevant HTSUS classification of the products rather than their end-use alone. In this regard, plastic garden products and ceramic products are typically classified under different HTSUS chapters and, accordingly, exemptions granted to one category may not automatically apply to the other. As a result, certain ceramic products may fall outside the scope of such exemptions and may therefore be subject to additional tariffs. Nevertheless, based on our product characteristics and the applicable tariff framework during the Track Record Period, our plastic gardening products were not subject to additional tariffs under the Section 301 measures.

In reaching the above conclusion, our U.S. legal counsel considered, among other things, the relevant provisions of the HTSUS, applicable U.S. Customs and Border Protection ("**CBP**") regulations and published CBP rulings relating to plastic planters and similar horticultural products. Our U.S. legal counsel advised that our products are properly classified under HTSUS subheading 3924.90.5650 and that such tariff classification is not excluded from eligibility under HTSUS item 9817.00.5000 relating to equipment and implements used for agricultural or horticultural purposes. Our U.S. legal counsel further advised that CBP has issued rulings recognizing plastic planters and similar products used for growing plants as satisfying the horticultural-use requirement under HTSUS item 9817.00.5000 and that, subject to compliance with the applicable declaration and certification requirements, our products qualified for the Gardening Exemption during the Track Record Period. Based on the advice of our U.S. legal counsel, our Directors are not aware of any of our products exported to U.S were subject to any tariff and similarly is not aware of any tariff underpaid in respect of our products during the Track Record Period.

Our U.S. legal counsel has further advised that the Gardening Exemption is provided under Chapter 98 of the HTSUS and that neither Section 301 tariffs nor the subsequent tariff measures introduced by the Trump Administration amended or overrode the relevant Chapter 98 provisions governing the Gardening Exemption. Accordingly, products that continue to satisfy the applicable tariff classification and exemption requirements remain eligible for the Gardening Exemption notwithstanding such additional tariff measures.

Although we did not incur direct additional tariff costs during the Track Record Period, tariff policy developments and related uncertainty in the U.S. may nevertheless indirectly affect our business. In particular, in the first half of 2025, certain U.S. retailer customers adopted a more cautious replenishment pace amid tariff-related cost considerations and sourcing strategy adjustments, which resulted in selective order deferrals and changes to delivery schedules within their procurement cycles rather than order cancellations.

There can be no assurance that the Gardening Exemption will continue to apply to our products in the future or that the relevant tariff classification and policy treatment will remain unchanged. If the Gardening Exemption is modified, withdrawn or otherwise becomes unavailable, our products exported to the U.S may become subject to additional tariffs. In such event, this could result in (i) increased landed costs of our products in the U.S; (ii) reduced price competitiveness as compared with suppliers from jurisdictions not subject to such tariffs; (iii) pressure on our margins and pricing flexibility if we are unable to pass through the additional costs to customers; and (iv) reduced customer demand or slower replenishment cycles.

By way of illustration, ceramic imports from PRC are currently subject to tariffs of approximately 31%. If a broadly similar tariff regime were to be applied to our plastic gardening products, the impact on our financial performance would depend on, among other things, whether such additional tariff costs could be passed through to customers and whether the tariff base were determined with or without application of the First Sale Rule.

Based on our 2025 financial results, and assuming that a tariff broadly comparable to the current tariff applicable to ceramic imports from China were imposed on our U.S.-derived revenue, if such tariff were borne entirely by our Group and no First Sale Rule were available, our gross profit would have decreased from HK$289.4 million to approximately HK$144.0 million. If, under the same circumstances, 50% of such tariff costs were passed through to customers, our gross profit would have been approximately HK$216.7 million.

By contrast, if a First Sale Rule were available, the adverse impact would be mitigated to some extent. Based on our 2025 financial results, if such tariff were borne entirely by our Group, our gross profit would have decreased from HK$289.4 million to approximately HK$227.8 million. If 50% of such tariff costs were passed through to customers, our gross profit would have been approximately HK$258.6 million.

The foregoing sensitivity analysis is illustrative only and is based on a number of assumptions, including a tariff rate broadly comparable to the tariff currently applicable to ceramic imports from the PRC, the extent to which such tariff costs are borne by us or passed through to customers, and the applicable tariff base. Actual financial impact may differ materially depending on the specific tariff regime, the products affected, customer responses, pricing adjustments, sourcing strategies and overall market demand.

To mitigate such risks, we continue to monitor developments in U.S. trade policy and maintain ongoing communication with major customers regarding pricing mechanisms and cost-sharing arrangements where applicable. We are also expanding our production footprint outside the PRC, including in Cambodia, to enhance our operational flexibility. However, our Directors acknowledge that trade and tariff policies are subject to change and may affect multiple jurisdictions. Accordingly, diversification of manufacturing footprint may mitigate concentration risk but does not eliminate our exposure to broader geopolitical or trade policy developments.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Overview

We are committed to fostering sustainable practices, promoting social responsibility, and maintaining strong governance standards, reflecting our dedication to Environmental, Social, and Governance ("**ESG**") principles. Guided by the Board, our Group has established an ESG governance structure and internal controls to oversee our ESG risk management, reporting and performance monitoring. Our Group has formulated ESG policies covering climate-related risks, resource usage, labor practices, product responsibility and supply chain management, in line with the requirements under Appendix C2 of the Listing Rules.

Governance

Our Board has overall responsibility for formulating ESG strategy, approving ESG-related targets and policies, evaluating ESG risks and opportunities, and overseeing annual ESG performance. ESG matters are a standing agenda of the Board meetings and the Board receives periodic updates on implementation progress, regulatory changes and material ESG developments.

To support the Board's oversight, we have established an ESG working group chaired by senior management and comprised of representatives from operations, human resources, procurement, quality control and finance. The working group is responsible for (i) implementing Board-approved ESG policies and initiatives across business units, (ii) coordinating ESG data collection and KPI tracking, (iii) conducting stakeholder engagement and materiality assessments, (iv) monitoring compliance with environmental, labor and product responsibility laws, (v) identifying climate-related risks and resource-efficiency opportunities, and (vi) preparing annual ESG disclosures for Board review.

The ESG working group reports to the Board at least annually, and more frequently where material ESG matters arise, including any significant incidents, regulatory changes or climate-related risks that could affect operations or supply chain resilience. By integrating ESG risk management into operational and strategic decision-making, we aim to align ESG targets with long-term growth objectives and continuously improve our sustainability performance.

ESG Risks, Material Topics and Stakeholder Engagement

We identify ESG-related risks and opportunities through annual materiality assessments and regular stakeholder engagement. In conducting materiality assessments, we consider the views of employees, customers, suppliers, investors and business partners through meetings, emails, operational communication channels, appraisals and day-to-day interactions.

Based on the latest assessment, four areas were prioritized as most material to our business operations: (i) water usage, (ii) waste management, (iii) product quality and safety, and (iv) supply chain management. These reflect the nature of our manufacturing process and the importance of compliance, resource efficiency and consumer safety. Details for each material topic are summarized below:

- **Water usage**. Water is mainly used for mold cooling and washing. Inefficient usage may increase operating cost and environmental risk; we therefore adopt water-saving practices and evaluate recycling opportunities where practicable.

- **Waste management**. Production generates packaging waste and scrap materials. Recyclable materials are separated, and non-recyclable waste is disposed of through qualified channels to ensure compliance and reduce environmental impact.

- **Product quality and safety**. Product safety and durability are essential to customer confidence. We maintain product responsibility policies and quality control procedures to mitigate risks relating to non-compliance, recalls or liability exposure.

- **Supply chain management**. We manage procurement through pricing, sourcing and inventory planning practices, with oversight of supplier performance to support stable raw material supply and regulatory compliance.

The above measures allow us to monitor ESG-related hazards and align with stakeholder expectations, while creating opportunities to enhance efficiency, reduce resource consumption and strengthen operational resilience.

Environmental Compliance, Resource and Energy Management

We comply with applicable environmental protection laws and regulations in the PRC. Our environmental impact primarily arises from energy and water consumption, and solid waste generated during production activities. We have implemented an Environmental Protection and Sustainability Policy to minimize adverse impacts through responsible resource utilization and continuous monitoring.

Energy Use

We recognize that managing energy use is critical to reducing greenhouse gas emissions and climate-related risks. Our production facilities and dormitories are powered by electricity supplied from the local grid. We have installed energy-saving LED lighting, control meters and energy-efficient machinery, and encourage employees to conserve energy through operational practices such as switching off idle equipment and using natural ventilation where conditions permit. We target a 2% reduction in electricity and fuel consumption in the upcoming reporting year and will continue to improve energy efficiency.

We also monitor greenhouse gas ("**GHG**") emissions associated with energy consumption. Emissions are classified into Scope 1 (direct emissions from fuel use) and Scope 2 (indirect emissions from purchased electricity), with annual consumption data recorded for internal management and reporting purposes. Energy data is recorded and monitored, including direct fuel consumption (diesel, petrol, natural gas) and indirect electricity consumption, with total energy usage measured in MWh.

Water Usage

Water is primarily used for mold cooling, cleaning and sanitation. To manage consumption, we apply operational controls to prevent wastage and conduct periodic inspections of pipelines and valves to reduce leakage risk. We track water consumption volume and assess ways to enhance water utilization efficiency within our production lines. We also evaluate potential recycling or reuse arrangements and process optimization opportunities where practicable in order to reduce intensity over time.

Waste Management

Production activities generate scrap materials, packaging waste and a small volume of general operational waste. In accordance with our internal waste handling procedures, recyclable waste (such as cardboard and plastic materials) is segregated at source, while non-recyclable waste is collected and handled by qualified third-party waste disposal contractors. We monitor waste output with the aim of improving recycling rates, and review handling practices periodically to ensure alignment with regulatory requirements and internal environmental objectives.

Environmental Compliance Status

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material claim or penalty or accident in relation to health, work safety, social and environmental protection.

The following tables set out our key environmental performance indicators for the Track Record Period, covering energy consumption, greenhouse gas emissions, water usage and waste management metrics.

	Year Ended December 31,		
Indicator	**2023**	**2024**	**2025**
Electricity consumption (MWh)	5,063.99	6,954.87	12,071.33
Direct energy (MWh)	281.13	367.32	363.35
Total energy consumption (MWh)	5,063.99	6,954.87	12,434.68
GHG emissions — Scope 1 (tCO_2e)	75.99	97.78	96.47
GHG emissions — Scope 2 (tCO_2e)	2,566.48	3,534.88	6,477.47
GHG emissions — Total (tCO_2e)	2,642.47	3,632.66	6,573.94
Emission intensity (tCO_2e/thousand products produced(1))	0.19	0.20	0.33
Hazardous waste generated (tons)	254	275	188
Non-hazardous waste recycled (tons)	658	822	1,071
Hazardous Waste Generation Intensity (tons/thousand products produced)	0.02	0.02	0.01
Non-hazardous Waste Recycling Intensity (tons/thousand products produced)	0.05	0.05	0.05

Note: (1) It was observed that the GHG emission intensity of our Group was at similar level as two other industry peers.

Supply Chain Management

Our Group has integrated ESG-related factors into its suppliers management policy and procurement control policy, demonstrating its commitment to responsible sourcing and sustainable supply chain management.

Product Materials and Environmental Impact

We use polypropylene ("**PP**") as a primary material in our products and, during the Track Record Period, we used 100% recycled polypropylene resin in our production. This approach supports resource efficiency and waste reduction within the plastic value chain and is certified under the RCS.

Certain of our products, including outdoor-facing applications, are exposed to sunlight. PP materials may have limited resistance to ultraviolet ("**UV**") radiation and, over prolonged exposure, may degrade and become brittle, which could contribute to the formation of microplastic particles over time.

We acknowledge the broader environmental considerations relating to plastic degradation and microplastics. To mitigate such risks, we incorporate UV stabilizers into the material formulation of our outdoor products to enhance durability and weather resistance, and design our products for long-term use rather than single-use applications. Our products are generally of larger form factor and are not designed to include fine particulates commonly associated with microplastic shedding.

In addition, PP is recyclable and, in certain markets such as PRC, is commonly collected and processed by licensed waste handlers. We also continue to evaluate the environmental profile of our materials and explore alternative materials and design approaches to enhance sustainability. Our research and development efforts include the exploration of environmentally friendly materials and product innovations, with a target to develop at least 50 new sustainable material-based product by 2030.

Employment and Occupational Health and Safety

We are committed to maintaining fair employment practices and a safe working environment. As of the Latest Practicable Date, our workforce mainly comprises production staff, technicians and administrative personnel. We comply with applicable labor laws and regulations governing working hours, remuneration, and workplace safety standards.

Workforce Management

Recruitment is conducted based on merit and business needs. All employees enter into written employment contracts in accordance with local requirements. We provide remuneration packages that include basic salary, performance-based bonuses, statutory social security contributions and paid leave entitlements. We also maintain attendance policies, overtime arrangements and personnel management procedures, with regular communication between management and workers through meetings, notice boards and internal channels.

In addition, we also provide training programs to enhance job-specific skills, quality control awareness and safety practices, with induction training for new hires and periodic refresher sessions for production staff. Personnel performance is reviewed periodically to support retention and capability development.

Occupational Health and Safety

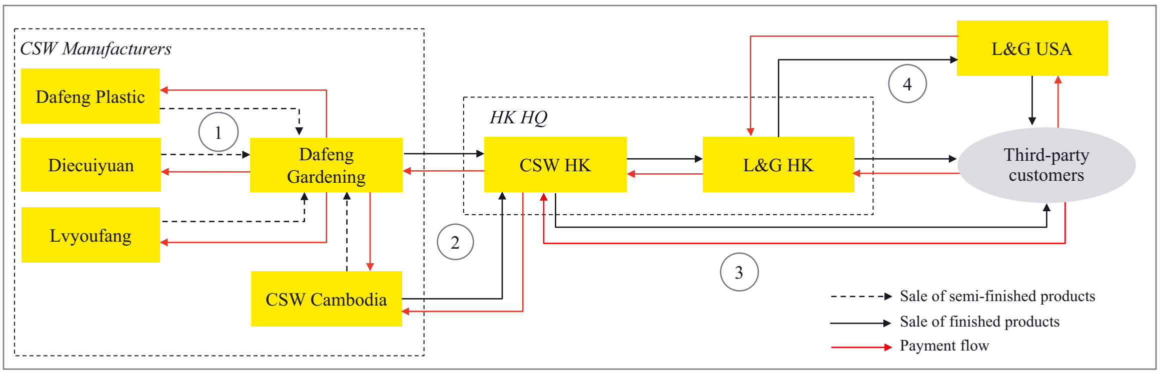
We have implemented workplace safety guidelines and incident response procedures to prevent occupational hazards. Safety responsibilities are assigned to designated personnel, and we provide protective equipment, machine-operation training and workstation safety reminders. Fire-fighting drills and equipment checks are conducted regularly, and emergency exits and first-aid resources are maintained on-site. No material work-related fatalities or significant injuries were recorded during the Track Record Period.

TRANSFER PRICING ARRANGEMENT

During the Track Record Period, our Group conducts intercompany transactions among our PRC entities, its Cambodia manufacturing subsidiary, its CSW HK and L&G HK (the "**Hong Kong Trading Entities**") and its U.S. distribution subsidiary in connection with the procurement, manufacturing and sale of decorative planters and other gardening products. These transfer pricing arrangements allocate revenue and profit among our Group entities based on their respective functions performed, risks assumed and assets employed, and are established with reference to the arm's length principle under the OECD Transfer Pricing Guidelines and applicable tax regulations in the PRC, Hong Kong, Cambodia and the United States.

During the Track Record Period, our operations are managed through subsidiaries in different jurisdictions. CSW HK and L&G HK are responsible for the overall strategy formulation, business development, product design and development, as well as sales and marketing functions throughout the value chain. Our PRC and Cambodia subsidiaries are engaged in procurement and manufacturing activities under the supervision of CSW HK, while our U.S. subsidiary primarily focus on sales activities and commerce operations in the local markets. During the Track Record Period, our Group's intra-group transactions, which involved subsidiaries in Hong Kong, the PRC, Cambodia, the United States, mainly related to the purchase and sale of goods (the "**Covered Transactions**").

The following diagram sets forth our transaction flow in respect of the Covered Transactions:



Notes: Our Group's intra-group transaction flow as illustrated above can be summarized as follows:

① Dafeng Plastic Diecuiyuan, Lvyoufang and CSW Cambodia manufacture plastic mold bases and sell them to Dafeng Gardening for further processing into finished products.

② Dafeng Gardening and CSW Cambodia sell the finished products to CSW HK, which consolidates and manages product sourcing and export-related functions.

③ CSW HK distributes finished products directly to third-party customers or resells them to L&G HK for further downstream sales.

④ In circumstances where U.S. customers require a local taxpayer identification number and settlement in the U.S., L&G HK may sell finished products to L&G USA, which then completes sales to end customers. During the Track Record Period, L&G USA primarily acted as a pass-through entity and resold goods at cost without mark-up.

As illustrated above, Dafeng Plastic, Diecuiyuan, Lvyoufang and CSW Cambodia manufacture plastic mold bases and supply them to Dafeng Gardening, which further processes them into finished products such as flower pots and gardening items. Given their similar functions and risk profiles, Dafeng Plastic, Diecuiyuan, Lvyoufang, CSW Cambodia and Dafeng Gardening are collectively referred to as the "CSW Manufacturers" in our transfer pricing analysis. Based on the benchmarking outcome performed by our local independent transfer pricing advisor engaged by Dafeng Gardening, they generally earn a margin level within the interquartile range of comparable companies, reflecting their routine manufacturing role.

Finished products are then sold by Dafeng Gardening and CSW Cambodia to CSW HK, which functions as our Group's order-consolidation and trading entity. CSW HK distributes products directly to third-party customers or through L&G HK, and for analysis purposes CSW HK and L&G HK are assessed together as "HK HQ", given that their intra-Hong Kong transactions may fall within specified domestic transaction exemptions under Hong Kong transfer pricing rules.

Sales to U.S. customers are routed through L&G USA in cases where certain customers require a U.S. taxpayer identification number or settlement through local banking channels. L&G USA was incorporated in 2024 for this specific purpose and, during the Track Record Period, acted primarily as a pass-through entity reselling goods at cost without applying a mark-up, reflecting its limited functional role.

The roles and functions of each of the relevant subsidiaries in our Group for the transfer pricing arrangement:

Entity	Functional profile	Characterization
HK HQ (CSW HK and L&G HK)	► As our Group headquarters, HK HQ is primarily responsible for the overall strategy formulation, business development, product design and development, sales negotiation, price setting, marketing and customer relationship management functions throughout the value chain. It provides strategic guidance to other Group entities for their local execution of the corporate strategy. ► Accordingly, HK HQ bears the major business risks (e.g., market risk, inventory risk, product liability risk, foreign exchange risk, etc.) in the value chain. ► Also, it owns significant intangibles of our Group, such as product design, distribution network and customer relationships, which are crucial to our Group's business.	Principal entity
CSW Manufacturers (Dafeng Plastic, Diecuiyuan, Lvyoufang, CSW Cambodia and Dafeng Gardening)	► CSW Manufacturers are engaged in the manufacture of our Group's products based on orders and instructions received from HK HQ. They are responsible for the procurement of raw materials, manufacture of finished products, quality assurance, as well as certain logistics functions under the supervision of HK HQ. ► Accordingly, CSW Manufacturers are exposed to inventory risk, product liability risk, as well as certain market risk. ► CSW Manufacturers mainly own the technical know-how in relation to the production of our Group's products as well as supplier relationships.	Contract manufacturers
L&G USA	► L&G USA is engaged the distribution of finished products to third-party customers in the U.S. market. Specifically, L&G USA is incorporated solely to fulfill the requirements of certain customers in the U.S., which request our Group to have a U.S. tax identification number and the U.S. bank account for settlement purposes. L&G USA has minimal economic substance and does not have any personnel to perform activities for its operations. ► While L&G USA bears certain market risk and credit risk for the sale of products to third-party customers, it is not in position to control the economically significant risks of the business. Also, L&G USA does not own any significant assets of our Group.	Limited risk distributor

Transfer Pricing Assessment

The Organization for Economic Co-operation and Development (the "**OECD**") has promulgated the transfer pricing guidelines for multinational enterprises and tax administrations (the "**OECD Transfer Pricing Guidelines**"), which are generally followed by, or are consistent with, the tax laws in jurisdictions involved in our intra-group transactions, including Hong Kong, the PRC, Cambodia, the United States. According to the OECD Transfer Pricing Guidelines, intra-group transactions should be conducted on an arm's length basis to avoid distorted taxable income in different jurisdictions.

We have engaged an independent transfer pricing advisor, Ernst & Young Tax Services Limited, (the "**Transfer Pricing Advisor**") to conduct benchmarking studies (the "**Benchmarking Study**") on the Covered Transactions, in accordance with the OECD Transfer Pricing Guidelines. Our Transfer Pricing Advisor has determined that the transactional net margin method was the most appropriate transfer pricing method to assess whether the transfer pricing arrangements related to the Covered Transactions were consistent with the arm's length principle.

The Transfer Pricing Advisor has selected the mark-up on total cost ("**MTC**") and operating margin ("**OM**") as the profit level indicators ("**PLI**") to provide a basis for the analysis of the remunerations for the CSW Manufacturers and L&G USA, respectively.

Based on the Benchmarking Study for CSW Manufacturers, the profit levels of Dafeng Plastic, Diecuiyuan and Dafeng Gardening were generally within, or close to, the interquartile range of comparable routine manufacturers identified through the TNMM benchmarking search, which was performed using publicly available databases in accordance with the OECD Transfer Pricing Guidelines. The comparable set comprised independent manufacturers with similar functional profiles, and the interquartile range was adopted as the reference arm's length range consistent with market practice. While the profit level of certain manufacturing entities in 2024 and 2025 fell slightly below the target range, such deviation was immaterial and primarily attributable to short-term fluctuations in raw material costs and production utilization levels. Overall, the benchmarking results indicate that Dafeng

Plastic, Diecuiyuan and Dafeng Gardening earned returns commensurate with their routine production role during the Track Record Period. In addition, while Lvyoufang and CSW Cambodia recorded losses in 2024 and/or 2025, such results were attributable to their start-up nature where they have not reached their full manufacturing capacity. Therefore, the risk of imposing transfer pricing adjustments does not appear significant from a transfer pricing perspective.

Based on the Benchmarking Study for L&G USA, its profit level was assessed by reference to the operating margin derived from a TNMM benchmarking search of independent distributors with comparable functional profiles, conducted using publicly available databases in accordance with the OECD Transfer Pricing Guidelines. The interquartile range derived from the comparable set was adopted as the arm's length reference range, consistent with market practice. While L&G USA recorded a loss in 2024 and 2025, such results were attributable to its start-up nature, minimal scale of operations and limited economic substance during the initial period following its incorporation, as well as short-term fluctuations in shipment volume. Given that L&G USA acts solely as a limited-risk distributor established to meet specific customer settlement requirements and does not perform economically significant functions nor own valuable assets or intangibles, the associated transfer pricing risk is not material and no material transfer pricing adjustment is considered necessary.

Having considered the benchmarking outcome and the supporting functional analysis, the Benchmarking Study identified that, on a conservative, median-based sensitivity analysis, potential transfer pricing adjustments were quantified for certain entities for 2025. The resulting net tax implication at our Group level amounted to approximately RMB69,932 for Dafeng Plastic and RMB573,857 for Lvyoufang, after taking into account applicable tax rates and corresponding relief, USD16,023 for CSW Cambodia and approximately USD104 for the year ended December 31, 2024 and USD553 for the year ended December 31, 2025 for L&G USA.

Based on the benchmarking analysis and functional evaluation, while certain entities recorded profitability below the arm's length range in certain periods, such deviations were not considered material. Having regard to the overall results of the Benchmarking Study, and after discussion with the Transfer Pricing Advisor, the Directors are of the view that such amounts were immaterial in the context of our Group as a whole and did not give rise to any material tax exposure during the Track Record Period. In reaching this view, our Directors have taken into account that the relevant deviations reflected short-term commercial factors, including seasonality, start-up circumstances and temporary fluctuations in production utilization.

To ensure ongoing compliance with applicable transfer pricing regulations, we have implemented the following internal control measures: (i) engaged external transfer pricing advisor to periodically review and assess the appropriateness of transfer pricing policies applied to the intercompany arrangements; (ii) regularly reviewed the profitability of our Group entities and implemented true-up or true-down adjustments where necessary to ensure the targeted arm's length profit levels determined based on benchmarking analysis can be achieved; (iii) maintained proper and contemporaneous documentation in respect of the intercompany transactions, including organizational charts, invoices, approval records and other relevant supporting documents; and (iv) closely monitored and assessed the transfer pricing documentation requirements applicable to our Group entities.

INTERNAL CONTROL AND RISK MANAGEMENT

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. As our business continues to expand, we will continue to refine and enhance our internal control system to respond to the evolving requirements of our business operations. We will continue to review our internal control system to ensure due compliance with the applicable laws and regulations.

We have decided to adopt the following measures to ensure on-going compliance with the applicable laws and regulations and to strengthen our internal control upon **[REDACTED]**:

1. Our Board includes three independent non-executive Directors to ensure transparency in management and fairness in business decisions and operations. Our independent non-executive Directors contribute to the enhancement of corporate value by providing advice and insights based on their years of administrative experience and specialized knowledge;

2. establishing internal control policies and procedures on corporate governance, finance and auditing setting out the internal approval and review procedures pursuant to which our employees at different departments shall comply with, and the policies and procedures shall be reviewed periodically and approved by the Board;

3. supervision and guidance by our Audit Committee comprising our independent non-executive Directors which is empowered to provide an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process etc; and

4. engage external professional advisors (including Compliance Advisor with effect from **[REDACTED]**, as well as legal advisors as to Hong Kong laws, and tax advisors) to provide professional advice and guidance to our Group to ensure compliance with the applicable laws and regulations. We also expect our external professional advisors will provide internal training to our employees from time to time to ensure our employees are kept up-to-date to any legal and regulatory developments.

Based on the above, our Directors are of the view that our Group has taken reasonable steps to establish an internal control system and procedures to enhance the control environment at both the working and management levels, and that the internal control measures are adequate and effective for our business operations.