Certain information and statistics presented in this section and elsewhere in this document were derived from publicly available sources as well as from market statistics sourced from China Insights Consultancy ("CIC") and Euromonitor International. We engaged China Insights Consultancy to prepare an independent industry report in connection with the **[REDACTED]***, but we have not engaged Euromonitor International as an industry consultant or expert. We believe that the sources of the information in this section and elsewhere in this document are appropriate sources for such information and reasonable care has been taken in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading. The information from official sources has not been independently verified by us or any other parties involved in the* **[REDACTED]***, or any of our or their respective directors, officers, or representatives, and no representation is given as to its accuracy or completeness. Accordingly, you should not place undue reliance on such information and statistics. For risks relating to our industries, see "Risk Factors — A. Risks Related to Our Business and Growth Prospects."*

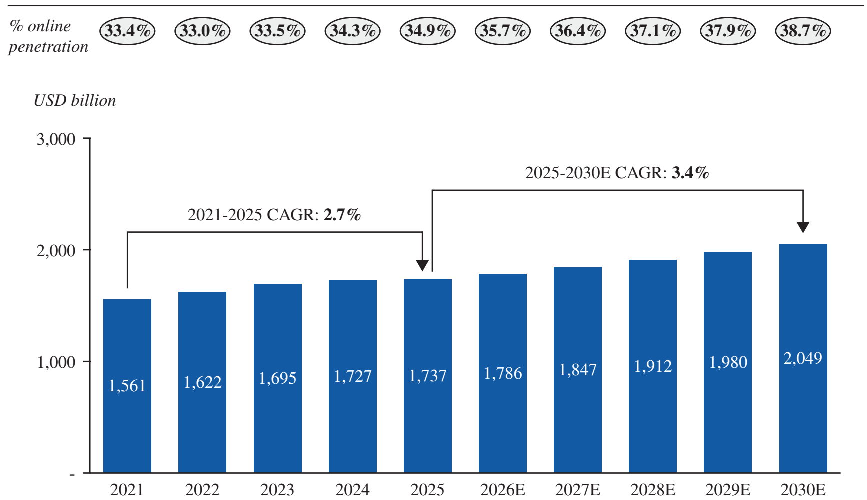
GLOBAL FASHION INDUSTRY OVERVIEW

The pursuit of beauty is embedded in human nature. The history of the fashion industry spans millennia and has been at the core of human experience across generations.

The universal appeal of fashion makes it consistently one of the largest categories in the consumer retail sector. According to CIC, the global fashion industry reached $1.7 trillion in 2025 and is expected to grow to $2.0 trillion in 2030.

The fashion industry is deeply rooted in history and tradition. It is also evolving rapidly, particularly with the rise of internet and mobile penetration globally. As the ways consumers discover and experience fashion change, and as consumer expectations about fashion evolve, the industry presents both challenges and opportunities for industry players to curate offerings and services that can meet and exceed consumers' ever-evolving needs.

Market size of fashion industry, in terms of RSV[1], Global, 2021-2030E



Source: Annual reports from listed companies and industry expert interviews, Euromonitor, CIC

Note: 1. Retail sales value of global fashion industry (encompassing apparel, footwear and accessories), excluding VAT

Within the fashion industry, online retail is a key component of sales value, as shown below:

The market sizes of the entire fashion industry (Retail Sales Value, US$ billions)	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Global Fashion Retail	1,561.5	1,621.9	1,694.9	1,726.5	1,736.9	1,785.6	1,847.1	1,912.4	1,980.1	2,049.3
Global Fashion Online Retail . .	522.3	535.3	567.3	591.4	606.4	637.2	672.9	710.4	750.8	792.1
Global Fashion Offline Retail . .	1,039.2	1,086.6	1,127.5	1,135.1	1,130.6	1,148.3	1,174.2	1,202.0	1,229.3	1,257.2

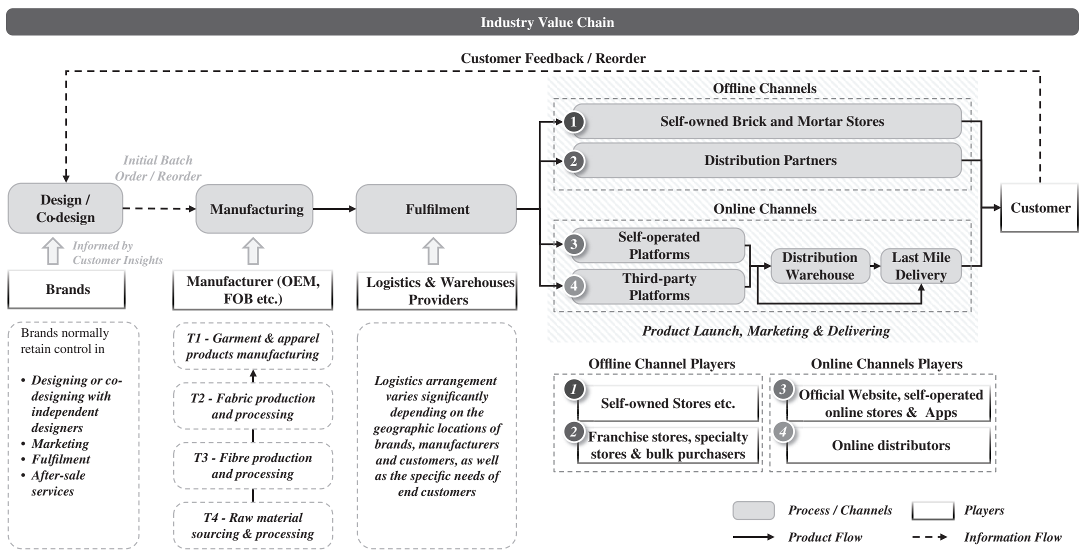
The fashion industry primarily consists of the apparel (including apparel accessories) and footwear categories. Set out below is a segment breakdown by these categories:

The market sizes of subsegment (Retail Sales Value, US$ billions)	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Global Fashion Retail	1,561.5	1,621.9	1,694.9	1,726.5	1,736.9	1,785.6	1,847.1	1,912.4	1,980.1	2,049.3
Global Apparel Retail	1,237.9	1,281.1	1,333.1	1,363.1	1,370.0	1,408.4	1,455.7	1,505.7	1,557.2	1,609.8
Global Footwear Retail	323.5	340.8	361.8	363.4	367.0	377.2	391.3	406.7	422.9	439.5

Source: Annual reports from listed companies and industry expert interviews, Euromonitor, CIC

THE FASHION INDUSTRY VALUE CHAIN

The graphic below depicts the fashion industry's value chain, outlining the main stages from product design and manufacturing to distribution through online and offline channels. It illustrates the roles of brands, manufacturers, logistics providers, and distribution partners, and shows how customer feedback drives reorders and improvement in the industry.



KEY TRENDS IN TODAY'S FASHION INDUSTRY

The secular shift towards online: Fashion consumption has been experiencing a tectonic shift from offline to online. With the maturing of global technology and infrastructure, including mobile payments, global fulfilment, social media and recommendation technology, fashion players can expand beyond the limitations of brick-and-mortar stores. They can leverage the latest technology to deliver a broader and more diverse product selection, accelerate design-to-market cycles, enhance customer engagement, and provide unmatched convenience. In terms of fashion discovery, forward-thinking fashion players are creating immersive digital experiences, harnessing the momentum of social commerce and collaborating with influencers to captivate their audience. Advanced data analytics and insights into consumer behaviors also help fashion players to curate personalised shopping experiences, which deepens engagement and builds lasting loyalty with consumers.

Consumers value individuality and trendiness: Today's digital-native consumers value individuality. For them, fashion is a form of self-expression. Consumers' preferences are increasingly diverse, and they prefer products that speak to their unique and distinctive style, rather than conform to a common denominator. With the omnipresence of social media, which amplifies trends and sparks a deep desire for the latest looks, consumers' preference shifts are accelerating as well, requiring constant style updates to stay in vogue.

Value beyond fashion: Consumers increasingly value brands that prioritize social inclusiveness, ethical responsibility and positive impact over mere fashion offerings. They seek alignment with principles such as diversity, fair and equitable business practices and reduced environmental impact. Through transparent supply chains, sustainable sourcing, and community-focused initiatives, fashion players have been incorporating consumers' focused value beyond fashion into their business operations and strategies, fostering a more equitable, sustainable future.

Supply-side innovation: As consumer expectations around rich availability and quick accessibility continue to rise, supply chain agility and global fulfilment capabilities have become key differentiators in the fashion industry. Global fashion leaders are investing in flexible production models and real-time inventory management to meet demand more quickly and reduce overstock risk. The ability to test, learn, and restock quickly is critical for fashion players to catch up with the accelerating changes in consumers' fashion demand. Innovative technologies in fulfilment and warehousing are also being developed and deployed to ensure speedy delivery, which is important to consumers' overall experience.

STRUCTURAL CHALLENGES

Fashion is inherently personal, with a long-tail demand driven by diverse consumer tastes and rapidly evolving trends. To meet consumer expectations, in an ideal world, fashion industry players would need close-to-infinite product variations and instant design-to-shelf updates. In reality, fashion players consistently face three core challenges (the fashion industry "trilemma"), namely achieving an optimal balance among product selection variety, design refreshment speed, and inventory management efficiency:

- **Product selection variety:** The ability to offer a wide product assortment is constrained by both physical and operational limitations. In physical stores, shelf space and store footprint restrict the number of products that can be displayed. In the backend, limitations in supply chain agility and design capacity make it difficult to continuously offer wide, on-trend products without compromising inventory efficiency.

- **Design refreshment speed:** Keeping pace with fast-changing consumer tastes and market trends requires frequent design updates, but many fashion players are constrained by seasonal merchandise planning and long production cycles. Fashion players may have to forecast demand well in advance and take months to bring new designs to market, by which time trends may have already shifted. This lag limits fashion players' ability to capitalise on emerging styles, and to offer products that resonate with trend-conscious consumers, which increases the risk of outdated inventory.

- **Inventory management efficiency:** Balancing inventory to avoid overstocking or stockouts is a persistent challenge in the fashion industry. High inventory levels lead to unsold goods and waste, while low levels lead to missed sales. The challenge further compounds when fashion players want to offer wide selection and quick design updates. On average, the industry sees inventory waste rates as high as 30%, indicating that many players opt to err on the side of maintaining higher inventory. When high inventory turns into excess stock, capital will be tied up, markdown pressure will increase, and profitability and business sustainability will be eroded. Many players may ultimately pass on these costs to consumers in the form of higher prices. The increased prices that consumers must pay are essentially the result of suppliers failing to match demand with appropriate supply.

Over the years, many fashion players have attempted to and made some progress in addressing one or two dimensions of the industry trilemma, but few have been able to resolve all three pain points simultaneously. Players that prioritize assortment richness will often find inventory levels ballooning to unsustainable levels, leading to significant waste and margin pressure. Players that prioritize inventory management typically fall short in offering a wide assortment of products that speaks to consumers' growing need for individuality.

The best-in-class fashion players who can effectively address all these industry challenges are poised to provide more value to consumers, enhance productivity on the supply side, alleviate environmental pressure, and eventually capture significant market share.

COMPETITIVE LANDSCAPE AND KEY SUCCESS FACTORS

The fashion industry is highly fragmented. According to CIC, the top 20 players in aggregate only represented approximately 20.5% of total market share in 2025. This is largely due to the challenges of the industry trilemma, which require fashion players to consider width of selection, frequency of design updates, inventory level, profitability, customer affordability, and sustainable practices. Balancing these factors is difficult, which often makes it challenging for a single player from capturing significant market share in the industry.

As a result, the industry norm is for fashion players to focus on their own specific segment of customer demand, which results in limited market share in the massive market. Consumers look for a large variety of trendy, high-quality and affordable products. They expect their shopping experience to be personalised and convenient, with speedy delivery, reliable after-sales service, and value beyond just shopping.

In light of these customer needs, we believe the key success factors are the following:

- **The ability to tackle the industry trilemma**. Winning fashion players today should be able to deliver what consumers value most regarding products: broad assortment, trendy new launches, reliable quality and affordability.

- **The ability to manage and optimise a supply chain**. To provide consumers with the products that they desire in a timely manner and at attractive price points, winning fashion players should have the infrastructure necessary for managing a complex supply chain and fulfilment network that maximises cost-effectiveness, speed and reliability, among other factors.

- **The ability to provide a differentiated shopping experience**. Beyond just products, consumers have increasingly high expectations for the overall shopping experience. Winning fashion players should be able to create intuitive, smooth, personalised, and meticulous shopping experiences for today's digital-native consumers across the entire shopping experience, from browsing, to fashion discovery, to the check-out process, to secure payment, to speedy delivery, and to after-sales services.

- **The ability to develop a viable and sustainable economic model**. As winning fashion players develop product and service offerings that indulge customers' preferences, they should also be able to manage inventory, cost, efficiency, and compliance effectively, and grow using healthy economic models.

- **The ability to constantly optimise the customer experience and business model using the latest technology**. As the technology advancement flywheel accelerates, winning fashion players should be well-versed with the latest technology advancements. Winning fashion players should be able to leverage the latest technology tools to help enhance the customer experience on the front-end and supply chain efficiency on the back-end.

- **The ability to bring traditional fashion manufacturing into the digital era:** The fashion manufacturing process continues to utilise many traditional methods, and has been relatively slow to integrate technology. Manufacturing frequently involves manual actions performed by small- and medium-sized businesses with limited resources, which both results from and contributes to the fashion industry's fragmented structure. These challenges make it difficult for traditional brands to scale efficiently, often resulting in excess working capital requirements and suboptimal cost structures. As modern technology continues to penetrate this massive industry with a long history, fashion players that leverage purpose-built digital infrastructure are better positioned to accelerate growth, minimise working capital, and optimise their cost structure.

The table sets forth the key players in the global fashion industry and their respective market share in 2025, according to CIC:

Key Player	Market Share
Industry Peer A(1)	3.0%
Industry Peer B(2)	2.5%
The Company	1.9%
Industry Peer C(3)	1.7%
Industry Peer D(4)	1.3%

Source: Annual reports from listed companies and industry expert interviews, Euromonitor, CIC

Notes:

(1) Industry Peer A is a global company originating from the US that offers athletic footwear, apparel, equipment and accessories.

(2) Industry Peer B is a global fast fashion group originating from Spain that designs, manufactures, and sells apparel, home living and accessories, focusing on trending designs and global distribution.

(3) Industry Peer C is a multinational athletic apparel and footwear company headquartered in Germany.

(4) Industry Peer D is a Japan-based apparel retailer offering casual clothing and apparel.

OPPORTUNITIES BEYOND FASHION

While fashion represents one of the largest and the most dynamic categories in the global retail market, similar structural trends and unmet needs are emerging across other major categories. Today, consumers are not only seeking variety and personalization in what they wear, but also in how they furnish their homes, care for their appearance, and purchase essential electronics and appliances. Lifestyle categories such as home & living, appliances & electronics, and beauty & personal care offer opportunities for digital platforms to address fragmented demand, improve discovery, and capture share in large and growing markets.

The chart below shows the market sizes of the home & living (which includes home improvement & gardening, homewares & home furnishing and other home products), appliance & electronics (which includes appliances & electronics and consumer electronics), and beauty & personal care categories (which includes personal care, beauty and consumer health, according to CIC:

Categories beyond Fashion (Retail Sales Value, US$ billions)	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Home & Living	1,332.3	1,364.3	1,376.0	1,375.9	1,407.8	1,449.2	1,490.3	1,533.1	1,577.1	1,625.1
Appliances & Electronics	1,214.8	1,231.8	1,271.2	1,360.6	1,441.0	1,529.2	1,625.1	1,732.1	1,849.2	1,975.8
Beauty & Personal Care	474.6	504.8	548.5	583.8	613.5	651.0	690.7	732.4	776.7	824.0

Source: Annual reports from listed companies and industry expert interviews, Euromonitor, CIC

Home & living: According to CIC, the global home & living retail industry reached US$1,407.8 billion in 2025 and is expected to grow at a CAGR of 2.9% to reach US$1,625.1 billion in 2030, primarily driven by the integration of smart home and IoT technology, and increasingly customized home decoration demand. The global online home & living retail industry reached US$281.8 billion in 2025 and is expected to further increase to US$373.8 billion in 2030 at a CAGR of 5.8%.

Appliance & electronics: According to CIC, the global appliances & electronics retail industry reached US$1,441.0 billion in 2025 and is expected to grow at a CAGR of 6.5% to reach US$1,975.8 billion in 2030, primarily driven by technology innovation of appliances & electronics products as well as the increasing online e-commerce penetration. The global online appliances & electronics retail industry reached US$659.3 billion in 2025 and is expected to further increase to US$1,066.9 billion in 2030 at a CAGR of 10.1%.

Beauty & personal care: According to CIC, the global beauty & personal care retail industry reached US$613.5 billion in 2025 and is expected to grow at a CAGR of 6.1% to reach US$824.0 billion in 2030, primarily driven by consumers' needs for personalised and sustainable products, and the increasing online e-commerce penetration. The global online beauty & personal care retail industry reached US$170.5 billion in 2025 and is expected to further increase to US$263.7 billion in 2030 at a CAGR of 9.1%.

KEY RAW MATERIAL PRICE TRENDS FOR PRODUCING APPAREL AND FOOTWEAR PRODUCTS

In 2025, 82.7% of the Company's raw material portfolio by weight consisted of polyester, a type of man-made fibre. The Chinese mainland is the largest man-made fibre production jurisdiction in terms of sales value in 2025. The total sales value of man-made fibre of the Chinese mainland exceeds the combined total of the second to tenth largest man-made fibre producing countries. Therefore, we quote the price index of man-made fibre in the Chinese mainland as the proxy for the global price trend for polyester.

The price index of man-made fibre in the Chinese mainland increased slightly from 100.0 in 2021 to 104.2 in 2022, which was mainly due to demand recovery and supply-side constraints. Post-pandemic economic revival, coupled with economic stimulus measures, reignited consumer spending on apparel and industrial textiles. After reaching the peak in 2022, the price index of man-made fibre in the Chinese mainland experienced a slight decline, reached 94.0 in 2025, reflecting the supply-demand fluctuations and raw material price swings.

Meanwhile, from 2021 to 2025, the Producer Price Index (the "**PPI**") of Apparel and Footwear in the Chinese mainland remained relatively stable, slightly increasing from a base of 100.0 in 2021 to 102.0 in 2025.

SOURCES OF INFORMATION

We commissioned CIC, an independent market research and consulting firm, to prepare a report on the global fashion industry (the "**CIC Report**"). CIC, founded in Hong Kong, provides professional services including, among others, industry consulting, commercial due diligence and strategic consulting. We have agreed to pay a fee of RMB1,050,000 to CIC in connection with the preparation of the CIC Report. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the CIC Report. We have extracted certain information from the CIC Report in this section, as well as elsewhere in this document, to provide our potential [**REDACTED**] with a more comprehensive presentation of the industry in which we operate. During the preparation of the CIC Report, CIC performed both primary and secondary research, and obtained knowledge, statistics, information on and industry insights into the global fashion industry. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analysing data from various publicly available data sources. The CIC Report was compiled based on the following assumptions: (1) the relevant key drivers are likely to drive the continued growth of the global fashion industry throughout the forecast period; and (2) there is no extreme force majeure or unforeseen industry regulations in which the industry may be affected in either a dramatic or fundamental way. All forecasts in relation to market size are based on the general economic conditions as of the Latest Practicable Date. After making reasonable inquiries, our Directors confirm that there has been no adverse change in the market information presented in the CIC Report since the date of the report which may qualify, contradict or have an impact on the information in this section.