

OVERVIEW

We have entered into cornerstone investment agreements (“**Cornerstone Investment Agreement(s)**”) with cornerstone investors set out in this chapter (“**Cornerstone Investor(s)**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities (including qualified domestic institutional investor(s) (“**QDII(s)**”) or qualified domestic limited partnership(s) (“**QDLP(s)**”) as approved by the relevant PRC authorities) to subscribe, for such number of Offer Shares (rounded down to the nearest whole board lot of 100 Shares) that may be purchased at the Offer Price of an aggregate amount of up to approximately US\$9.79 million (approximately HK\$76.54 million) (calculated based on the conversion rate of US\$1.00 to HK\$7.8153) (exclusive of brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy) (each a “**Cornerstone Investment**” and collectively, the “**Cornerstone Placing**”).

The Cornerstone Placing will form part of the International Offering, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be acquired by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares in issue and will be counted towards the public float of our Company under Rule 8.24 of the Listing Rules.

Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under the Cornerstone Investment Agreements, as compared with other public Shareholders. There are no side arrangements between us and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price.

There will be no delayed delivery or deferred settlement of Offer Shares to be subscribed by the Cornerstone Investors and the consideration will be settled by the Cornerstone Investors on or before the Listing Date. The Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation in the event of over-subscription under the Hong Kong Public Offering, as described in “Structure of the Global Offering—The Hong Kong Public Offering—Reallocation and Clawback”. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by us on or around July 11, 2023.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set out below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

1. Shenzhen Fenda Technology Co., Ltd.

Shenzhen Fenda Technology Co., Ltd. (深圳市奋达科技股份有限公司) (“**Fenda Tech**”) was founded in the PRC in 1993 and listed on the Shenzhen Stock Exchange in 2012 (stock code: 002681). Fenda Tech started with research and development and manufacturing of loudspeakers, and after 30 years of development and precipitation and innovation and upgrading, it has formed four core technical capabilities of wireless, electroacoustic, software and precision manufacturing. Fenda Tech’s products mainly include electroacoustic products, health appliances, smart wear and smart home four business segments. It is a leading new intelligent hardware integration solution provider and service provider.

2. Fuqing Shengde Calorie Investment Co., Ltd.

Established in China on May 31, 2023, Fuqing Shengde Calorie Investment Co., Ltd. (福清胜德卡路里投资有限公司) (“**Shengde**”) is a wholly-owned subsidiary of Fujian Shengde Investment Group Co., Ltd. (福建胜德投资集团有限公司) (“**Shengde Group**”). Established in China on September 17, 2021, Shengde Group is an integrated industry supply chain company focusing on yoga sports equipment. It vertically covers the core stages in the product cycle, including elastomeric polymer raw materials, foam materials, finished products production, warehousing, logistics services and other research and development, manufacturing and logistics processes. With the belief that technological innovation is the most important element to its corporate development, Shengde Group continues to develop in the areas of new material research and development and smart manufacturing. Shengde Group’s member companies have been awarded honorary titles including “National High-tech Enterprise” (國家級高新技術企業), “Provincial Science and Technology Small Giant” (省級科技小巨人), “National Science and Technology Enterprise” (國家級科技型企業) and “Provincial Specialized New Enterprise” (省級專精特新企業). Shengde Group is ultimately beneficially owned by Weng Chen (翁琛). Mr. Weng is an Independent Third Party.

3. Xiamen Evere Sports Goods Co., Ltd.

Xiamen Evere Sports Goods Co., Ltd. (厦门群鑫机械工业有限公司) (“**Evere Sports**”) is a company established in the PRC in 1998 and is principally engaged in the OEM (original equipment manufacturing) and ODM (original design manufacturing) as well as sale of sports equipments, including workout bikes, treadmills, multi-functional training machine, rowing machine and so forth. The founder and the sole shareholder of Evere Sports is Mr. Lin Han Sung (林汉松). Mr. Lin is an Independent Third Party.

We became acquainted with each of Fenda Tech, Shengde Group and Evere Sports through previous business cooperations as they are our existing suppliers; they approached us for investment opportunities when they noticed our application for the Listing. As confirmed by each of the Cornerstone Investors, their subscription under the Cornerstone Placing would be financed by their own internal financial resources and/or the financial resources of their shareholders. We believe that the Cornerstone Investment signifies our Cornerstone Investors’ confidence in the Company and its business prospect, especially as our Cornerstone Investors are seasoned participants within the industries in which we operate.

Immediately following the Global Offering, the Cornerstone Investors will not become substantial shareholders of our Company and the Cornerstone Investors will not have any Board representation in our Company.

To our Company’s best knowledge, each Cornerstone Investor (and, for Cornerstone Investors who will subscribe for our Offer Shares through QDII or ODLP, each of such QDII or QDLP) is: (i) an Independent Third Party and is not connected person; (ii) independent of other Cornerstone Investors; (iii) not accustomed to take instructions from us, our Directors, chief executive, substantial shareholders, existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them; and (iv) not financed by us, our Directors, chief executive, substantial shareholders, existing Shareholders or any of its subsidiaries or their respective close associates.

To the extent that any Cornerstone Investor has engaged a QDII or QDLP to subscribe for the relevant Offer Shares on its behalf, such Cornerstone Investor will procure such QDII or QDLP to comply with the terms of its Cornerstone Investment Agreement in order to ensure the compliance of such Cornerstone Investor with its obligations under its Cornerstone Investment Agreement.

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To the best knowledge of our Company, the Cornerstone Investments do not require shareholders' approval from the shareholders of the listed Cornerstone Investor, or the corresponding listed shareholder of the Cornerstone Investor in cases where its shareholder(s) is listed, on any stock exchange as disclosed above in “—The Cornerstone Investors”.

CORNERSTONE PLACING

The table below sets out details of the Cornerstone Placing:

		Assuming a final Offer Price of HK\$28.92 per Share (being the low-end of the indicative Offer Price range)				
Cornerstone Investor	Subscription amount	Number of Offer Shares to be acquired ⁽¹⁾	Assuming the Over-Allotment Option is not exercised		Assuming the Over-Allotment Option is fully exercised	
			Approximately % of the Offer Shares	Approximately % of the issued share capital ⁽²⁾	Approximately % of the Offer Shares	Approximately % of the issued share capital ⁽²⁾
Fenda Tech	US\$5.00 million	1,351,300	12.47%	0.26%	10.84%	0.26%
Shengde	US\$2.00 million	540,400	4.99%	0.10%	4.34%	0.10%
Evere Sports	RMB20.00 million	754,800	6.96%	0.14%	6.06%	0.14%
Total	HK\$76.54 million⁽³⁾	2,646,500	24.42%	0.50%	21.23%	0.50%

		Assuming a final Offer Price of HK\$45.19 per Share (being the mid-point of the indicative Offer Price range)				
Cornerstone Investor	Subscription amount	Number of Offer Shares to be acquired ⁽¹⁾	Assuming the Over-Allotment Option is not exercised		Assuming the Over-Allotment Option is fully exercised	
			Approximately % of the Offer Shares	Approximately % of the issued share capital ⁽²⁾	Approximately % of the Offer Shares	Approximately % of the issued share capital ⁽²⁾
Fenda Tech	US\$5.00 million	864,700	7.98%	0.16%	6.94%	0.16%
Shengde	US\$2.00 million	345,800	3.19%	0.07%	2.77%	0.07%
Evere Sports	RMB20.00 million	483,000	4.46%	0.09%	3.88%	0.09%
Total	HK\$76.54 million⁽³⁾	1,693,500	15.62%	0.32%	13.59%	0.32%

		Assuming a final Offer Price of HK\$61.46 per Share (being the high-end of the indicative Offer Price range)				
Cornerstone Investor	Subscription amount	Number of Offer Shares to be acquired ⁽¹⁾	Assuming the Over-Allotment Option is not exercised		Assuming the Over-Allotment Option is fully exercised	
			Approximately % of the Offer Shares	Approximately % of the issued share capital ⁽²⁾	Approximately % of the Offer Shares	Approximately % of the issued share capital ⁽²⁾
Fenda Tech	US\$5.00 million	635,800	5.87%	0.12%	5.10%	0.12%
Shengde	US\$2.00 million	254,300	2.35%	0.05%	2.04%	0.05%
Evere Sports	RMB20.00 million	355,100	3.28%	0.07%	2.85%	0.07%
Total	HK\$76.54 million⁽³⁾	1,245,200	11.49%	0.24%	9.99%	0.24%

Notes:

- (1) Rounded down to the nearest whole board lot of 100 Shares. Calculated based on the exchange rate set out in “Information about this document and the Global Offering—Exchange rate conversion”.
- (2) Immediately following the Global Offering, assuming the Presumptions.
- (3) Calculated based on the conversion rates of US\$1.00 to HK\$7.8153 and RMB1.00 to HK\$1.0916, as applicable.

CLOSING CONDITIONS

The subscription obligation of each Cornerstone Investor under their respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (a) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their

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respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;

- (b) the Offer Price having been agreed upon between our Company and the Sole Overall Coordinator (on behalf of the underwriters of the Global Offering);
- (c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Shares subscribed for by the Cornerstone Investors) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (d) no Laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (e) the representations, warranties, undertakings and confirmations of such Cornerstone Investor and (where applicable) the guarantor under the respective Cornerstone Investment Agreement are and will be accurate, true and complete in all respects and not misleading or deceptive and that there is no material breach of such Cornerstone Investment Agreement on the part of such Cornerstone Investor and (where applicable) the guarantor.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each Cornerstone Investor has agreed that it will not, whether directly or indirectly, at any time during the period of twelve months (except for Fenda Tech, in the case of which the period is six months) following the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreement, save for in certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.