

CMB International Capital Limited

45th Floor, Champion Tower

3 Garden Road

Central

Hong Kong

Date: March 23, 2026

Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd.

杭州銅師傅文創(集團)股份有限公司

No. 777 Yading Road, Yangxi Subdistrict,

Jiande City,

Zhejiang Province,

PRC

Dear Sirs,

Consent to the issue of the Prospectus of Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd. (杭州銅師傅文創(集團)股份有限公司) (the “Company”) in connection with the Global Offering

We refer to the prospectus of the Company dated March 23, 2026 (the “**Prospectus**”) in connection with the global offering and listing of the H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Unless otherwise stated, capitalized terms used in this letter shall have the same meanings as those defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn, our consent to the issue of the Prospectus and the inclusion of, and all references to, our name, qualification, opinions and advice, in the form and context in which they respectively appear in the Prospectus.

We hereby consent to you releasing this letter to the Registrar of Companies in Hong Kong and the Stock Exchange for the purpose of the registration of the Prospectus and referring to it in the Prospectus. We also hereby consent to this letter being made available on display as described in “Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display” in Appendix VIII to the Prospectus.

For and on behalf of
CMB International Capital Limited



Name: Selwyn Siu
Title: Managing Director



Name: Triston Cui
Title: Executive Director

March 23, 2026

The Directors
Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd.
No. 777, Yading Road, Yangxi Street,
Jiande City,
Zhejiang Province,
PRC

Dear Sirs,

We refer to the prospectus dated March 23, 2026 (the "Prospectus") issued in connection with the proposed initial listing of shares of Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd. (the "Company") on the Main Board of The Stock Exchange of Hong Kong Limited, a copy of which is attached and initialled by us on its front cover for the purpose of identification.

We hereby consent to the inclusion of our accountants' report on historical financial information of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended December 31, 2024 and the nine months ended September 30, 2025, and our independent reporting accountants' assurance report on the compilation of unaudited pro forma financial information of the Group, all dated March 23, 2026 in the Prospectus, and the references to our name in the form and context in which they are included.

Yours faithfully,





TONGSHIFU

杭州銅師傅文創(集團)股份有限公司

HANGZHOU TONGSHIFU CULTURAL AND CREATIVE (GROUP) CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 0664

GLOBAL OFFERING



Sole Sponsor, Sole Sponsor-Overall Coordinator, Joint Global Coordinator,
Joint Bookrunner and Joint Lead Manager

CMBI  **招銀国际**

Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



CITIC SECURITIES

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



TONGSHIFU

HANGZHOU TONGSHIFU CULTURAL AND CREATIVE (GROUP) CO., LTD.

杭州銅師傳文創(集團)股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 7,406,800 H Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 740,700 H Shares (subject to reallocation)
Number of International Offer Shares	: 6,666,100 H Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	: HK\$68.00 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and the AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: RMB1.00 per H Share
Stock code	: 0664



*Sole Sponsor, Sole Sponsor-Overall Coordinator, Joint Global Coordinator,
Joint Bookrunner and Joint Lead Manager*

CMBI 招銀國際

Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



CITIC SECURITIES

Joint Bookrunners and Joint Lead Managers

ABCI 農銀國際 **光大證券 國際** **利弗莫爾證券** **富途證券** **百惠金控 PATRONS**

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix VIII – Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display", has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged, or transferred within the United States, except in reliance on an exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside of the United States in offshore transactions in accordance with Regulation S.

The Offer Price is expected to be fixed by agreement between the Overall Coordinators (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or before Friday, March 27, 2026 (Hong Kong time) and, in any event, not later than 12:00 noon on Friday, March 27, 2026 (Hong Kong time). The Offer Price will not be more than HK\$68.00 per Offer Share and is currently expected to be not less than HK\$60.00 per Offer Share. If, for any reason, the Offer Price is not agreed by 12:00 noon on Friday, March 27, 2026 (Hong Kong time) between the Overall Coordinators (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse. Applicants for Hong Kong Offer Shares may be required to pay, on application (subject to application channels), the maximum Offer Price of HK\$68.00 for each Hong Kong Offer Share together with a brokerage of 1%, a SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors."

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Please see the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination."

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.tongshifu.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

March 23, 2026

IMPORTANT

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at www.tongshifu.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online through the **White Form eIPO** service at www.eipo.com.hk; or
- (2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to “How to Apply for Hong Kong Offer Shares” for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be made for a minimum of 100 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Hong Kong Offer Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application
	HK\$		HK\$		HK\$		HK\$
100	6,868.57	1,500	103,028.66	8,000	549,486.25	90,000	6,181,720.20
200	13,737.16	2,000	137,371.55	9,000	618,172.02	100,000	6,868,578.00
300	20,605.73	2,500	171,714.46	10,000	686,857.80	120,000	8,242,293.60
400	27,474.31	3,000	206,057.35	20,000	1,373,715.60	140,000	9,616,009.20
500	34,342.89	3,500	240,400.24	30,000	2,060,573.40	160,000	10,989,724.80
600	41,211.47	4,000	274,743.12	40,000	2,747,431.20	180,000	12,363,440.40
700	48,080.05	4,500	309,086.01	50,000	3,434,289.00	200,000	13,737,156.00
800	54,948.62	5,000	343,428.90	60,000	4,121,146.80	250,000	17,171,445.00
900	61,817.20	6,000	412,114.68	70,000	4,808,004.60	300,000	20,605,734.00
1,000	68,685.78	7,000	480,800.45	80,000	5,494,862.40	370,300 ⁽¹⁾	25,434,344.33

Notes:

- (1) Maximum number of Hong Kong Offer Shares you may apply for.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on our Company's website at www.tongshifu.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

Hong Kong Public Offering commences 9:00 a.m. on Monday,
March 23, 2026

Latest time to complete electronic applications under **White Form eIPO** service through the designated website www.eipo.com.hk⁽²⁾ . . . 11:30 a.m. on Thursday,
March 26, 2026

Application lists of the Hong Kong Public Offering open⁽³⁾ 11:45 a.m. on Thursday,
March 26, 2026

Latest time for (a) completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) applying through **HKSCC EIPO** channel⁽⁴⁾ 12:00 noon on Thursday,
March 26, 2026

If you are instructing your **broker** or **custodian** who is a HKSCC Participant will submit an **electronic application instruction(s)** on your behalf through HKSCC's FINI system in accordance with your instruction, you are advised to contact your **broker** or **custodian** for the earliest and latest time for giving such instructions as this may vary by **broker** or **custodian**.

Application lists of the Hong Kong Public Offering close⁽³⁾ 12:00 noon on Thursday,
March 26, 2026

Expected Price Determination Date⁽⁵⁾ by 12:00 noon on Friday,
March 27, 2026

Announcement of the Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering; and the basis of allocation of the Hong Kong Offer Shares to be published on our website at www.tongshifu.com⁽⁶⁾ and the website of the Hong Kong Stock Exchange at www.hkexnews.hk⁽⁶⁾ at or before 11:00 p.m. on Monday,
March 30, 2026

The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- A full announcement of the Hong Kong Public Offering above to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.tongshifu.com⁽⁶⁾ no later than
11:00 p.m. on Monday,
March 30, 2026

EXPECTED TIMETABLE

- Result of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) will be available at www.iporesults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment) with a "search by ID" function from 11:00 p.m. on Monday, March 30, 2026 to 12:00 midnight on Sunday, April 5, 2026
- Allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on Tuesday, March 31, 2026, Wednesday, April 1, 2026, Thursday, April 2, 2026 and Wednesday, April 8, 2026

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, March 27, 2026

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before⁽⁷⁾ Monday, March 30, 2026

White Form e-Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering to be dispatched on or before⁽⁸⁾ Tuesday, March 31, 2026

Dealings in H Shares on the Hong Kong Stock Exchange expected to commence at 9:00 a.m. on Tuesday, March 31, 2026

Notes:

- (1) All dates and times refer to Hong Kong local dates and time, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) Applicants who apply for the Hong Kong Offer Shares via **HKSCC EIPO** channel should refer to "How to Apply for Hong Kong Offer Shares – A. Application for Hong Kong Offer Shares – 2. Application Channels – **HKSCC EIPO** channel" in this prospectus.
- (4) The Price Determination Date is expected to be on or before Friday, March 27, 2026. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us on or before 12:00 noon on Friday, March 27, 2026, the Global Offering will not proceed and will lapse.
- (5) None of the websites or any of the information contained on the websites forms part of this prospectus.
- (6) No temporary documents of title will be issued in respect of the Offer Shares. H Share certificates for the Hong Kong Offer Shares will only become valid evidence of title provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with their terms prior to 9:00 a.m. on the Listing Date. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid do so at their own risk.

EXPECTED TIMETABLE

- (7) **White Form** e-Refund payment instruction/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.
- (8) Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce, at the time of collection, evidence of identity acceptable to our H Share Registrar. Applicants who have applied for Hong Kong Offer Shares through the **HKSCC eIPO** channel should refer to "How to Apply for Hong Kong Offer Shares – D. Dispatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus.

Applicants who have applied through the **White Form eIPO** service and paid their application monies through single bank account may have refund monies (if any) dispatched to the bank account, in the form of **White Form** e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions, in the form of refund cheques, by ordinary post at their own risk.

H Share certificates and/or refund cheques (if applicable) for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected H Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in "How to Apply for Hong Kong Offer Shares – D. Dispatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus.

The above expected timetable is a summary only. You should refer to "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, the Company will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents or representatives of any of them, or any other person or party involved in the Global Offering. Information contained on our website, located at www.tongshifu.com, does not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus before you decide to invest in the Shares. There are risks associated with any investment. Some of the particular risks in investing in the Shares are set out in the section headed “Risk factors” in this prospectus. You should read that section carefully before you decide to invest in the Shares. Various expressions used in this section are defined or explained in “Definitions” and “Glossary of Technical Terms” in this prospectus.

OVERVIEW

We, TONGSHIFU (銅師傅), have focused on developing copper-based cultural and creative products by integrating traditional techniques with modern design and usage scenarios since our inception. According to the F&S Report, we ranked No. 1 in China’s copper-based cultural and creative crafts market in terms of overall revenue for the year ended December 31, 2024, with a market share of 35.0%. The PRC copper-based cultural and creative crafts market accounted for approximately 6.3% of the PRC metal cultural and creative craft market in 2024 and is a narrow sub-segment of the broader PRC cultural and creative craft market, in which we held an approximately 0.2% market share in 2024.

We have extended our materials portfolio to include gold, silver, and plastic, reaching a broader audience and unlocking new creative possibilities. Our copper, gold, and silver products are made from pure metals. Certain copper-based cultural and creative product SKUs feature a layer of pure gold or silver coating to enhance their aesthetic appeal and value.

Copper-based cultural and creative products remain at the core of our offerings. The copper-based cultural and creative crafts segment is relatively concentrated, with the top three market participants collectively accounting for over 71.9% of the total market by revenue for the year ended December 31, 2024. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue from our copper-based cultural and creative products amounted to RMB479.6 million, RMB488.0 million, RMB551.3 million, RMB389.2 million, and RMB424.6 million, respectively, representing 95.4%, 96.3%, 96.6%, 96.7%, and 94.8% of our total revenue for the same periods. Building on this foundation, we have progressively expanded into diverse material categories, including plastic figures and toys, silver cultural and creative products, and gold cultural and creative products.

OUR PRODUCTS

Our Product Categories

Our products can be classified into four main categories based on material and craftsmanship: (i) copper-based cultural and creative products, (ii) plastic figures and toys, (iii) silver cultural and creative products, and (iv) gold cultural and creative products. Each product category is curated to integrate traditional craftsmanship with modern techniques, catering to various consumer preferences and market trends. Our product portfolio is primarily positioned within the metal cultural and creative craft market, with a strong focus on copper-based cultural and creative products. The copper cultural and creative market represents a specialized segment within the broader metal cultural and creative craft market. For further details on the market structure, please refer to the “Industry Overview” section in this prospectus.

Our products blend traditional craftsmanship with modern design, serving a variety of functions to meet the diverse needs of our customers. In addition to decorating purpose and ideal for gifting, they are suitable for festive occasions, personal milestones, and corporate events. Limited-edition items, particularly those inspired by our proprietary IPs, are also sought after by collectors. Additionally, our copper engraved artworks add a touch of artistic refinement to commercial spaces, office environments, and furniture. Meanwhile, our gold and silver cultural and creative products offer compact, versatile pieces such as pendants and small figurines, which can be worn as accessories on bags and clothing or displayed as decorative items.

SUMMARY

The following table sets forth the breakdown of our revenue by product categories during the Track Record Period.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000 (unaudited)	% of revenue	RMB'000	% of revenue
Copper-based cultural and creative products	479,645	95.4	488,005	96.3	551,251	96.6	389,196	96.7	424,600	94.8
– Copper ornaments	428,004	85.1	434,161	85.7	497,831	87.2	351,260	87.3	390,203	87.2
– Copper engraved artworks	51,641	10.3	53,844	10.6	53,420	9.4	37,936	9.4	34,397	7.6
Plastic figures and toys	3,286	0.7	13,304	2.6	14,252	2.5	11,089	2.8	6,959	1.6
Silver cultural and creative products	4,771	0.9	3,320	0.7	4,232	0.7	1,086	0.3	6,538	1.5
Gold cultural and creative products	–	–	–	–	1,274	0.2	820	0.2	9,496	2.1
Wooden cultural and creative products	15,483	3.0	1,754	0.4	179	0.0	164	0.0	79	0.0
Total	503,185	100.0	506,383	100.0	571,188	100.0	402,355	100.0	447,672	100.0

The following table sets forth the breakdown of our gross profit and gross profit margin by product categories during the Track Record Period. For further details of the trend discussion, please refer to the section headed “Financial Information – Description of Selected Components of Statements of Profit or Loss – Revenue – Sales Channel” in this prospectus.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000 (unaudited)	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Copper-based cultural and creative products	155,654	32.5	155,902	31.9	194,024	35.2	137,378	35.3	147,050	34.6
Plastic figures and toys	1,491	45.4	6,806	51.2	6,215	43.6	5,157	46.5	2,162	31.1
Silver cultural and creative products	1,883	39.5	1,339	40.3	1,558	36.8	617	56.8	2,807	42.9
Gold cultural and creative products	–	–	–	–	205	16.1	150	18.3	1,585	16.7
Wooden cultural and creative products	3,200	20.7	162	9.2	83	46.4	95	57.9	3	3.8
Total	162,228	32.2	164,209	32.4	202,085	35.4	143,397	35.6	153,607	34.3

Building on our expertise in copper craftsmanship, we have progressively expanded our product offerings into gold-based cultural and creative crafts in late 2024. The shared properties between these metals allow us to leverage synergies in design, craftsmanship, and production processes. Our gold cultural and creative products are marketed under a dedicated sub-brand, “Xijiang Gold Shop (鑒匠金舖).” These products are crafted with 999 pure gold. In addition to our gold offerings, select SKUs under the “Xijiang Gold Shop” sub-brand are also available in pure silver versions.

During the Track Record Period, we also offered a limited range of wooden cultural and creative products under our “Weitan (唯檀)” brand. Both the absolute value and proportion of revenue from this category were low, and the significant decrease resulted from our decision to cease production of wooden cultural and creative products starting in 2022. The cessation of our wooden cultural and creative products was a strategic decision made after evaluating market conditions and customer feedback, as we streamlined our product portfolio to focus on materials and categories more aligned with our core strengths and long-term development direction. Revenue in the subsequent period was primarily derived from the sale of remaining inventory. For more details, please refer to “Business – Our Products – Our Product Categories” in this prospectus.

Our Product Development

Our product development is integral to our business, focusing on original design, sample creation, and process improvement rather than fundamental technological advancements. For more details, please refer to “Business – Our Products – Our Product Development” in this prospectus.

SUMMARY

STRENGTHS

We believe that the following strengths contribute to our success and differentiate us from our competitors: (i) balancing quality and accessibility through structured pricing and craftsmanship; (ii) enhancing traditional techniques with structured workflows and process optimization; (iii) original design as drivers of long-term development; (iv) a wide multi-channel reach powered by diverse channels; and (v) experienced management and creative team supporting long-term business growth. For details, please refer to “Business – Strengths” in this prospectus.

STRATEGIES

We plan to implement the following targeted strategies: (i) ongoing product development to catalyze new growth momentum; (ii) optimizing an multi-channel sales network for an integrated retail ecosystem; (iii) improving demand forecasting and resource allocation to optimize order fulfillment; (iv) international expansion strategy and regional market development; and (v) selective digital enhancement to support operational efficiency. For details, please refer to “Business – Strategies” in this prospectus.

OUR IP PORTFOLIO

We have built a comprehensive IP portfolio, comprising both self-developed IPs and licensed IP collaborations, supported by a robust framework of design patents, copyrights, and proprietary techniques.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue generated from SKUs based on our self-developed IPs was approximately RMB473.5 million, RMB447.2 million, RMB535.4 million, RMB372.7 million and RMB395.3 million, accounted for approximately 94.1%, 88.3%, 93.7%, 92.6% and 88.3% of our total revenue, respectively. SKUs based on our licensed IPs, on the other hand, generated revenue of approximately RMB29.7 million, RMB59.1 million, RMB35.8 million, RMB29.7 million and RMB52.4 million, representing 5.9%, 11.7%, 6.3%, 7.4%, and 11.7% of our total revenue, respectively.

We have continued to enrich our intellectual property portfolio through both self-developed and licensed IPs, with new SKUs introduced each year/period to support our evolving product roadmap. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we introduced 407, 350, 528, 342, and 327 new SKUs based on our self-developed IPs, respectively. Over the same periods, we introduced 176, 164, 179, 87, and 77 new SKUs based on our licensed IPs, respectively. The number of new SKUs is calculated based on those that were newly made available for sale during the respective periods.

Revenue from our top five IPs in each year/period during the Track Record Period in aggregation represented 20.5%, 20.1%, 23.9%, and 23.4% of total revenue for the years ended December 31, 2022, 2023, 2024, and the nine months ended September 30, 2025, respectively. We have cultivated a broad and diversified IP portfolio, ensuring that we do not materially rely on any single IP.

As of September 30, 2025, we had obtained 1,776 artistic copyrights, 171 design patents, 12 utility model patents, 9 software copyrights and 3 invention patents, reflecting our sustained investment in research and development and IP protection. In support of our IP strategy, we have established a dedicated creative research and development system composed of 142 research and development personnel as of September 30, 2025. We continue to expand our research and development talent base and deepen design specialization, as reflected by a steady increase in new SKU output across a broadening range of product categories and themes during the Track Record Period. For more details, please refer to “Business – Our IP Portfolio” in this prospectus.

OUR PRICING

Our pricing strategy is based on the principle of value-driven quality, emphasizing the artistic, cultural, and material value of each product while ensuring broad consumer accessibility. During the Track Record Period, our online average transaction value per customer was approximately RMB958, RMB822, RMB777 and RMB598 for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. During the Track Record Period, the offline average transaction value per customer from our offline self-operated stores was approximately RMB1,918, RMB1,734, RMB568 and RMB726 for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. For more details, please refer to “Business – Our Pricing” in this prospectus.

SUMMARY

OUR PRODUCTION

We operate an integrated production and procurement model that combines in-house manufacturing with limited outsourced production. Our in-house production is conducted at our Hangzhou Facility, which spans a total gross floor area of approximately 155,626 square meters as of September 30, 2025. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our outsourcing costs accounted for 3.7%, 4.1%, 4.8%, 5.2% and 5.1% of our cost of sales, respectively, reflecting our disciplined use of external resources in support of production efficiency.

Copper is the primary raw material used in our production process, with its price volatility being a key factor influencing our procurement costs. During the Track Record Period, direct materials, which primarily comprising copper used in our copper-based cultural and creative products, accounted for approximately 51.9%, 47.1%, 47.1%, 46.9% and 47.6% of our total cost of sales for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. For more details, please see “Financial Information – Description of Selected Components of Statements of Profit or Loss – Cost of Sales” in this prospectus.

Our production capacity reflects the artisanal nature of our copper-based cultural and creative products and is based on the annual volume of copper processed (in kilograms). Our designed capacity is derived from standardized labor assumptions, accounting for the manual processes involved. During the Track Record Period, our production capacity utilization remained relatively stable at a high level. In the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our production capacity utilization rate was 99.7%, 99.3%, 101.7%, 96.0% and 98.7%, respectively.

During the Track Record Period, there was no material revenue concentration or contribution attributable to any single skilled worker.

For more details, please refer to “Business – Our Production” in this prospectus.

SALES AND MARKETING

The following table sets forth our revenue by overall online sales and offline sales during the Track Record Period:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Online sales	410,780	81.7	414,994	82.0	455,070	79.7	317,100	78.9	363,447	81.2
Offline sales	92,405	18.3	91,389	18.0	116,118	20.3	85,255	21.1	84,225	18.8
Total	503,185	100.0	506,383	100.0	571,188	100.0	402,355	100.0	447,672	100.0

The following table sets forth our revenue of product sales by sales channel during the Track Record Period:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Direct sales										
Online direct sales	355,392	70.6	353,977	69.9	402,889	70.5	278,823	69.3	317,286	70.9
Offline direct sales	3,648	0.7	3,624	0.7	17,627	3.1	10,940	2.7	21,573	4.8
Other direct sales ⁽¹⁾	12,805	2.5	13,354	2.6	17,761	3.1	12,556	3.1	12,279	2.7
Subtotal	371,845	73.8	370,955	73.2	438,277	76.7	302,319	75.1	351,138	78.4
Distribution partnerships										
Online distributors	51,842	10.3	47,027	9.3	37,996	6.7	30,656	7.6	25,951	5.8
Offline distributors	75,952	15.1	74,342	14.7	78,986	13.8	60,781	15.1	48,673	10.9
Subtotal	127,794	25.4	121,369	24.0	116,982	20.5	91,437	22.7	74,624	16.7

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	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Consignment arrangement .	3,546	0.8	14,059	2.8	15,929	2.8	8,599	2.2	21,910	4.9
Total	503,185	100.0	506,383	100.0	571,188	100.0	402,355	100.0	447,672	100.0

Note:

- (1) Other direct sales refer to institutional and individual customers who place order directly with the Group. Institutional customers comprise enterprises, governmental entities, and other organizations purchasing our products tailored for particular festivals, events, or promotional activities.

We operate a multi-channel sales network comprising: (i) direct sales, including online direct sales through e-commerce flagship stores and offline direct sales through self-operated retail stores; (ii) distribution partnerships, consisting of online and offline distributors operating under a buyout model; and (iii) consignment arrangement, primarily through managed third-party online platforms.

The following table sets forth our gross profit and gross profit margin of product sales by sales channel during the Track Record Period. Among all channels, online direct sales have had the most significant impact on our gross profit and gross profit margin. For the year ended December 31, 2024, online direct sales showed a strong gross profit increase to RMB155.2 million, driven by a pricing adjustment across all sales channels. This increase led to an improved gross profit margin of 38.5%, up from 35.8% in 2023. These adjustments, along with the expansion of our offline self-operated store network and positive customer response, have positively influenced our overall profitability. For more details, please refer to “Business – Sales and Marketing” in this prospectus.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Direct sales										
Online direct sales	126,525	35.6	126,598	35.8	155,167	38.5	109,827	39.4	117,637	37.1
Offline direct sales	1,422	39.0	1,291	35.6	7,477	42.4	4,636	42.4	8,927	41.4
Other direct sales	4,590	35.8	4,706	35.2	6,135	34.5	4,794	38.2	4,143	33.7
Distribution partnerships										
Sales to online distributors . .	13,899	26.8	12,211	26.0	10,323	27.2	8,190	26.7	6,566	25.3
Sales to offline distributors . .	14,472	19.1	13,484	18.1	16,169	20.5	12,262	20.2	8,980	18.4
Consignment arrangements.	1,320	37.2	5,919	42.1	6,814	42.8	3,688	42.9	7,354	33.6
Total	162,228	32.2	164,209	32.4	202,085	35.4	143,397	35.6	153,607	34.3

OUR CUSTOMERS AND SUPPLIERS

Across all sales channels, our online flagship stores account for the largest proportion of our total revenue. Customers in this channel are primarily individual consumers who make fragmented purchases through our online flagship stores. These consumers, despite their individual scale, collectively form the dominant revenue base of our business. In addition to direct retail customers, our major customers also include distributors and consignment sales partners. Revenue from our five largest customers in each year/period during the Track Record Period amounted to RMB51.6 million, RMB47.2 million, RMB51.5 million and RMB42.5 million for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively, representing 10.2%, 9.3%, 9.0% and 9.6% of our total revenue for the same year/period. For details, please refer to “Business – Customers – Major Customers” in this prospectus.

Our suppliers primarily include providers of metal raw materials, auxiliary materials, and e-commerce platforms that offer online sales and marketing infrastructure. Purchase costs payable to our five largest suppliers in each year/period during the Track Record Period amounted to

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RMB67.4 million, RMB79.3 million, RMB90.9 million and RMB72.5 million for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively, representing 29.0%, 37.6%, 35.3% and 33.1% of our total purchase costs for the same year/period. For details, please refer to “Business – Suppliers – Major Suppliers” in this prospectus.

RISK FACTORS

You should carefully consider all of the information set out in this prospectus and, in particular, the risks described in the section headed “Risk Factors” before making any investment decision. These include, among others: (i) we may not be able to continuously introduce products and IPs that align with evolving consumer preferences and market demand, which could adversely affect our business and growth prospects; (ii) any harm to the reputation, distinctiveness or integrity of our principal brand or sub-brands may materially and adversely affect our business performance, consumer trust and growth prospects; (iii) if our product development capabilities decline, our competitiveness and market share may be adversely affected; (iv) we may not be able to effectively coordinate and control our multi-channel sales network including third-party e-commerce platforms and distributors, which may result in channel conflicts, inconsistent pricing, and brand dilution, and could materially and adversely affect our business and results of operations; and (v) fluctuations in commodity prices, in particular copper, may materially and adversely affect our business, results of operations or financial condition. For details, see the section headed “Risk Factors” in this prospectus.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary historical financial information for the periods or as of the dates indicated. The summary historical financial information set forth below should be read together with, and is qualified in its entirety by reference to, the historical financial information included in the Accountants’ Report in Appendix I to this prospectus, including the accompanying notes, and the information set forth in “Financial Information.” Our historical financial information was prepared in accordance with IFRSs.

Summary of Consolidated Statements of Profit or Loss

The table below sets forth our consolidated statements of profit or loss with line items in absolute amounts and as percentages of our revenue for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000 (unaudited)	% of revenue	RMB'000	% of revenue
Revenue	503,185	100.0	506,383	100.0	571,188	100.0	402,355	100	447,672	100
Cost of sales	(340,957)	67.8	(342,174)	67.6	(369,103)	64.6	(258,958)	64.4	(294,065)	65.7
Gross profit	162,228	32.2	164,209	32.4	202,085	35.4	143,397	35.6	153,607	34.3
Other income	13,747	2.7	15,620	3.1	14,370	2.5	10,034	2.5	7,974	1.8
Other gains and losses	42	0.0	105	0.0	260	0.0	(140)	0.0	1,093	0.3
Impairment losses under expected credit loss model, net of reversal	(756)	0.1	715	0.1	(190)	0.0	(80)	0.0	39	0.0
Selling and marketing expenses	(62,667)	12.4	(72,448)	14.3	(71,590)	12.5	(53,502)	13.3	(59,623)	13.3
Administrative expenses	(27,972)	5.6	(30,426)	6.0	(26,923)	4.7	(18,675)	4.6	(20,108)	4.5
Other operating expenses . . .	(2,479)	0.5	(2,291)	0.4	(1,637)	0.3	(1,232)	0.3	(1,205)	0.3
Listing expenses	–	–	–	–	–	–	–	–	(12,821)	2.9
Research and development expenses	(18,802)	3.7	(28,638)	5.7	(28,212)	5.0	(20,714)	5.2	(24,703)	5.5
Finance costs	(896)	0.2	(5)	0.0	(97)	0.0	(69)	0.0	(83)	0.0
Profit before tax	62,445	12.4	46,841	9.2	88,066	15.4	59,019	14.7	44,170	9.9
Income tax expenses	(5,507)	1.1	(2,710)	0.5	(9,084)	1.6	(5,751)	1.4	(2,617)	0.6
Profit and total comprehensive income for the year/period	56,938	11.3	44,131	8.7	78,982	13.8	53,268	13.3	41,553	9.3

Non-IFRS measures

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these measures provide

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useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

Adjusted net profit (non-IFRS measures)

We define adjusted net profit (non-IFRS measure) as profit and total comprehensive income for the year/period, comprising listing expenses, as they are expenses relating to the Global Offering.

The following table provides the reconciliation from profit and total comprehensive income for the year/period to adjusted net profit (non-IFRS measure) for the year/period indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<i>Reconciliation of profit and total comprehensive income for the year/period to adjusted net profit (non-IFRS measure)</i>					
Profit and total comprehensive income for the year/period	56,938	44,131	78,982	53,268	41,553
Add:					
Listing expenses	—	—	—	—	12,821
Adjusted net profit (non-IFRS measure)	<u>56,938</u>	<u>44,131</u>	<u>78,982</u>	<u>53,268</u>	<u>54,374</u>

Net profit

Our net profit for the year ended December 31, 2024, increased to RMB79.0 million, up from RMB56.9 million in 2022, but then decreased to RMB41.6 million for the nine months ended September 30, 2025. For the year ended December 31, 2023, our net profit decreased from RMB56.9 million in 2022 to RMB44.1 million, primarily due to lower production output caused by technical upgrades, higher selling and marketing expenses, and continued investment in research and development. For the year ended December 31, 2024, our net profit rebounded strongly, increasing by approximately 79.0% to RMB79.0 million compared to 2023. This growth was primarily driven by stronger sales performance in copper-based cultural and creative products, particularly copper ornaments, improved production efficiency, and a more favorable product mix, which contributed to a higher gross profit margin. For the nine months ended September 30, 2025, our net profit decreased by 22.0% compared to the same period in 2024, amounting to RMB41.6 million. This decline was primarily attributed to the listing expenses incurred. For the year ended December 31, 2025, we anticipate that the listing expenses will result in a lower net profit compared to 2024.

Revenue

During the Track Record Period, we derived substantially all of our revenue from the Chinese Mainland, which accounted for over 98% of our total revenue in each of the years/periods presented. The remaining revenue was primarily generated from Taiwan, with a minimal contribution from the United States. For more details, please refer to “Financial Information – Description of Selected Components of Statements of Profit or Loss – Revenue – Geographical Region” in this prospectus.

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Summary of Consolidated Statements of Financial Position

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Current assets				
Inventories	115,681	107,161	132,305	153,277
Trade and other receivables	10,972	9,469	18,631	27,768
Right to returned goods asset	434	548	558	505
Tax recoverable	1,349	1,527	9	1,945
Financial asset at FVTPL	—	—	30,097	32,299
Time deposits	—	—	17,019	17,234
Restricted bank deposit	*	—	—	—
Bank balances and cash	55,677	114,094	88,044	91,940
Total current assets	184,113	232,799	286,663	324,968
Current liabilities				
Trade and other payables	66,667	73,035	68,584	71,534
Income tax payable	*	216	2,114	217
Lease liabilities	—	403	2,016	3,638
Contract liabilities	5,662	11,638	5,284	6,949
Refund liabilities	688	831	889	794
Total current liabilities	73,017	86,123	78,887	83,132
Total non-current assets	175,888	184,680	202,361	211,619
Total non-current liabilities	956	1,197	996	2,761
Net current assets	111,096	146,676	207,776	241,836
Net assets	286,028	330,159	409,141	450,694

* Amount below RMB1,000

As of December 31, 2022, December 31, 2023, December 31, 2024, and September 30, 2025, our net current assets were RMB111.1 million, RMB146.7 million, RMB207.8 million, and RMB241.8 million, respectively. These fluctuations in our net current assets reflect a consistent improvement in our liquidity position over the Track Record Period. The increase in net current assets from December 31, 2022, to September 30, 2025, can be attributed to both the growth in current assets and the stability in current liabilities. The changes in the balance sheet items include an increase in inventories and trade receivables, alongside the strategic management of liabilities, particularly trade payables and lease liabilities, which remained relatively stable during the period. The increase in current assets from RMB184.1 million as of December 31, 2022, to RMB325.0 million as of September 30, 2025, was driven by sustained profitability, which enhanced operating cash inflows. This allowed the accumulation of surplus liquidity, some of which was invested in low-risk structured deposits. Additionally, inventories rose from RMB115.7 million in 2022 to RMB153.3 million in the nine months ended September 30, 2025, supporting demand growth and ensuring supply chain resilience. Similarly, trade receivables increased in line with revenue growth, contributing further to the overall rise in current assets.

As of December 31, 2022, December 31, 2023, December 31, 2024, and September 30, 2025, our net assets amounted to RMB286.0 million, RMB330.2 million, RMB409.1 million, and RMB450.7 million, respectively. The fluctuations in net assets were driven by consistent profitability, which led to the accumulation of retained earnings and statutory reserve transfers. Total comprehensive income for the period increased from RMB56.9 million in 2022 to RMB79.0 million in 2024, contributing to the steady accumulation of reserves and strengthening our net asset position. Looking forward, the estimated net proceeds from the Global Offering (approximately HK\$417.9 million) are expected to further enhance our net asset position upon listing. For more information, please refer to “Financial Information – Discussion of Certain Selected Items from the Consolidated Statements of Financial Position” in this prospectus.

SUMMARY

Summary of Consolidated Cash Flow Statements

The following table sets forth our cash flows for the periods indicated:

	As of December 31,			As of September 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Net cash generated from operating activities	28,414	82,493	58,548	14,410	34,673
Net cash used in investing activities	(19,203)	(24,024)	(83,058)	(54,445)	(24,777)
Net cash used in financing activities	(68,315)	(62)	(1,683)	(172)	(5,990)
Cash and cash equivalents at the beginning of the year/period . .	114,520	55,677	114,094	114,094	88,044
Cash and cash equivalents at the end of the year/period	55,677	114,094	88,044	73,964	91,940

KEY FINANCIAL RATIOS

	As of December 31/ For the year ended December 31,			As of September 30/ For the nine months ended September 30,	
	2022	2023	2024	2024	2025
				<i>(unaudited)</i>	
Net profit margin	11.3%	8.7%	13.8%	13.2%	9.3%
Return on equity	22.1%	14.3%	21.4%	14.9%	9.7%
Return on total assets	15.2%	11.4%	17.4%	12.2%	8.1%
Current ratio	2.52	2.70	3.63	3.62	3.91
Quick ratio	0.94	1.46	1.96	1.70	2.07

For more details, please refer to “Financial Information – Key Financial Ratios” in this prospectus.

OUR SINGLE LARGEST SHAREHOLDER

As of the Latest Practicable Date, Mr. Yu held approximately 26.27% of the voting rights in our Company. Immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised), our Single Largest Shareholder will be able to exercise approximately 23.24% of the aggregate voting power of our enlarged share capital. For details, see the section headed “Relationship with the Single Largest Shareholder” in this prospectus.

PRE-IPO INVESTORS

We have engaged in Pre-IPO Investments with our Pre-IPO Investors. Our Pre-IPO Investments consist of several rounds of investments from the Pre-IPO Investors by way of transfer of equity interests and/or subscription of our Shares. For further details of the identity and background of our Pre-IPO Investors and the principal terms of the Pre-IPO Investments, see “History, Development and Corporate Structure – Pre-IPO Investments.”

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in (i) our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option), and (ii) the H Shares to be converted from our existing Domestic Unlisted Shares.

SUMMARY

OFFERING STATISTICS

	Based on Offer Price of HK\$60.00 per Share	Based on Offer Price of HK\$68.00 per Share
Market capitalization of our Shares ^(Note 1)	HK\$3,864.4 million	HK\$4,379.7 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ^(Note 2)	HK\$14.09	HK\$14.97

Notes:

- (1) The calculation of market capitalization is based on 64,406,800 Shares expected to be in issue immediately following the Global Offering (comprising (i) 7,406,800 H Shares newly issued in the Global Offering, (ii) 54,820,401 Domestic Unlisted Shares which will be converted into H Shares upon completion of the Global Offering, and (iii) 2,179,599 Domestic Unlisted Shares which will not be converted into H Shares upon completion of the Global Offering), without taking into account Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option.
- (2) Unaudited pro forma adjusted consolidated net tangible assets per Share is calculated after making adjustments referred to "Appendix IIA – Unaudited Pro Forma Financial Information" in this prospectus.

LISTING EXPENSES

The total estimated listing expenses in connection with the Global Offering are approximately RMB49.5 million (equivalent to approximately HK\$56.1 million), representing approximately 11.8% of the gross proceeds from the Global Offering, assuming an Offer Price of HK\$64.0 per Offer Share (being the mid-point of the indicative Offer Price range) and the Over-allotment Option is not exercised. We estimate to incur listing expenses of approximately HK\$56.1 million, of which approximately HK\$33.7 million had been and is expected to be recognized in the consolidated statements of profit or loss and other comprehensive income as administrative expenses, and approximately HK\$22.4 million is expected to be recognized as a deduction in equity directly upon the Listing. As of September 30, 2025, a total of approximately HK\$14.5 million of the listing expenses has already been recognized in profit or loss. The remaining amount of HK\$19.2 million will be recognized in the future. By nature, our listing expenses are composed of (i) underwriting commission of approximately HK\$19.0 million; and (ii) non-underwriting related expenses of approximately HK\$37.1 million, which consist of fees and expenses of legal advisers and reporting accountants of approximately HK\$19.5 million and other fees and expenses of approximately HK\$17.6 million. The listing expenses above are the current estimate for reference only and the final amount to be recognized to our consolidated income statement is subject to audit and the then changes in variables and assumptions.

FUTURE PLANS AND USE OF PROCEEDS

Assuming an Offer Price of HK\$64.0 per Share (being the mid-point of the indicative Offer Price Range), we estimate that we will receive net proceeds of approximately HK\$417.9 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, and assuming the Over-allotment Option is not exercised.

We intend to use the net proceeds from the Global Offering to support the implementation of our strategic initiatives. In particular, we plan to allocate the net proceeds as follows:

- Invest in product development and design capabilities (approximately 38.0%, equivalent to approximately HK\$158.8 million),
- Enhance production capacity and fulfillment agility (approximately 24.0%, equivalent to approximately HK\$100.3 million),
- Strengthen sales channels and marketing capabilities (approximately 24.0%, equivalent to approximately HK\$100.3 million),
- Upgrade digital and information infrastructure (approximately 4.0%, equivalent to approximately HK\$16.7 million), and
- Working capital and general corporate purposes (approximately 10.0%, equivalent to approximately HK\$41.8 million).

For further details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

SUMMARY

DIVIDEND

During the Track Record Period, we did not declare or pay any dividends. No dividend has been proposed, paid or declared by our Company since its incorporation, or by any of the subsidiaries of our Group during the Track Record Period and up to the Latest Practicable Date. Currently, we do not have, nor do we intend to adopt, a formal dividend policy, or a fixed dividend distribution ratio following the Global Offering.

UNAUDITED PRELIMINARY FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2025

The unaudited preliminary financial information of our Group as of and for the year ended December 31, 2025 as set out in Appendix IIB to this prospectus (“**2025 Unaudited Preliminary Financial Information**”) have been agreed by the reporting accountants of our Company to the amounts set out in our draft consolidated financial statements for the year ended December 31, 2024, following their work under Practice Note 730 (Revised) “Guidance for Auditors Regarding Preliminary Announcement of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants. The work performed by the reporting accountants of our Company in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the reporting accountants of our Company on the 2025 Unaudited Preliminary Financial Information.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since September 30, 2025, being the end of the last financial year/period reported on in the Accountant’s Report as set out in Appendix I to this prospectus.

IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic led to temporary supply chain and logistics disruptions. However, our vertically integrated operations and strong e-commerce presence enabled us to maintain business continuity. Unlike companies reliant on third-party manufacturing, our in-house production minimized external dependencies and mitigated operational risks. Logistics delays were the most notable challenge during the pandemic, but digital channels remained resilient, allowing us to sustain sales momentum. Overall, COVID-19 did not have a material adverse effect on our business or financial performance.

RECENT DEVELOPMENT

Based on our Unaudited Preliminary Financial Information as set out in Appendix IIB to this prospectus, our revenue increased by approximately 8.1% from RMB571.2 million for the year ended December 31, 2024 to RMB617.3 million for the year ended December 31, 2025, primarily driven by continued growth in our core copper-based cultural and creative products (from RMB551.3 million to RMB581.3 million). Over the same period, our cost of sales increased from RMB369.1 million to RMB409.5 million, and our gross profit increased from RMB202.1 million to RMB207.8 million; however, our gross profit margin decreased from 35.4% to 33.7%, mainly due to higher raw material costs, primarily due to increases in copper prices. Our profit and total comprehensive income for the year decreased from RMB79.0 million in 2024 to RMB47.8 million in 2025, primarily attributable to listing expenses of RMB20.2 million incurred during the year, and was also impacted by higher raw material costs (primarily driven by copper prices) and higher selling and marketing expenses incurred in connection with our offline channel expansion initiatives, including our initial development of premium retail supermarket chain channels toward the end of 2025, and, as we ramped up production and deliveries in anticipation of such premium retail supermarket chain channels which typically operate under customary credit terms, increases in inventories and trade receivables.

In line with our strategy to develop an integrated multi-channel sales network, particularly by strengthening our offline presence, our self-operated store network expanded from 18 stores as of September 30, 2025 to 36 stores as of the Latest Practicable Date, covering 18 cities in the PRC. Building on this offline expansion, we began to develop additional offline channels toward the end of 2025 and into 2026, including premium retail supermarket chains and museum and cultural tourism collaborations. For example, in December 2025, we launched a co-branded copper-based cultural and creative product associated with a recently released PRC costume television drama initially through these newly developed premium retail supermarket chains and commenced online sales of the same product subsequently in January 2026.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed “Glossary of Technical Terms” in this prospectus.

“Accountant’s Report”	the accountant’s report of our Company, the text of which is set out in Appendix I to this prospectus
“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council
“Articles” or “Articles of Association”	the articles of association of the Company conditionally adopted on April 30, 2025, which shall become effective on Listing Date, as amended from time to time, a summary of which is set out in Appendix VI to this prospectus
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of our Board
“Board” or “Board of Directors”	the board of Directors
“Business Day” or “business day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
“CAGR”	compound annual growth rate
“Capital Market Intermediary(ies)” or “CMI(s)”	the capital market intermediary(ies) as named in the section headed “Directors and Parties involved in the Global Offering” of this prospectus and has the meaning ascribed thereto under the Listing Rules
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China” or “the PRC”	the People’s Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires otherwise, references in this prospectus to “China” and “the PRC” do not apply to Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“close associates”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Companies (Winding up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company” or “the Company”	Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd.* (杭州銅師傅文創(集團)股份有限公司), a limited liability company established in the PRC on March 26, 2013 and converted into a joint stock company with limited liability on November 11, 2014
“Company Law” or “PRC Company Law”	Company Law of the PRC (《中華人民共和國公司法》) as amended and supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code” or “CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“CSDCC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Demerger”	the demerger of our Company into two companies, namely our Company and Tongmu Zhuyi, which was registered in Jiande Municipal Market Supervision Administration (建德市場監督管理局) on December 17, 2020
“Director(s)”	the director(s) of our Company
“Domestic Unlisted Shares”	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“East China”	the eastern geographical region of the People’s Republic of China, which comprises the following provincial-level administrative divisions: Shanghai Municipality, Jiangsu Province, Zhejiang Province, Anhui Province, Fujian Province, Jiangxi Province, and Shandong Province
“EIT”	enterprise income tax
“EIT Law”	Enterprise Income Tax Law of the People’s Republic of China* (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“ESG”	environmental, social and governance
“Exchange Participant(s)”	a person: (a) who, in accordance with the Hong Kong Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by the Hong Kong Government due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“F&S” or “Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant, which is an independent third party
“F&S Report”	an independent market research report commissioned by us and prepared by F&S, a summary of which is set forth in the section headed “Industry Overview” for the purpose of this prospectus
“FINI”	Fast Interface for New Issuance, an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
“General Rules of HKSCC”	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Greater China”	the People’s Republic of China, together with the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan Province
“Group”, “the Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Guide for New Listing Applicants” or the “Guide”	the Guide for New Listing Applicants published by the Stock Exchange and as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“H Share(s)”	overseas listed foreign invested ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and for which an application has been made for the granting of listing, and permission to deal in, on the Main Board of the Stock Exchange
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hangzhou Weitan”	Hangzhou Weitan Artwork Co., Ltd.* (杭州唯檀藝術品有限公司), a company established in the PRC on March 29, 2021 and a wholly-owned subsidiary of our Company
“Hangzhou Yueyin”	Yueyin (Hangzhou) Cultural and Creative Co., Ltd.* (閱銀(杭州)文化創意有限公司), a company established in the PRC on June 27, 2022 and a wholly-owned subsidiary of our Company
“Hangzhou Zhibo”	Hangzhou Zhibo Sanitary Ware Co., Ltd.* (杭州至鉞衛浴有限公司), a company established in the PRC on June 1, 2012 and a wholly-owned subsidiary of our Company
“HK\$” or “Hong Kong dollars” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to CCASS’s services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant

DEFINITIONS

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Share(s)”	the 740,700 new H Shares (subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus) being initially offered by our Company for subscription under the Hong Kong Public Offering
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), on the terms and subject to the conditions described in this prospectus, as described in “Structure of the Global Offering”
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering whose names are set out in the section headed “Underwriting – Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated March 20, 2026 relating to the Hong Kong Public Offering entered into by our Company, the Single Largest Shareholder, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters as further described in the section headed “Underwriting” in this prospectus
“Huanxi Xiaojiang (歡喜小將)”	Huanxi Xiaojiang (Hangzhou) Cultural and Creative Co., Ltd.* (歡喜小將(杭州)文化創意有限公司), a company established in the PRC on November 2, 2021 and a wholly-owned subsidiary of our Company. “Huanxi Xiaojiang” also serves as the sub-brand name under which we design, market, and sell our plastic figure and toy products
“IAS”	International Accounting Standards
“IFRS”	the International Financial Reporting Standards, which as collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board
“independent third party(ies)”	a person, persons, a company or companies which to the best of our Directors’ knowledge, information and belief having made all reasonable enquiries, is or are independent of, and not our connected person(s) within the meaning under the Listing Rules
“International Offer Shares”	the 6,666,100 new H Shares to be offered by our Company (subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus and the Over-allotment Option) under the International Offering

DEFINITIONS

“International Offering”	the offer of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in accordance with Regulation S, as further described in “Structure of the Global Offering”
“International Underwriters”	the underwriters named in the International Underwriting Agreement, being the underwriters of the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering which is expected to be entered into by our Company, the Single Largest Shareholder, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators and the International Underwriters on or about the date of the Price Determination Agreement
“IPs”	intellectual properties
“IT”	information technology
“Joint Bookrunners”	the joint bookrunners as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus
“Joint Global Coordinators”	the joint global coordinators as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus
“Joint Lead Managers”	the joint lead managers as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus
“KPI”	Key Performance Indicator, a quantifiable measure used to evaluate an organization or a person’s success in achieving its objectives and goals
“Latest Practicable Date”	March 13, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Listing”	the listing of our H Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date expected to be on or around March 31, 2026, on which our H Shares are first listed and from which dealings therein are permitted to take place on the Main Board of the Stock Exchange

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“Mr. Yu” or the “Single Largest Shareholder”	Mr. Yu Guang (俞光), the chairman of the Board, executive Director and the general manager of our Company. For details, please see the section headed “Relationship with the Single Largest Shareholder”
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of our Board
“North China”	the northern geographical region of the People’s Republic of China, which comprises the following provincial-level administrative divisions: the municipalities of Beijing and Tianjin, and the provinces of Hebei and Shanxi
“NPC”	National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“Offer Price”	the final offer price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) at which the Offer Shares are to be subscribed or purchased under the Hong Kong Public Offering and the International Offering, to be determined in the manner further described in the section headed “Structure of the Global Offering – Pricing and allocation” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional Shares which may be issued by us pursuant to any exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Overall Coordinators (for and on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 1,111,000 additional H Shares (representing 15% of the number of Offer Shares initially being offered under the Global Offering) at the Offer Price to cover over-allocations in the International Offering, if any, further details of which are described in the section headed “Structure of the Global Offering”

DEFINITIONS

“Overall Coordinators”	the overall coordinators as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus
“Overseas Listing Trial Measures”	The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) released by the CSRC on February 17, 2023 and became effective on March 31, 2023, as amended, supplemented or otherwise modified from time to time
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“POS”	point of sale
“POS Machine”	a device that allows businesses to accept payments from customers
“PRC Data Compliance Legal Adviser”	JunHe LLP, the legal adviser to our Company as to PRC data compliance laws
“PRC GAAP”	generally accepted accounting principles of PRC
“PRC government” or “State”	the Central People’s Government of the People’s Republic of China, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them
“PRC Legal Adviser”	JunHe LLP, the legal adviser to our Company as to PRC laws
“PRC Securities Law”	the Securities Law of the PRC (《中華人民共和國證券法》), as amended and supplemented from time to time
“Pre-IPO Investment(s)”	the investment(s) made by the Pre-IPO Investor(s) in our Company, details of which are set out in the section headed “History, Development and Corporate Structure – Pre-IPO Investments” in this prospectus
“Pre-IPO Investor(s)”	the pre-IPO investor(s) of our Company, details of which are set out in the section headed “History, Development and Corporate Structure – Pre-IPO Investments” in this prospectus
“Price Determination Date”	the date, expected to be on or before Friday, March 27, 2026 (Hong Kong time) on which the Offer Price will be determined, or such later time as our Company, and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may agree, but in any event, not later than 12:00 noon on Friday, March 27, 2026

DEFINITIONS

“prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of our Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), a PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SCNPC”	the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會)
“Securities Law”	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	the ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, including our Domestic Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of the Shares
“Sole Sponsor” and “Sole Sponsor-Overall Coordinator”	the sole sponsor and the sole sponsor-overall coordinator as named in the section headed “Directors and Parties Involved in the Global Offering” in this prospectus
“South China”	the southern geographical region of the People’s Republic of China, which comprises the following provincial-level administrative divisions: Guangdong Province, Guangxi Zhuang Autonomous Region, Hainan Province

DEFINITIONS

“Stabilizing Manager”	CMB International Capital Limited
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	the strategy committee of our Board
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Tai Tong (太銅)”	A sub-brand of our Company dedicated to copper cultural and creative products positioned at a higher price range. “Tai Tong” serves as a premium extension of our principal “TONGSHIFU” brand
“Tongmu Zhuyi”	Hangzhou Tongmu Zhuyi Furniture Co., Ltd* (杭州銅木主義傢俱股份有限公司), a company established in the PRC pursuant to the Demerger in December 17, 2020
“TONGSHIFU (銅師傅)”	The principal brand name of our Company, under which we develop, produce, and market our cultural and creative craft products
“Tongshifu Cultural and Creative”	Tongshifu (Hangzhou) Cultural and Creative Co., Ltd.* (銅師傅(杭州)文化創意有限公司), a company established in the PRC on April 17, 2023 and a wholly-owned subsidiary of our Company
“Track Record Period”	the three years ended December 31, 2022, 2023 and 2024 and nine months ended September 30, 2025
“U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States”, “US” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

DEFINITIONS

“VAT”	value-added tax, a consumption tax imposed on the incremental value generated at each stage of the production and distribution chain
“Weitan (唯檀)”	A sub-brand of our Company dedicated to wooden cultural and creative products
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the designated website of the White Form eIPO Service Provider
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Xijiang Art Painting”	Hangzhou Xijiang Art Painting Co., Ltd.* (杭州璽匠藝術畫有限公司), a company established in the PRC on October 11, 2021 and a wholly-owned subsidiary of our Company
“Xijiang Gold Shop (璽匠金舖)”	Xijiang Gold Shop (Hangzhou) Culture Co., Ltd.* (璽匠金舖(杭州)文化有限公司), a company established in the PRC on July 17, 2024 and a wholly-owned subsidiary of our Company. “Xijiang Gold Shop” also serves as the sub-brand name under which we develop, market, and sell our gold cultural and creative products
“Yueyin (閱銀)”	A sub-brand of our Company focused on the design, development, and sale of silver cultural and creative products
“%”	percent

Certain amounts and percentage figures included in this prospectus have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC governmental authorities, institutions, facilities, certificates, titles, nationals, individuals, companies or entities, laws or regulations have been included in this prospectus in both the Chinese and English languages and, in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are marked with “*” and are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains definitions of certain terms used in this prospectus in connection with our Group and our business. Some of these may not correspond to standard industry definitions or usage of these terms.

“ASP”	Average Selling Price, which represents the average amount of revenue generated per unit of product sold over a year/period. It is calculated by dividing the total revenue for that year/period by the total sales volume during the same year/period.
“burning (燒色)”	A traditional surface finishing technique involving the application of controlled heat to copper or other metals to produce naturally occurring color gradients, oxidized patinas, or vibrant tonal effects.
“carving” or “engraving”	A technique of using designed specific tools to carve different patterns on the surface of an object.
“CCI” or “cultural creative industry”	According to Frost & Sullivan, it is an industry term that refers to an industry that leverages cultural resources and integrates one or more elements such as history, art and, where applicable, technology, to create products and services with cultural, aesthetic and commercial value.
“cloisonné Enameling (景泰藍)”	A decorative metalworking technique where colored enamel is applied within wire partitions affixed to a metal surface, then fired at high temperature to create intricate, glossy patterns.
“CNC carving machines”	Computer-controlled carving equipment used to precisely cut, engrave, or shape materials based on pre-programmed designs.
“copper engraved artworks”	A form of copper cultural and creative craft characterized by relief carving on flat copper plates, combining traditional engraving techniques with compositional aesthetics inspired by classical Chinese painting. Unlike ordinary two-dimensional artworks, copper engraved artworks feature sculptural depth and textured detailing.
“concession (聯營)”	A common commercial arrangement between a shopping mall and the stores located therein, where the shopping mall (instead of the stores by themselves) collects the sales proceeds of the stores and invoice end customers, and settle with the stores later in an agreed period.
“cultural and creative craft”	According to Frost & Sullivan, it is an industry term that refers to tangible creative products rooted in cultural themes and aesthetic expression, where craftsmanship and process quality are key value drivers. Such products may be produced through traditional artisanal techniques or standardised industrial processes, including casting, embossing, engraving and patination, and are designed to deliver cultural, aesthetic and commercial value.

GLOSSARY OF TECHNICAL TERMS

“filigree (花絲)”	A technique of drawing various kinds of metals such as gold, silver and copper into delicate threads and fashioning them into different shapes.
“Great Sage (大聖)”	One of our most iconic original IP product lines, the Great Sage series is inspired by the legendary Chinese figure Sun Wukong (孫悟空), the Monkey King.
“Guochao (國潮)”	A consumer and design trend that blends traditional Chinese cultural elements with modern aesthetics, popular among younger generations. Guochao emphasizes national identity, cultural confidence, and consumer identification through products that reinterpret heritage with contemporary style and storytelling.
“hand-painting (手繪)”	An artisanal technique in which colors are manually applied to a crafted surface, typically metal, using fine brushes and mineral or pigment-based paints.
“Hangzhou Facility”	Our production facility located in Hangzhou, Zhejiang Province, which is primarily engaged in the manufacturing of our cultural and creative craft products.
“high-polish finishing (鏡面打磨)”	A surface treatment technique involving progressive manual or mechanical polishing to achieve a smooth, mirror-like finish.
“Koucai (口彩)”	A traditional Chinese practice of using phonetic puns and visual metaphors to convey blessings or emotional messages. It creatively fuses sound-alike words with corresponding symbolic imagery to express themes such as peace (<i>ping'an</i> 平安), wealth (<i>cai</i> 財), and joy (<i>xi</i> 喜).
“lost-wax casting method (失蠟鑄銅法)”	An ancient metal casting technique in which a wax model is coated with refractory material to form a mold. After the wax is melted and drained, molten metal is poured into the cavity to create a detailed sculpture.
“new tier-one cities”	Cities ranked immediately below tier-one cities and above tier-two cities in terms of comprehensive business attractiveness, as defined in the <i>Ranking of Cities' Business Attractiveness in China 2023</i> (《2023城市商業魅力排行榜》) released by the New Tier One Cities Research Institute of YiMagazine (《第一財經周刊》新一線城市研究所). According to this ranking, new tier-one cities comprise Chengdu, Chongqing, Hangzhou, Wuhan, Suzhou, Xi'an, Nanjing, Changsha, Tianjin, Zhengzhou, Dongguan, Qingdao, Kunming, Ningbo, and Hefei.

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“offline average transaction value per customer”	The offline average transaction value per customer is calculated by dividing the total sales order amount of our offline self-operated stores over the course of the year/period by the total number of customers who made a purchase on the store during the same year/period.
“online average transaction value per customer”	The online average transaction value per customer is calculated by dividing the total sales order amount of the platform (Tmall, JD.com or Douyin) over the course of the year/period by the total number of customers who made a purchase on the platform during the same year/period.
“outer shell”	A refractory mold layer formed around a wax model during the lost-wax casting process. After the wax is melted and drained, the hardened outer shell serves as the cavity into which molten metal is poured.
“patina”	The controlled addition of a stable colored skin that replaces any natural oxide (rust) that may have formed and gives the artwork its final appearance.
“prototyping”	The process of creating a preliminary sample or model to test design, structure, and craftsmanship before final production.
“skilled craftsman”	A production-line technician who has worked continuously in the same role at our Company for 12 months or longer.
“SKU”	Stock Keeping Unit, representing the number of products in inventory. It is used to identify each unique product and keep track of stock level.
“tier-one cities”	Beijing, Shanghai, Guangzhou and Shenzhen according to the Ranking of Cities’ Business Attractiveness in China 2023 (《2023城市商業魅力排行榜》) released by the New Tier One Cities Institute of YiMagazine (《第一財經周刊》新一線城市研究所).
“tier-three cities”	Cities ranked below tier-two cities in terms of comprehensive business attractiveness, as defined in the <i>Ranking of Cities’ Business Attractiveness in China 2023</i> (《2023城市商業魅力排行榜》) released by the New Tier One Cities Research Institute of YiMagazine (《第一財經周刊》新一線城市研究所). According to this ranking, tier-three cities comprise Weifang, Baoding, Zhenjiang, Yangzhou, Guilin, Tangshan, Sanya, Huzhou, Hohhot, Langfang, Luoyang, Weihai, Yancheng, Linyi, Jiangmen, Shantou, Taizhou, Zhangzhou, Handan, Jining, Zibo, Yinchuan, Liuzhou, Mianyang, Zhanjiang, Anshan, Ganzhou, Daqing, Yichang, Baotou, Xianyang, Qinhuangdao, Zhuzhou, Putian, Jilin, Huai’an, Zhaoqing, Ningde, Hengyang, Nanping, Lianyungang, Dandong, Lijiang, Jieyang, Yanbian Korean Autonomous Prefecture, Zhoushan, Lanzhou, Longyan, Luzhou, Fushun, Xiangyang, Shangrao, Yingkou, Sanming, Lishui, Yueyang, Qingyuan, Jingzhou, Tai’an, Quzhou, Panjin, Dongying, Nanyang, Ma’anshan, Nanchong, Xining, Xiaogan, and Qiqihar.

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“tier-two cities”	Cities ranked immediately below new tier-one cities in terms of comprehensive business attractiveness, as defined in the <i>Ranking of Cities' Business Attractiveness in China 2023</i> (《2023城市商業魅力排行榜》) released by the New Tier One Cities Research Institute of YiMagazine (《第一財經周刊》新一線城市研究所). According to this ranking, tier-two cities comprise Fuzhou, Jinan, Wuxi, Foshan, Changchun, Wenzhou, Nantong, Harbin, Nanning, Xuzhou, Huizhou, Yantai, Jiaxing, Zhongshan, Hohhot, Dalian, Taiyuan, and Wuhu. Based on this classification, we also add Changzhou to “tier-two cities” for the purpose of this prospectus.
“Tongcai burning (銅彩燒色)”	A heat-based surface treatment in which copper is repeatedly fired at high temperatures to produce mineral-like colors through controlled oxidation.
“Yancai hand-painting (顏彩手繪)”	A traditional hand-painting technique using finely ground natural mineral pigments applied with soft brushes onto metal surfaces.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus.

You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing the Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- changes in our customers' preferences, demands and business performance;
- changes in competitive conditions and our ability to compete under these conditions;
- the actions and development of our competitors;
- future developments, trends and conditions in the industry and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- effects of the global financial markets and economic conditions;
- our future debt levels and capital needs;
- our financial conditions and performance;
- our dividend policy; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These forward-looking statements are based on assumptions and estimates and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all.

Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

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An investment in our H Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition, and results of operations. The market price of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this prospectus.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We may not be able to continuously introduce products and IPs that align with evolving consumer preferences and market demand, which could adversely affect our business and growth prospects.

Our business operates within the cultural and creative crafts market. We maintain the balance between design refinement and pricing discipline requires continuous iteration, optimization of cost structures, and timely responsiveness to consumer expectations. Any erosion of this advantage may compromise consumer trust and weaken our market position.

To keep pace with changing consumer preferences and aesthetic sensibilities, we regularly launch new SKUs and product collections. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we newly launched 583, 514, 707, 429 and 404 SKUs, respectively. Our product development process is guided by cultural insight, trend research, and cross-department collaboration between our creative team, marketing team, and business team. For further details, please refer to the section headed “Business – Our Products – Our Products Development” in this prospectus. We draw upon both classical Chinese cultural references and modern interpretations to develop original IPs, while also engaging in international IP collaborations to broaden appeal and reach global audiences. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our costs incurred for securing IP collaborations were RMB1.7 million, RMB4.9 million, RMB2.9 million, RMB2.0 million and RMB4.5 million, respectively. This dual-track approach enables us to cater to diverse consumer bases across demographic, regional, and cultural lines. Please refer to the section headed “Business – Our IP Portfolio” in this prospectus for more details.

The development of cultural and creative products requires significant time investment for sculpting, prototyping, and finishing. One of the challenges we face lies in the accurate alignment of production planning with sales demand. In recent years, we have encountered situations where strong consumer response exceeded our forecasts, resulting in long pre-order periods and slower delivery times.

Moreover, failure to capture peak gifting seasons with appropriate thematic offerings or timely launches may lead to missed revenue opportunities and diminished consumer engagement. The symbolic nature of our products makes time-sensitive relevance a key operational consideration.

If we are unable to consistently develop, launch, and deliver products and IPs that align with evolving consumer preferences and symbolic expectations, we may lose brand relevance, fail to attract new customers, or erode loyalty among existing consumers. This could materially and adversely affect our business performance, brand reputation, and long-term growth prospects.

Any harm to the reputation, distinctiveness or integrity of our principal brand or sub-brands may materially and adversely affect our business performance, consumer trust and growth prospects.

Our principal brand, “TONGSHIFU,” is integral to our business identity and consumer engagement. Any deviation from this positioning, whether through design inconsistency, product defects or negative consumer experiences, may lead to unfavorable word-of-mouth and online reviews, which can spread rapidly through social media, livestreaming platforms and e-commerce channels. In a category driven by cultural factors and consumer behavior, even a temporary loss of consumer trust may result in significant harm to our brand reputation and sales.

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In addition to TONGSHIFU, we operate a portfolio of sub-brands strategically developed to address distinct materials, consumer demographics and thematic expressions. “Huanxi Xiaojiang (歡喜小將)” targets younger and trend-conscious consumers with plastic figures that blend cultural elements with playful design. “Yueyin (閱銀)” features silver cultural and creative products, focusing on functional and symbolic items such as tea sets and decorative pieces. “Weitan (唯檀)” offers wood-based cultural and creative products that express spiritual motifs through traditional carving techniques, although this line has been scaled down in recent periods. “Xijiang Gold Shop (璽匠金鋪)” represents our gold cultural and creative products, including limited-edition pieces crafted from pure gold using traditional methods such as lost-wax casting and high-polish finishing. These sub-brands are designed to enhance market segmentation, material diversification and cultural expression. However, they require clear brand positioning and consistent execution in product development, design language and consumer experience. Any failure to uphold the expected standards of aesthetic refinement, symbolic relevance or craftsmanship may confuse or alienate target audiences, thereby undermining brand equity and consumer loyalty.

As our product ecosystem expands, we are increasingly exposed to external threats such as intellectual property infringement, counterfeit products and unauthorized use of our brand identity. The unique visual elements, symbolic designs, and original narratives embedded in our products are increasingly targeted by counterfeiters and copycat brands particularly online. For example, we have encountered cases where unauthorized parties directly used our official product images to promote unrelated merchandise, misleading consumers regarding origin and quality. In other instances, lookalike brands have offered similar products under deceptively similar names, potentially causing brand confusion and eroding our market identity.

Furthermore, our proprietary designs and original characters have been subject to unauthorized adaptation or replication. These include, among others, unlicensed use of our signature copper gourd figures, imitations of the Great Sage series with altered details, and derivative works resembling our auspicious beast or calligraphy-themed products. Copycat products are often inferior in quality but ride on our established reputation, and any negative consumer experience related to such products may be incorrectly attributed to us.

We actively monitor the market and enforce our trademark rights to combat infringement. As of September 30, 2025, we had registered 577 trademarks in China covering our core brand names and sub-brands. As of the Latest Practicable Date, we owned 13 registered trademarks in jurisdictions such as the United States, the United Kingdom, and the European Union. Additionally, we are currently applying for ten trademarks in jurisdictions such as Hong Kong and Canada. However, there is no assurance that all our trademark applications will be approved or that our existing rights will not be challenged, diluted, or bypassed in emerging sales channels. The evolving landscape of online marketplaces and short-video commerce platforms presents ongoing enforcement challenges.

If our product development capabilities decline, our competitiveness and market share may be adversely affected.

The copper-based cultural and creative craft market in the PRC is highly concentrated. According to the F&S Report, China’s copper-based cultural and creative crafts market is highly concentrated, with the top three market participants collectively accounting for over 70% of the total market by revenue in the year ended December 31, 2024. Among them, we ranked first in terms of total revenue and online revenue with market shares of approximately 35.0% and 44.1%, respectively. While new entrants face high entry barriers due to product development complexity, brand accumulation, and craftsmanship requirements, competition among leading players remains intense. Please refer to the section headed “Industry Overview – Competitive Landscape” in this prospectus for more details. In this environment, our ability to maintain and extend our creative and product development advantages is essential to sustaining our market leadership.

Our product development team was composed of 155 staff as of the Latest Practicable Date. The team operates under a centralized management mechanism coordinated by our founder and our dedicated Research and Development Center, which guides product roadmaps, thematic planning, and iteration protocols.

Our research and development expenditures are primarily allocated toward original design, sample development, and process improvement, rather than conventional engineering research and development. In the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we allocated approximately RMB18.8 million, RMB28.6 million, RMB28.2 million, RMB20.7 million and RMB24.7 million to research and development activities, representing approximately 3.7%, 5.7%, 5.0%, 5.2% and 5.5% of our total revenue in the respective periods. This reflects the nature of our business model, which emphasizes cultural creation and artisanal production over technological advancement. Each product requires extensive investment

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in labor, time, and materials. For copper-based products in particular, the creative cycle includes time-intensive steps such as hand-sculpting, mold adjustment, lost-wax casting, polishing, and patina finishing. Any misalignment between our creative and production functions could lead to delays, elevated costs, or inconsistent product quality.

Furthermore, if we are unable to continue attracting and retaining key design personnel, concept artists, and sculptors, or if our collaborative efforts with external creators, institutions, or IP licensors are disrupted due to creative misalignment or executional bottlenecks, our pipeline of new products may suffer. Any deterioration in the quality, quantity, or timeliness of our product launches may weaken brand engagement and lead to market share erosion.

We may not be able to effectively coordinate and control our multi-channel sales network including third-party e-commerce platforms and distributors, which may result in channel conflicts, inconsistent pricing, and brand dilution, and could materially and adversely affect our business and results of operations.

We sell our products through a multi-channel network comprising online and offline direct sales, distributor sales and consignment arrangements. While this structure allows us to reach different consumer segments and retail scenarios, it increases the complexity of coordinating pricing discipline, brand positioning, cannibalisation and customer experience across channels. As we operate across online direct sales, offline direct sales and distributor channels, overlaps in customer reach, product offerings, pricing expectations or sales territories may cause sales through one channel or location to displace, rather than complement, sales through another. Such cannibalization could reduce channel efficiency, weaken the sales performance of particular channels or stores, create tension with our distributors and consignment partners, and adversely affect our business, results of operations and profitability. We cannot guarantee that our distributors, consignees or other third parties will adhere to our unified retail pricing policies or maintain consistent downstream pricing and promotional practices. Any deviation from our pricing guidance or brand positioning may result in pricing discrepancies across channels, consumer confusion and dilution of perceived product value. If we fail to effectively coordinate and manage our sales channels, maintain pricing discipline in practice, or timely monitor, manage or replace underperforming distributors and address platform-related uncertainties, our sales performance, consumer loyalty, market reputation and long-term brand value may be materially and adversely affected.

A substantial portion of our revenue in the PRC is derived from online sales through a concentrated set of third-party e-commerce platforms. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our online direct sales accounted for approximately 69.3% to 70.9% of our total revenue, and online distribution contributed a further 5.8% to 10.3% of total revenue, underscoring our continued dependence on digital platforms. During the Track Record Period, Tmall accounted for approximately 40.0%-48.0% of our online direct sales revenue, and Douyin accounted for approximately 33.0%-39.0%, while JD.com accounted for approximately 14.0%-16.0%, with other platforms accounting for the remainder. Given that a substantial portion of our online direct sales is generated through Tmall and Douyin, we have a certain degree of reliance on these platforms, and any change, deterioration or disruption in our relationship with either platform, including reduced access to key promotional resources or platform support, could materially and adversely affect our online sales performance and brand visibility. Furthermore, we are subject to the business practices, technical environments and commercial policies of e-commerce platforms, over which we have limited control, and any material changes to their rules, algorithms, commission structures, traffic allocation mechanisms or promotional requirements may adversely affect our product visibility, customer traffic, conversion rates, sales performance and margins. For example, if a platform were to downgrade our store or products in search rankings, restrict participation in major promotional campaigns or livestreaming activities, impose penalties or suspension for alleged non-compliance, or increase commission rates or advertising charges, our online sales and profitability could be materially and adversely affected.

We also partially rely on distributors to sell our products in certain markets, and we have limited ability to supervise their day-to-day conduct and performance. This is because we sell to distributors on a straightforward buyer-seller basis, under which distributors generally pay upfront and thereafter manage their own downstream sell-through within our channel, pricing and platform restrictions, and we do not directly supervise their downstream inventory levels or day-to-day retail operations. For more details, please refer to “Business – Sales and Marketing – Channel Management and Risk Control – Measures to Manage Channel Stuffing Risk.” As of September 30, 2025, we had six authorized online distributors operating six independent online storefronts and 53 authorized offline distributors operating a total of 63 stores. Our distribution agreements set out key terms including pricing requirements and return mechanisms. However, we cannot guarantee that distributors will fully comply with such terms, and we may not be able to effectively monitor or enforce compliance, particularly at the downstream retail or platform level. Distributors may

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engage in unauthorized low-price sales, promotions or bundling that is inconsistent with our pricing and brand positioning, and may underperform in promotion, carry competing products, or delay payments, which may adversely affect our sales, cash flows and brand equity. For example, in 2023, we identified four distributors engaged in unauthorized low-price sales on secondary market platforms, and we responded by suspending supply for one quarter or confiscating security deposits ranging from RMB30,000 to RMB50,000. In 2024, three distributors significantly underperformed against their annual sales targets, which in certain cases led to the termination of cooperation and the refund of their security deposits. In addition, distributors may over-order products around promotional periods or year-end, leading to inventory backlogs or channel stuffing and potentially distorting sell-in data and future ordering patterns.

Fluctuations in commodity prices, in particular copper, may materially and adversely affect our business, results of operations or financial condition.

Copper is the primary raw material used in our manufacturing process, with its price volatility being a key factor influencing our procurement costs. During the Track Record Period, direct materials, which primarily comprising copper used in our copper-based cultural and creative products, accounted for approximately 51.9%, 47.1%, 47.1%, 46.9% and 47.6% of our total cost of sales for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. For more details, please see “Financial Information – Description of Selected Components of Statements of Profit or Loss – Cost of Sales” in this prospectus. During the Track Record Period, copper prices in the PRC exhibited a generally upward yet volatile trend. According to the F&S Report, the average annual price of copper increased from RMB47,621.8 per ton in 2019 to RMB74,958.3 per ton in 2024, reaching a historical peak of RMB88,600.0 per ton in May 2024. As of September 30, 2025, the copper price has reached RMB83,110.0 per ton. The increase in copper prices during this period was primarily driven by factors such as sustained infrastructure investment, industrial expansion, speculative activities in commodity markets, and regional demand-supply dynamics. Moreover, recent market developments suggest a potential upward trend in copper prices due to tightening global supply and increased demand from infrastructure, electric vehicle, and renewable energy sectors. In particular, rising tensions in global trade and renewed concerns over global supply chain security have contributed to increased copper price volatility.

We remain exposed to commodity price volatility of raw materials used in our products, including copper, and, to a lesser extent, gold and silver. Any sharp or prolonged increases in such raw materials’ prices could significantly elevate our production costs, while we may not be able to fully pass such increase in costs to customers, as we typically do not enter into contractual arrangements with customers that automatically pass through increases in raw material costs, nor do we raise the prices of products already on sale solely due to increases in copper or other raw material costs. For more details of our measures to manage the impact of fluctuations in the prices of copper and other raw materials, please see “Business — Our Production — Our Procurement Process.” Additionally, our in-house production model is copper-intensive and centralized at a single facility in Hangzhou. This heightens our vulnerability to raw material supply chain disruptions and delays, particularly during seasonal demand surges. If we are unable to secure timely and cost-effective supply of copper materials, our production scheduling, inventory turnover and order fulfillment may be adversely affected. We cannot guarantee that we will fully offset the impact of future commodity price fluctuations. Any adverse movement in copper prices, and other precious metal prices, or related supply costs could materially affect our gross margins, operating results and overall financial condition.

Any failure to secure, maintain, or enforce our IP rights could materially and adversely affect our product appeal, competitive position, and financial performance.

We have adopted a long-term strategy focused on expanding our own IP system to build brand equity and reinforce consumer recognition. In the years ended December 31, 2022, 2023, 2024, and the nine months ended September 30, 2024 and 2025, revenue generated from SKUs based on our self-developed IPs were RMB473.5 million, RMB447.2 million, RMB535.4 million, RMB372.7 million and RMB395.3 million, accounting for approximately 94.1%, 88.3%, 93.7%, 92.6% and 88.3% of our total revenue, respectively. These figures underscore our strategic focus on building a proprietary IP system that enhances brand identity, consumer engagement and gross profit margins. Our IP assets are central to our ability to deliver differentiated products and maintain brand relevance. While we maintain a limited number of licensed IP through partnerships with cultural institutions, museums, and entertainment companies, our product portfolio is primarily supported by self-developed IPs and proprietary designs. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, SKUs based on our licensed IP contributed revenue of RMB29.7 million, RMB59.1 million, RMB35.8 million, RMB29.7 million and RMB52.4 million, accounted for approximately 5.9%, 11.7%, 6.3%, 7.4% and 11.7% of our total revenue, respectively. These include original sculptural images, character series,

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commemorative themes, and reinterpretations of traditional cultural elements that are independently created by our internal creative team. Please refer to the section headed “Business – Our IP Portfolio” in this prospectus for more details.

However, the commercial success of our products depends on the continuing strength and protection of our intellectual property rights. If we fail to obtain patent or copyright registrations, maintain the validity of our rights, or protect these rights from infringement or misuse, our ability to commercialize new product concepts or preserve brand distinctiveness may be impaired. Moreover, unauthorized use or imitation of our proprietary IPs remains a persistent concern in the cultural and creative craft market.

Separately, while licensed IPs remain a relatively small part of our portfolio, accounting for approximately 5.9%, 11.7%, 6.3%, 7.4% and 11.7% of our total revenue for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, we cannot assure you that all such licenses will be renewed or extended on commercially favorable terms. In the event that any licensing arrangements are terminated, expire, or become unavailable due to disputes or changes on the part of the licensors, we may lose the right to commercialize affected products. In addition, there is no assurance that products developed based on licensed IPs will achieve the desired commercial performance.

We may experience production delays or disruptions, which could adversely affect our customer experience, brand reputation and operating results.

All of our in-house production is currently conducted at a single facility in Hangzhou, Zhejiang Province. This geographic concentration exposes us to operational risks in the event of regional disruptions such as natural disasters, public health emergencies, utility outages, industrial accidents, or government-imposed restrictions. As we do not maintain alternative production sites, any significant disruption to our Hangzhou Facility may materially interrupt our production activities, delay order fulfillment, and adversely affect our financial condition and reputation.

Our production process itself involves multiple complex and interdependent stages such as wax modeling, casting, grinding, surface finishing, patina coloring, assembly, and inspection, and many of which are labor-intensive and require skilled artisans. The artisanal nature of our core product lines makes our operations especially sensitive to disruptions in workforce availability, interdepartmental coordination, and workshop scheduling. Production delays may be caused by labor shortages, staff absenteeism, equipment breakdowns, or inconsistencies in upstream processes. Manual steps such as finishing and coloring are particularly sensitive to timing mismatches, environmental conditions, and staff expertise. We also implement rigorous internal standards to uphold craftsmanship and visual quality and they may result in rework, rejection, or slower throughput when intermediate outputs fall short of expectations. Please refer to the section headed “Business – Our Production” in this prospectus for further details. Additionally, certain SKUs, especially those involving new visual or structural elements, may require longer production cycles or iterative refinements, adding complexity to production planning. Any failure to manage these risks effectively could lead to delivery delays, reduced customer satisfaction, and negative brand perception, particularly during peak seasons, cultural festivals or promotional campaigns.

Our historical growth rate may not be indication of our future performance, and our success depends on our ability to execute our business strategy.

We have experienced strong revenue growth during the Track Record Period, driven by favorable macroeconomic conditions, increased consumer interest in cultural and creative products, and the continued success of our copper-based product portfolio. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our revenue amounted to approximately RMB503.2 million, RMB506.4 million, RMB571.2 million, RMB402.4 million and RMB447.7 million, respectively.

Our historical growth has been supported by broader structural trends in China, including rising disposable income, increased cultural confidence, the popularity of “Guochao (國潮)” aesthetics, and the development of multi-channel retail infrastructure. However, our past performance was achieved under specific historical and market conditions, and there is no guarantee that these trends will continue or that we will be able to capitalize on them to the same degree going forward.

Please refer to the section headed “Business – Strategies” in this prospectus for more details. Implementation of these strategies involves meaningful resource allocation, internal alignment, and responsiveness to evolving market dynamics. Our ability to sustain growth will require us to balance long-term brand building with short-term performance pressures, while adapting to changes in consumer preferences, competitive behavior, and retail environments.

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We engage in limited outsourced production and any failure by such parties to meet our quality or delivery requirements may adversely affect our brand image and business operations.

To supplement our in-house production capabilities, we engage in limited outsourced production focused on two specific areas: (i) the substantial production of plastic toy under the brand “Huanxi Xiaojiao (歡喜小將),” and (ii) the outsourcing of certain individual mechanical processes that rely on specialized industrial equipment.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, outsourced production accounted for approximately 3.7%, 4.1%, 4.8%, 5.2% and 5.1% of our cost of sales, respectively. Please refer to the section headed “Business – Our Production – Our Outsourced Production” in this prospectus for more details. The external manufacturers introduces risks that are not fully within our operational control.

We cannot guarantee that third-party manufacturers will consistently meet our quality, delivery, or compliance standards. Any deviation from required specifications, whether due to operational inefficiencies, staffing issues, process errors, or inadequate oversight, may result in product defects, delays, or inconsistencies that affect final product quality. These risks may be amplified during seasonal campaigns, promotional launches, or limited-edition releases.

We face operational, management and expansion risks in connection with our self-operated offline stores.

In addition to our core online sales channels, we operate self-operated offline stores in selected cities in the PRC. As of September 30, 2025, we operated 18 self-operated stores strategically located in high-traffic commercial areas across new tier-one and tier-two cities. These physical stores are primarily located in shopping malls or cultural retail districts and are designed to strengthen brand visibility, offer immersive product experiences, and support campaign-based launches and gifting occasions. Please refer to the section headed “Business – Sales and Marketing – Direct Sales – Offline Direct Sales” in this prospectus for more details.

As we continue to enhance our offline presence as part of our broader multi-channel expansion strategy, we may face challenges in selecting suitable store locations, negotiating favorable lease terms, managing rent fluctuations, and attracting consistent foot traffic. In-store operations may also be affected by seasonal consumer behavior, regional demand variations, and the ability of frontline staff to deliver a brand-consistent experience. We may also encounter increasing complexity in maintaining retail efficiency and standardization as we scale our store network, particularly in terms of inventory planning, visual merchandising, and service quality. Any misalignment between our store offerings and local market preferences, or any failure to execute operational procedures effectively, could result in underperformance, cost inefficiencies or reduced consumer satisfaction.

We rely on skilled craftsman to maintain the quality and consistency of our handcrafted production, and any shortage or cost increase may adversely affect our operations and brand image.

The cultural and creative craft industry is inherently labor-intensive, with many production processes requiring a high degree of manual skill, artistic judgment, and cultural interpretation. Despite advancements in machinery and industrial management, the value and distinctiveness of handcrafted products rely on techniques that cannot be easily replaced or replicated by automation. As a result, the cultural and creative craft industry is depended on skilled craftsmen for the execution of intricate, multi-step processes such as hand engraving, polishing, oxidation coloring, and detailed hand-painting. These processes require manual dexterity, aesthetic judgment, and cultural interpretation that are difficult to replicate through automation. During the Track Record Period, we employed approximately 271, 379, 421 and 479 skilled craftsmen as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively, representing approximately 29.6%, 38.7%, 50.8% and 54.2% of our total production workforce in each year/period. Our operations may be affected by shortages of suitable workers, inability to scale training in response to demand, or higher labor costs due to market conditions. Any decline in the availability, performance or retention of skilled craftsmen may impact our production quality, delivery schedule and operational stability. For further details, please refer to “Business – Our Production – Our Production Facility – Production Capacity.”

However, due to demographic changes and evolving employment preferences, younger generations may be less inclined to pursue careers in traditional handcraft or factory-based roles. Labor costs have continued to rise in China, especially in urban manufacturing hubs such as Hangzhou, where our principal production facilities are located. Any shortage of qualified artisans,

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unexpected staff turnover, weakening of internal craftsmanship standards, or labor-related disruptions could affect our production schedule, quality control, or product consistency. This may in turn compromise consumer trust in our brand and adversely affect our commercial performance and reputation.

We may face strategic, operational and cultural challenges in expanding into overseas markets, which could adversely affect our growth prospects.

As part of our long-term strategy, we intend to expand into selected overseas markets to broaden our customer base, enhance brand awareness, and capture new growth opportunities. During the Track Record Period, we have entered the market in Taiwan and the United States through offline distributors and commenced strategic planning for expansion into Southeast Asia. Our international expansion strategy is expected to focus primarily on offline distribution partnerships, cultural retail placements, and regional collaborations. For further details of our expansion plans, please refer to the section headed “Business – Strategies” in this prospectus.

Our cultural and creative products are inspired by Chinese cultural symbolism, and commemorative traditions. While interest in Chinese aesthetics has grown in many overseas markets, especially in Asia, the interpretation and reception of such products may vary widely across countries. Cultural nuances in aesthetics, consumer response, and gifting habits introduce additional uncertainty to consumer acceptance. Products that perform well in the PRC may not align with the expectations or tastes of overseas consumers without further adaptation. Challenges such as different value systems, less established collector culture, or limited awareness of Chinese cultural themes may affect product-market fit.

Our overseas business model emphasizes partnerships with local distributors. This model allows for localized merchandising and consumer interaction, but also limits our direct control over execution. Overseas expansion may also expose us to unfamiliar legal and regulatory frameworks, including import regulations, labeling standards, marketing restrictions, and consumer protection laws. In certain jurisdictions, rising geopolitical tensions or changes in trade policies may further impact market access and commercial execution.

Changes in global economic, political or social conditions may adversely affect our operations.

Our business is influenced by macroeconomic conditions and consumer sentiment, both in the PRC and internationally. Recent global developments including prolonged economic uncertainty, slower GDP growth, international trade tensions, and geopolitical instability have increased volatility in consumer markets and disrupted global supply chains. In particular, escalating trade frictions, protectionist policies, tariff adjustments and regional conflicts may weaken international cooperation, constrain market access, and affect the flow of goods, materials and capital. These developments may also impact global consumer confidence and reduce discretionary spending, especially in non-essential categories such as cultural and creative products.

As our business performance is closely linked to household consumption levels and gifting demand, any decline in disposable income or spending willingness may adversely affect sales, inventory turnover and profitability. Although our primary market is the PRC, global economic and political shifts may influence our upstream supply environment and downstream distribution strategies, as well as our overseas expansion prospects. We cannot guarantee that we will be able to fully mitigate or respond to evolving macroeconomic and geopolitical risks. Any significant deterioration in the broader environment may negatively affect our financial condition, operational stability and future growth.

We may be unable to conduct our marketing activities effectively.

Our ability to build brand awareness, communicate cultural meaning, and drive product conversion depends heavily on the effectiveness of our marketing efforts. During the Track Record Period, our selling and marketing expenses amounted to approximately RMB62.7 million, RMB72.4 million, RMB71.6 million, RMB53.5 million and RMB59.6 million for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, representing approximately 12.4%, 14.3%, 12.5%, 13.3% and 13.3% of our revenue for the same respective years/periods.

Our marketing strategy primarily consists of digital campaigns, social media content, livestreaming sessions, and themed brand events, supported by select offline experiences and seasonal retail displays. We do not rely on large-scale influencer endorsements or extensive traffic acquisition. This approach may limit our exposure and reach, particularly during major promotional periods or in competitive consumer segments. Please refer to the section headed “Business – Sales and Marketing” for further details.

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The effectiveness of our marketing activities depends on a range of external and internal factors. These include changes in platform algorithms, fluctuations in digital advertising costs, creative fatigue among users, and increasing content saturation across social media channels. Furthermore, our products often require more nuanced creative direction. If we are unable to communicate the intended emotion, symbolism or usage context effectively, the campaign may fail to appeal to consumers, resulting in low engagement or reputational misunderstanding. Measurement and attribution of marketing performance also remain a challenge. It may be difficult to isolate the impact of individual campaigns on consumer behavior or sales conversion. As our brand scales across platforms and geographies, tracking ROI and optimizing budget allocation across online and offline channels will become more complex.

Evolving online marketing ecosystems and consumer behavior may adversely affect our digital sales and marketing efficiency.

We rely on online platforms such as e-commerce marketplaces, short-video and livestreaming platforms, and social media to promote and sell our products. As digital content consumption habits evolve and platform ecosystems grow more complex, we face increasing challenges in maintaining visibility, controlling costs, and delivering consistent consumer engagement. In particular, newer marketing formats such as livestreaming, short videos, and user-generated reviews have become integral to product discovery and consumer influence. These formats are algorithm-driven and trend-sensitive, and may be subject to frequent changes in exposure rules, advertising policies, and content regulation. If we fail to adapt to such changes or deliver content that appeals to platform audiences, our online traffic and conversion rates may decline. Consumer behavior in the digital space is highly dynamic and difficult to predict. Preferences related to cultural aesthetics and symbolic gifting may shift over time. If prevailing trends diverge from our brand tone or product style, or if demand for culturally themed artisanal products weakens, our marketing effectiveness and brand relevance may be adversely affected.

We rely on a range of third parties to support our operations, and their disruptions or misconduct may adversely affect our business, reputation and customer experience.

We depend on various third-party service providers and partners to support multiple aspects of our operations, including raw material procurement, outsourced production steps, logistics and warehousing, and sales channel execution. We do not have full oversight or control over the day-to-day operations of these third parties. Additionally, we may be exposed to reputational or legal risks stemming from third-party conduct, such as labor disputes, regulatory non-compliance, or cybersecurity breaches, even where our Company is not directly involved.

Among them, logistics service providers play a critical role in the fulfillment of both online and offline orders. Given the weight, fragility, and often commemorative nature of our copper-based products, delivery quality has a direct impact on customer satisfaction. Any delay, mishandling, loss, or packaging damage during transit may lead to negative consumer experience, complaints or refund requests. In certain cases, failed delivery attempts or insufficient last-mile service may also result in dissatisfaction or damage to our brand perception.

Any material underperformance, disruption, or misconduct by third-party partners may compromise our product delivery, harm customer trust, and adversely affect our brand image and business operations.

Our business depends on the continued contributions of our founder and key personnel, and any loss or instability may adversely affect our performance and growth.

Our success is closely tied to the vision, leadership and personal involvement of our founder, Mr. Yu Guang, who serves as our Chairman and General Manager. Mr. Yu has played a foundational role in shaping our brand values, product direction and cultural positioning. His continued engagement in design strategy, creative development and corporate leadership is critical to our identity and long-term direction. Beyond Mr. Yu, we rely on a broader team of senior management, creative leaders, and skilled technical personnel across departments such as product design, production management, branding, and operations. The cultural and creative industry is inherently talent-driven, and individuals with experience in traditional crafts, visual storytelling, and cultural interpretation are in high demand. Please refer to the section headed “Business – Strengths – Experienced management and creative team supporting long-term business growth” for further details.

Any unexpected departure, unavailability or underperformance of key individuals may disrupt our creative consistency, operational continuity or market execution. We may also face difficulties in recruiting and retaining equally qualified replacements due to industry competition and the specialized nature of our work. If we are unable to retain, attract or motivate the individuals critical to our creative vision, management effectiveness or production execution, our business performance, brand cohesion and future growth prospects may be materially and adversely affected.

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We are subject to environmental protection and workplace safety laws and regulations in the PRC, including those relating to waste disposal, emissions and workplace safety. Any regulatory changes or enhanced enforcement may result in increased costs or penalties and could adversely affect our operations.

As a manufacturer of metal-based cultural and creative products, we are subject to a range of environmental protection and workplace safety laws and regulations in the PRC. These include requirements relating to pollutant discharge, hazardous waste disposal, noise and dust control, chemical and gas handling, fire prevention, occupational disease prevention, employee health protection and workplace safety standards. For details, please refer to “Business – Licenses, Permits and Approvals” in this prospectus.

Our production processes, including metal melting, casting, grinding, polishing, surface treatment and patina coloring, involve the use of heating equipment, high-temperature operations, and metal compounds that may release fumes, particulates or volatile substances. These operations may pose safety risks such as burns, inhalation exposure, dust-related respiratory hazards, or chemical contact injuries if not properly managed. We are required to obtain and maintain pollutant discharge permits, and workplace safety permits, and to implement internal protocols for fire safety, gas detection, protective gear usage, and employee health monitoring. Any deficiencies in safety awareness, equipment maintenance, protective material usage or emergency response mechanisms could increase the risk of accidents or occupational illness.

Environmental protection is also a growing focus of regulatory enforcement. Discharges of dust, fumes or polishing waste must meet applicable standards, and local authorities may conduct unannounced inspections or require rectification. We cannot assure you that future inspections or regulatory changes will not increase our compliance burden or result in additional capital expenditure for facility upgrades, protective equipment or monitoring systems.

Failure to maintain optimal inventory levels, ensure the security or manage the impairment risk of our inventory could have a material adverse effect on our business, financial condition and results of operations.

We maintain inventories of raw materials, work-in-progress, finished goods, and goods in transit to support production and sales activities. During the Track Record Period, our inventory levels and turnover days remained relatively stable, primarily supported by steady customer demand. As of December 31, 2022, 2023, 2024 and September 30, 2025, our inventory amounted to RMB115.7 million, RMB107.2 million, RMB132.3 million and RMB153.3 million, respectively, with an average inventory turnover days of 107, 119, 119 and 133 days. However, we cannot assure you that such levels will remain appropriate.

Due to the handcrafted nature of many of our products and the seasonal or commemorative nature of some SKUs, demand fluctuations, inaccurate sales forecasting, or changes in consumer preferences may result in excess or unsellable inventory. Certain products also require careful handling and may deteriorate over time, particularly those with exposed metal finishes or complex structures.

We may be subject to penalties or other regulatory actions if we fail to fully comply with applicable PRC labor laws, including with respect to social insurance and housing provident fund contributions.

Pursuant to applicable PRC labor laws and regulations, we are required to enter into written employment contracts with our employees and to make contributions, and withhold employee contributions, to various statutory schemes, including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and the housing provident fund, in accordance with local regulations.

Historically, due to reasons including administrative complexities, differences in local practices and internal management constraints, certain of our subsidiaries may not have fully complied with such obligations in all respects. For example, in some cases, contributions may not have been made based on the actual wages of employees or within the prescribed time frame. The total shortfall amount of social insurance fund was approximately RMB13.5 million, RMB13.8 million, RMB17.1 million, and RMB13.4 million for the years ended December 31, 2022, 2023, 2024, and the nine months ended September 30, 2025, respectively. On the other hand, the total shortfall amount of housing provident fund was approximately RMB3.5 million, RMB3.5 million, RMB4.4 million, and RMB3.5 million for the years ended December 31, 2022, 2023, 2024, and the nine months ended September 30, 2025, respectively. As of the Latest Practicable Date, we had not received any administrative penalty or rectification notice from the relevant PRC authorities in connection with such matters.

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According to our PRC Legal Adviser, based on the current regulatory environment and our compliance records, the likelihood of the Company being subject to penalties or required to make up for underpaid social insurance and housing provident fund contributions during the Track Record Period is considered remote. However, we cannot assure you that the relevant authorities will not adopt a stricter stance, conduct retrospective inspections, or impose retroactive contributions, surcharges or administrative penalties in the future. Any such actions may increase our compliance costs, create labor disputes or reputational risks, and adversely affect our financial condition, business operations and prospects. For further details, see “Regulatory Overview – Regulations Relating to Labor Contract, Social Insurance and Housing Provident Fund” and “Business – Non-Compliance Incidents” in this prospectus.

Our insurance coverage may not fully protect us against all operational risks.

We maintain insurance policies to cover certain aspects of our operations in line with customary industry practices. For details of our insurance policy, please refer to the section headed “Business – Insurance” in this prospectus. However, our existing insurance may not fully cover all types of losses or liabilities, and may be subject to deductibles, exclusions or coverage limits.

Additionally, the outcome and timing of any insurance claim may be uncertain, and we cannot assure you that future premiums will remain commercially viable. Any significant loss not adequately covered by insurance may adversely affect our financial condition and business operations.

We are subject to risks relating to third-party payment arrangements.

From January 1, 2022 to February 14, 2023, we received payments from third parties on behalf of a limited number of our distributors through accounts that did not belong to the contractual counterparties under the relevant sales and purchase agreements. In the years ended December 31, 2022 and 2023, we received such payments from four and two distributors, respectively, totaling approximately RMB11.3 million and RMB6,000, which represented approximately 2.3% and 0.001% of our total revenue in the respective years. We did not receive any third-party payments in the year ended December 31, 2024 and up to the Latest Practicable Date. For more information, please see “Business – Customers – Third-Party Payment Arrangement.” We may face risks arising from such historical third-party payment arrangements, including, among others, potential claims from third-party payors or their liquidators, lack of visibility over the source or intended use of funds, or legal proceedings that may be initiated against us in connection with such payments. If any of these risks materialize, we may be required to allocate additional financial and management resources to address the related matters, which could materially and adversely affect our business and financial performance.

Use of social media may materially and adversely affect our reputation.

We use social media platforms to promote our brand, engage consumers, and support digital sales. However, the rapid and uncontrolled nature of user-generated content on such platforms exposes us to reputational risks that may be difficult to contain. Negative posts, misleading reinterpretations, or malicious campaigns may be widely disseminated and amplified by algorithmic features. Even if such content is inaccurate or commercially motivated, it may spread quickly and distort public perception of our brand before corrective action can be taken.

In addition, content that is dramatized or selectively edited, especially in short video or livestreaming formats, may be sensationalized or taken out of context, leading to significant backlash. Platform restrictions or suspensions in response to such content may further affect our ability to respond effectively. We are also exposed to reputational risks arising from inappropriate conduct or remarks made by our own employees or senior management on public platforms. Any perceived insensitivity, controversial statement, or misalignment with our brand values may provoke consumer backlash and damage our public image.

Negative publicity about us, our Shareholders and affiliates, our brand and our management may have a material adverse effect on our business, reputation, and the trading price of our Shares.

Our brand and business are highly sensitive to public perception, and any form of negative publicity may adversely affect our reputation, consumer trust, and investor confidence. Such publicity may stem from a broad range of sources and cover diverse topics, including controversies involving our Company, management, Directors, shareholders, affiliates, products or business practices. Potential triggers include media reports, analyst commentary, whistleblower claims, regulatory inquiries, supplier or employee disputes, or allegations related to corporate governance, ethical conduct or shareholder background.

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Even where such issues are unrelated to our core operations or arise from circumstances beyond our control, public association with adverse narratives may undermine confidence in our culture, values or brand identity. If any of our key personnel or shareholders are subject to scrutiny, controversy or historical reputation concerns, the resulting attention may disproportionately impact public and market perception.

Given the cultural and value-based positioning of our products, adverse publicity may erode consumer loyalty more quickly than in purely functional categories. If such events occur in proximity to our Global Offering or during a critical brand campaign, they may also affect investor sentiment and the trading performance of our H Shares.

We cannot guarantee that all reputational risks can be anticipated, prevented or mitigated. Any material incident of negative publicity may have an adverse effect on our brand, business operations, and capital market performance.

Some of our properties lack ownership certificates, which may result in relocation risk.

As of the Latest Practicable Date, we leased a number of properties in the PRC for use as self-operated offline stores, consignment stores and warehouses. Among these, certain leased premises did not have valid real estate ownership certificates. In addition, some leases had not been registered with the relevant PRC housing authorities as required under applicable regulations. We also occupy two self-owned premises with a combined gross floor area of approximately 480 sq.m. and have not yet obtained the formal title certificates, which are currently used for paint storage and cleaning workshops. For more information, please refer to “Business – Properties – Owned properties” in this prospectus.

Under PRC law, the lack of lease registration generally does not affect the validity of the lease agreement but may subject the lessor or lessee to administrative warnings or fines. Leasing properties without ownership certificates may present higher legal risks. If the lessor lacks lawful title or if a third party asserts ownership or the government enforces land use changes, we may be required to vacate or relocate the affected stores. At present, we are not aware of any dispute, regulatory penalty or eviction notice regarding these properties. Based on current assessment, the likelihood of enforced relocation is low. However, future developments may affect our ability to continue occupying these premises. If relocation is required, we believe it would be commercially feasible to secure alternative premises on acceptable terms. Nevertheless, relocation may lead to temporary operational disruption, additional leasehold investment, or impact customer experience in the affected locations.

Public health emergencies such as COVID-19 may disrupt our operations and adversely affect our financial results.

Our operations were affected during the COVID-19 pandemic due to temporary production suspensions, logistics delays and fluctuations in offline consumer traffic. While the overall impact has subsided and business conditions have generally normalized, uncertainties remain regarding potential public health emergencies in the future. For further details, please refer to the section headed “Business – Impact of the COVID-19 Outbreak” in this prospectus. Any resurgence of COVID-19 or outbreak of similar infectious diseases, as well as related public health measures, could again disrupt our supply chain, offline retail activities, or logistics operations, and may adversely affect our financial condition and results of operations.

Our sales may be affected by seasonality.

Our sales are subject to seasonality, with higher online order value typically recorded during major online promotional events such as “Double Eleven,” “Double Twelve” and the “618” mid-year festival. For example, in 2024, the online order value in each of June, November and December exceeded the monthly average order value for the year by approximately 12% to 45%. For further details on our seasonality, please refer to the section headed “Financial Information – Seasonality” in this prospectus.

These seasonal peaks may lead to fluctuations in our sales, strain production and logistics planning, and affect the timing of revenue recognition. If we fail to accurately forecast demand or respond effectively during high-demand periods, our sales performance and operational efficiency may be adversely affected.

We may not continue to enjoy preferential tax treatments or receive government grants.

We currently benefit from a preferential tax rate under the High and New Technology Enterprise (“HNTE”) status in the PRC, which allows us to enjoy a reduced corporate income tax rate at 15%. Our HNTE certificate is valid until December, 2027, after which renewal will be required to maintain this preferential tax treatment. While this status is common among listed

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companies in our industry, there is no absolute assurance that we will successfully renew it. Failure to renew our HNTE status would result in the loss of the associated tax benefits, subjecting us to the standard corporate income tax rate and potentially increasing our tax expenses. This could adversely impact our profitability and financial performance. Additionally, if there are changes to the HNTE qualification requirements or stricter enforcement by tax authorities, our ability to meet renewal criteria could be affected, further impacting our tax liabilities.

We have historically received government grants and enjoyed tax incentives to support areas such as research and development, talent recruitment, and cultural development. These forms of support contributed to our other income and helped offset certain operating costs. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we recognized government grants of approximately RMB2.4 million, RMB3.0 million, RMB2.6 million, RMB2.2 million and RMB0.8 million, respectively. Such grants and policy benefits contributed to our other income. However, most government grants are non-recurring and subject to government fiscal budgets, policy shifts, or administrative discretion. Similarly, our eligibility for tax incentives depends on compliance with evolving regulations and performance-based reassessments. There is no assurance that we will continue to receive such support in the future. Any reduction, delay or discontinuation of these benefits could increase our operating costs and adversely affect our financial condition and profitability.

Recent increases in U.S. tariffs and heightened global trade tensions may adversely affect our international expansion and business performance.

In line with our strategy to expand into international markets and diversify our revenue base, we are increasingly exposed to evolving global trade policies, particularly those between China and the United States. Currently, our products are primarily marketed in the PRC. However, as we seek to enter overseas markets, we may become subject to heightened risks stemming from international trade frictions. For further information, please see “Business – Our Strategies – International Expansion Strategy and Regional Market Development” in this prospectus.

The global trade environment continues to evolve rapidly. Since 2025, the U.S. has adjusted additional ad valorem duties on articles of China, including suspending 24 percentage points of an additional ad valorem rate of duty for an initial 90-day period while retaining a remaining 10% ad valorem rate, with China announcing corresponding tariff adjustments. The U.S. has also announced product-specific tariffs on certain home furnishing and wood-derivative products, and similar measures may be expanded to other consumer product categories. In February 2026, the U.S. Supreme Court held that the International Emergency Economic Powers Act does not authorize the U.S. President to impose tariffs, which may affect the legal basis of tariffs previously imposed under that statute and may prompt further policy adjustments under other legal authorities. Separately, the U.S. President imposed a temporary 10% ad valorem import surcharge for 150 days, effective February 24, 2026, in connection with balance-of-payments measures, which may increase the cost of importing consumer goods into the United States. These developments underscore continued volatility and unpredictability in U.S. trade policy and the broader trade environment.

We cannot predict how these geopolitical factors will evolve, but continued tariffs, trade restrictions, or retaliatory measures may undermine our competitiveness, affect pricing strategies, and disrupt our logistics and market entry efforts. As we expand into new markets, these trade challenges may influence our strategic plans, including potential shifts in consumer demand or relationships with foreign distributors. Moreover, sustained trade conflicts may dampen consumer sentiment or discretionary spending in certain jurisdictions, particularly for non-essential or consumer-preference-driven categories such as cultural and creative crafts. These developments could also discourage foreign distributors or licensing partners from engaging with Chinese producers, or lead to a reassessment of our international expansion plans. If adverse import conditions, higher tariffs or broader trade restrictions are imposed, extended or re-imposed, our efforts to penetrate new markets, establish brand recognition abroad, or secure global partnerships may be materially and adversely affected.

We may be subject to force majeure events such as natural disasters, acts of war or terrorism that beyond our control.

Our operations may be disrupted by events beyond our control, including natural disasters (such as earthquakes, floods or typhoons), pandemics, acts of war, terrorism, or social unrest. These events may damage facilities, interrupt supply chains and logistics, affect workforce availability, or temporarily halt production and retail operations.

We also rely on third-party platforms and digital infrastructure for online sales, which may be affected by power outages, cyber incidents or regional instability. In addition, geopolitical developments may impact our international partnerships or IP licensing arrangements.

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Fluctuations in foreign exchange rates may affect our financial performance.

Our financial statements are RMB, which is also the functional currency of our Company. Although our current operations are primarily conducted in the PRC and substantially all of our revenues, costs and expenses are denominated in RMB, we may still be subject to foreign exchange risks as we gradually expand into international markets.

During the Track Record Period, we recorded net foreign exchange gains of RMB394,000, RMB26,000, RMB157,000 and RMB66,000 and losses of RMB19,000 for the years ended December 31, 2022, 2023, 2024, and the nine months ended September 30, 2024 and 2025, respectively. These fluctuations were mainly attributable to the settlement of certain transactions in foreign currencies, including cross-border procurement, logistics or international service fees.

As we pursue further international expansion, our exposure to foreign currency transactions, such as settlement in USD or other foreign currencies, may increase. In such cases, the appreciation of foreign currencies against RMB may increase our cost of goods sold or operating expenses, while depreciation may reduce the translated value of revenues earned overseas. We had not adopted any hedging policies to manage foreign exchange risks during the Track Record Period and up to the Latest Practicable Date. Any future volatility in exchange rates may lead to fluctuations in our reported financial results or net asset value, and may adversely affect our profitability and financial position.

RISKS RELATING TO DOING BUSINESS IN THE PRC

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listing issued by PRC government authorities.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》), which emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by PRC-based companies. These opinions proposed to take effective measures, such as promoting the establishment of regulatory systems to address the risks and incidents faced by PRC-based overseas-listed companies.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China jointly promulgated the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “Archives Rules”), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, must strictly comply with the requirements on confidentiality and archives management, establish sound internal systems, and take necessary measures to implement relevant management responsibilities.

As we are a PRC-based company seeking a listing in Hong Kong, we are subject to the supervision regime under the aforementioned regulatory framework. The interpretation and implementation of these rules continue to evolve, and we cannot assure you that we will not be required to make further information disclosures, adjust internal policies or incur additional compliance costs. Failure to comply with the above requirements may materially and adversely affect our business, results of operations or financial condition.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

On July 6, 2021, the relevant PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions enhanced administration and supervision on overseas listing by the PRC-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by the PRC based overseas-listed companies.

On February 17, 2023, the CSRC released the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”), together with five interpretative guidelines thereof, which became effective on March 31, 2023. The Trial Measures comprehensively improved and reformed the prior regulatory regime for overseas listing of securities of PRC domestic companies, and had regulated both direct and indirect overseas listing of PRC domestic companies’ securities by adopting a filing based regulatory regime. According to the Trial Measures, we, as a PRC domestic company seeking to list securities in overseas markets, are required to apply for the filing procedure with the CSRC within three working days after submitting the listing documents to the overseas supervisory authorities and report relevant information.

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We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our future financing activities. We may not be able to comply with such additional requirements in a timely manner or at all. In addition, we may be subject to adjustments by the CSRC or other PRC regulatory authorities for failure to seek CSRC filing or other government authorization for this Global Offering, and these regulatory authorities may impose fines and penalties on us, affect our operating activities in the PRC, affect our ability to pay dividends, delay or affect the repatriation of the proceeds from the Global Offering into the PRC or take other actions to affect our financing activities, which could have a material adverse effect on our business, financial conditions and results of operations.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in China under Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income signed on August 21, 2006, the Chinese government may impose tax on dividends paid by a Chinese company to a resident of the Hong Kong Special Administrative Region (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If an Hong Kong Special Administrative Region resident directly holds 25% or more of the equity interest in a Chinese company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income issued by the State Administration of Taxation effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions.

For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC EIT at a 20% rate. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by SAT, such tax rate has been reduced to 10%, subject to a further reduction under a special arrangement or an applicable treaty between the PRC and the jurisdiction of the residence of the relevant non-PRC resident enterprise.

The interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. In addition, the interpretation and application of applicable PRC tax laws and rules by the PRC's tax authorities are still evolving, including the taxation of capital gains by non-PRC resident enterprises, individual income tax on dividends to non-PRC resident individual holders of our H Shares and on gains realized on the sale or other disposition of our H Shares. The PRC's tax laws, rules and regulations may also change. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your investment in our H Shares may be materially affected.

It may be difficult to effect service of process, enforce foreign judgments or bring original actions against us, our Directors and senior management.

We are a company incorporated under the laws of the PRC, and a substantial majority of our assets are located in the PRC. In addition, most of our Directors and senior management reside within the PRC. As a result, the service of process, investigation, collection of evidence, ratification, and enforcement procedure inside the PRC should follow the rules set forth in the Civil

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Procedure Law of the People's Republic of China (《中華人民共和國民事訴訟法》) as well as other applicable laws, regulations and interpretations. On July 14, 2006, the Supreme People's Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “**2006 Arrangement**”), which was issued on July 3, 2008 and became effective on August 1, 2008. Pursuant to the 2006 Arrangement, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China, and vice versa. However, it is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2006 Arrangement.

On January 18, 2019, the Supreme People's Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “**2019 Arrangement**”) and the 2019 Arrangement was issued on January 25, 2024 and became effective on January 29, 2024. The 2019 Arrangement has superseded the 2006 Arrangement and afford greater clarity and certainty for reciprocal recognition and enforcement of judgments in civil and commercial matters. The 2006 Arrangement will remain applicable to a “choice of court agreement in writing” entered into before the 2019 Arrangement taking effect. However, there remains uncertainties as to the outcome of any specific applications to recognize and enforce such judgments and arbitral awards in the PRC.

Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your H Shares.

Regulations on currency exchange in the PRC may limit our ability to utilize revenues generated in Renminbi to fund business activities outside the PRC, or to pay dividends in foreign currencies. Under current PRC foreign exchange regulations, payments of current account items, including profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, the conversion of Renminbi into foreign currencies and remittance of the foreign currencies outside the PRC for capital account items, such as direct investments, loans, and investments in securities, requires prior approval from or registration with SAFE or its local branches. There is no assurance that SAFE or other relevant PRC governmental authorities will not impose any restriction on the remittance of dividends or other payments by us to our shareholders. In addition, there is no assurance that new regulations or policies will not be promulgated in the future that would further restrict or eliminate our ability to pay dividends or make other payments in foreign currencies. Any limitation on the ability to pay dividends or make other kinds of payments to shareholders could materially and adversely affect the value of your investment.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for the Shares and the liquidity and market price of our Shares may be volatile.

Prior to the Global Offering, there has been no public market for our H Shares. The initial Offer Price for the H Shares was the result of negotiations between us and the Sole Sponsor (for itself and on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for our H Shares following the Global Offering. We cannot assure you that an active trading market for our H Shares will develop or be sustained after the Global Offering or that the market price of our H Shares will not decline below the Offer Price. The market price for our H Shares may be highly volatile and subject to wide fluctuations in response to a number of factors, some of which are beyond our control.

The trading price of the Shares may be volatile, which could result in substantial losses to you.

The trading price of our H Shares may be volatile and could fluctuate significantly due to factors beyond our control. Such factors include, but are not limited to, variations in our revenue, earnings and cash flow, changes in our operating results, changes in analysts' estimates, perceptions of our industry and regulatory developments in the PRC and elsewhere. The securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our H Shares.

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Additionally, under PRC law, all existing Shareholders (including Pre-IPO Investors) are restricted from disposing of any of their Shares within the first 12 months following the Listing Date. This lock-up period may affect the liquidity and trading volume of our H Shares shortly after the Global Offering. These factors, independent of our actual business performance, could contribute to substantial price volatility and potential losses for investors in our H Shares.

Purchasers of our H Shares in the Global Offering may experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The Offer Price of our H Shares in the Global Offering may be higher than the net tangible book value per H Share immediately prior to the Global Offering. As a result, purchasers of our H Shares in the Global Offering may experience immediate dilution in net tangible book value. In addition, we may need to raise additional funds in the future and may issue additional Shares or securities convertible into Shares. Purchasers of our H Shares may experience further dilution in the net tangible book value per Share if we issue additional Shares or securities in the future.

Future sales or perceived sales of substantial amounts of our H Shares could adversely affect the market price and dilute shareholder holdings.

The market price of our H Shares and our ability to raise capital at favorable terms could be negatively impacted by the future sale of substantial amounts of our H Shares in the public market, especially if sold by our Directors, executive officers, or largest Shareholders, or if we issue new shares or share-linked securities. The perception of such sales or issuances could also exert downward pressure on our share price. Additionally, if we issue additional securities in the future, our existing Shareholders may experience dilution in their holdings.

We may issue new shares under any current or future share incentive schemes, further diluting Shareholder interests. These newly issued shares or share-linked securities could carry rights and privileges that take precedence over those of our H Shares. Certain shares held by our largest Shareholders are subject to lock-up periods starting from the date our Shares commence trading on the Hong Kong Stock Exchange. We cannot guarantee that they will not sell shares at that time or in the future. Such sales, or the potential for these shares to enter the market, could negatively affect the prevailing market price of our H Shares.

Additionally, investors who subscribe to shares in the Global Offering may not be subject to any disposal restrictions on their H Shares, and they may have existing arrangements or agreements to sell part or all of their H Shares immediately after the Listing for various legal, regulatory, business, or market reasons. These sales, especially if occurring in a short period after the Listing, could exert downward pressure on the market price and create substantial volatility in the trading volume of our H Shares.

The interests of our Single Largest Shareholder may conflict with the best interests of our other shareholders.

Immediately upon completion of the Global Offering, without taking into account any Shares issued under the Over-allotment Option, our Single Largest Shareholder will hold an aggregate of approximately 23.24% of our total issued share capital, giving them substantial influence over our business and corporate decisions. Our Single Largest Shareholder can exercise significant influence over matters requiring Shareholder approval, including the election of Directors, mergers, business combinations, asset acquisitions or disposals, issuance of additional Shares or other equity securities, dividend payments, and overall corporate strategy.

This level of control may lead our Single Largest Shareholder to make decisions that serve their interests but are not necessarily aligned with those of our minority Shareholders. Additionally, such ownership may deter, delay, or prevent a change in control of our Company, which could otherwise provide Shareholders an opportunity to sell their shares at a premium. Such actions could negatively affect the market price of our H Shares and limit the influence of other Shareholders on the Company's governance and future direction.

Our historical dividends may not be indicative of our future dividend policy, and there is no assurance of future dividend payments.

Our Board has discretion as to whether to distribute dividends. The amount of dividends we have paid in the past is not indicative of our future dividend policy or dividend amounts. The declaration and payment of dividends will be at the discretion of our Board and will depend on various factors, including our business prospects, financial performance, cash flow, capital requirements and the terms of our financing arrangements. There can be no assurance that we will declare and pay dividends in the future in any amount.

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Certain facts, forecast and other statistics in this prospectus obtained from publicly available official government sources have not been independently verified and may not be reliable.

Certain facts, forecasts, and other statistics included in this prospectus are derived from various publicly available official government sources. While our Directors believe these sources to be appropriate and have taken reasonable care in obtaining and reproducing the information, we cannot guarantee the accuracy, quality, or reliability of the underlying source materials. This data has not been independently verified by us or any other parties involved in the Global Offering and no representation is given as to their accuracy.

Additionally, we cannot assure our investors that this information has been compiled on a basis or with the same level of accuracy as similar data presented elsewhere. Therefore, prospective investors are advised to carefully consider the weight and importance they place on such facts and statistics when evaluating this prospectus.

Our forward-looking statements are subject to uncertainties, and future results could differ materially from those expressed or implied.

This prospectus contains forward-looking statements about our business based on management's current beliefs, assumptions, and information available at the time. Forward-looking statements are identified by terms such as "aim," "anticipate," "believe," "could," "expect," "intend," "may," "plan," "potential," "predict," "project," "seek," "will," and similar expressions. These statements reflect management's views on future events, operations, liquidity, and capital resources; however, they are inherently subject to risks, uncertainties, and assumptions.

If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results could differ significantly from those suggested by these forward-looking statements. Factors beyond our control and future business decisions could impact outcomes, many of which are discussed in the "Risk Factors" section of this prospectus.

In light of these uncertainties, forward-looking statements should not be considered assurances of specific plans or objectives, and prospective investors are cautioned not to place undue reliance on them. All forward-looking statements in this prospectus are qualified by these cautionary statements. Subject to ongoing disclosure obligations under the Listing Rules or Hong Kong Stock Exchange requirements, we do not intend to publicly update or revise forward-looking statements due to new information, future events, or other factors.

Prospective investors should rely solely on this prospectus and not on media reports when making investment decisions.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there has been press and media coverage regarding us, our business, our industry and the Global Offering. There may be additional media coverage regarding us, our business, our industry and the Global Offering subsequent to the date of this prospectus but prior to the completion of the Global Offering. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. None of us or any other person involved in the Global Offering has authorized the disclosure of any such information in the press or media and none of us accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. Our Company, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our and their respective directors, officers, representatives, employees, advisers or any other persons or parties involved in the Global Offering make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, our Company, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our and their respective directors, officers, representatives, employees, advisers or any other persons or parties involved in the Global Offering disclaim responsibility for it, and you should not rely on such information.

WAIVERS AND EXEMPTION

In preparation for the Global Offering, our Company has sought and has been granted the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our management, business operations and assets are primarily located outside Hong Kong. The principal management headquarters of our Group are primarily based in the PRC. Our Company considers that our Group's management is best able to attend to its functions by being based in the PRC. None of our executive Directors is or will be ordinarily resident in Hong Kong after the Listing of our Company. Our Directors consider that relocation of our executive Directors to Hong Kong will be burdensome and costly for our Company, and it may not be in the best interests of our Company and our Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong. As such, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

- (1) We have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives appointed are Mr. Luo Renxiang (羅仁祥), executive Director and Ms. Leung Hoi Yan (梁皚欣) (“**Ms. Leung**”), one of our joint company secretaries. Ms. Leung is situated and based in Hong Kong. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;
- (2) As and when the Stock Exchange wishes to contact our Directors on any matters, each of our authorized representatives has the means to contact all of our Directors (including the independent non-executive Directors) promptly at all times;
- (3) Each Directors who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and is able to meet with the Stock Exchange within a reasonable period of time, when required;
- (4) We have appointed Innovax Capital Limited as our compliance adviser, pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us; and
- (5) We have provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office phone number and e-mail address).

Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives, the Directors and/or the compliance adviser in accordance with the Listing Rules.

WAIVERS AND EXEMPTION

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our company secretary must be an individual who by virtue of his or her academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of Company Secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable: (a) a member of The Hong Kong Chartered Governance Institute; (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Hong Kong Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 of the Guide, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

- (a) whether the issuer has principal business activities primarily outside Hong Kong;
- (b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under Rule 3.28(1) of the Listing Rules) nor Relevant Experience (as defined under Rule 3.28(2) of the Listing Rules) as a company secretary; and
- (c) why the directors consider the individual to be suitable to act as the issuer’s company secretary.

Further, pursuant to Chapter 3.10 of the Guide, such waiver, if granted, will be for a fixed period of time and on the following conditions:

- (a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the fixed period of time; and
- (b) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Ms. Xu Jiaying (徐佳穎) (“**Ms. Xu**”), secretary of the Board and manager of international department, as one of our joint company secretaries, considering her past working experiences within our Group and her understanding of our internal administration, business operations and corporate culture. As such, although Ms. Xu does not possess the specified qualifications strictly required by Rule 3.28 of the Listing Rules, our Directors believe that Ms. Xu is capable of discharging the functions of a joint company secretary with the assistance of Ms. Leung, who meets the requirements under Rule 3.28 of the Listing Rules and has been appointed to act as the other joint company secretary and to assist Ms. Xu in the compliance matters for the

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Listing as well as other Hong Kong regulatory requirements for an initial period of three years from the Listing. Over such period, we will implement the following measures to assist Ms. Xu to satisfy the requisite qualifications as prescribed in Rules 3.28 and 8.17 of the Listing Rules:

- (a) Ms. Leung will assist Ms. Xu so as to enable her to discharge her duties and responsibilities as a joint company secretary. Given Ms. Leung's relevant experiences, she will be able to advise both Ms. Xu and us on the relevant requirements of the Listing Rules as well as other applicable laws and regulations of Hong Kong;
- (b) Ms. Xu will be assisted by Ms. Leung for an initial period of three years commencing from the Listing, which should be sufficient for her to acquire the requisite knowledge and experience under Rule 3.28 of the Listing Rules;
- (c) we will ensure that Ms. Xu has access to the relevant trainings and support to enable her to familiarize herself with the Listing Rules and the duties required of a company secretary of an issuer, and Ms. Xu has undertaken to attend such trainings;
- (d) Ms. Leung will communicate with Ms. Xu on a regular basis regarding matters in relation to corporate governance, the Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to our operations and affairs. Ms. Leung will work closely with, and provide assistance to Ms. Xu with a view to discharging her duties and responsibilities as a company secretary, including but not limited to organizing the Board meetings and Shareholders' meetings; and
- (e) pursuant to Rule 3.29 of the Listing Rules, Ms. Leung and Ms. Xu will also attend in each financial year no less than 15 hours of relevant professional training courses to familiarize themselves with the requirements of the Listing Rules and other legal and regulatory requirements of Hong Kong. Both Ms. Leung and Ms. Xu will be advised by our legal advisers as to Hong Kong laws and our compliance adviser as and when appropriate and required.

Accordingly, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules, for an initial period of three years from the Listing (the "**Waiver Period**"). Pursuant to Chapter 3.10 of the Guide, the waiver is granted on the conditions: (1) our Company appoints Ms. Leung, who meets the requirements under Note 1 to Rule 3.28 of the Listing Rules, as a joint company secretary, to assist Ms. Xu in discharging her functions as a joint company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules; and (ii) the waiver will be revoked immediately if Ms. Leung, during the three-year period, ceases to provide assistance to Ms. Xu, or if there are material breaches of the Listing Rules by our Company. Before the end of the three-year period, we will conduct a further evaluation of the qualification and experience of Ms. Xu to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied, and we must demonstrate to and seek the Stock Exchange's confirmation that Ms. Xu, having had the benefit of Ms. Leung's assistance during the three-year period, has attained the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of company's secretary so that a further waiver wouldn't be necessary. For more details of Ms. Leung and Ms. Xu's biographies, please see the section headed "Directors and Senior Management – Joint Company Secretaries."

WAIVER IN RELATION TO RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Pursuant to Rule 4.04(1) of the Listing Rules, the Accountants' Report contained in this prospectus must include, inter alia, the results of our Company in respect of each of the three financial years immediately preceding the issue of this prospectus or such shorter period as may be acceptable to the Stock Exchange.

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Paragraphs 18 and 19 of Chapter 1.1A of the Guide for New Listing Applicants provide that where an applicant issues its listing document in the third month after the latest year end, a waiver from strict compliance with Rule 4.04(1) of the Listing Rules would be subject to the following conditions: (i) the listing document must include the financial information for the latest financial year and a commentary on the results for the year. The financial information to be included in the listing document must (a) follow the same content requirements as for a preliminary results announcement under Rule 13.49 of the Listing Rules, and (b) be agreed with the reporting accountants following their review under Practice Note 730 “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants; (ii) the applicant must list on the Stock Exchange within three months after the latest financial year end; and (iii) the applicant must obtain a certificate of exemption from the SFC on compliance with the requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Pursuant to section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, all prospectuses shall include the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Pursuant to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this prospectus a statement as to the gross trading income or sales turnover (as the case may be) of our Company during each of the three financial years immediately preceding the issue of this prospectus as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

Pursuant to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in this prospectus a report by our Company’s auditor with respect to profits and losses in respect of each of the three financial years immediately preceding the issue of this prospectus and assets and liabilities of our Company at the last date to which the financial statements of our Company were prepared.

Pursuant to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

The Accountants’ Report for each of the three years ended December 31, 2024 and the nine months ended September 30, 2025 has been prepared and set out in Appendix I to this prospectus.

Pursuant to the relevant requirements set forth above, our Company is required to include audited accounts for the three full years ended December 31, 2025. As such, we have applied to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1)(b) in respect of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, as the waiver and exemption will not prejudice the interests of the investing public and strict compliance with all of the above requirements would be unduly burdensome, as detailed below:

- (a) there would not be sufficient time for our Group and the Reporting Accountants of our Company to finalize our audited financial statements for the year ended December 31, 2025 for inclusion in this prospectus. If the financial statements are required to be audited up to December 31, 2025, our Company and the Reporting Accountants would

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have to undertake a substantial amount of work to prepare, update and finalize the Accountants' Report and this prospectus and the relevant sections of this prospectus will need to be updated to cover such additional period. This would involve additional time and costs since a substantial amount of work is required to be carried out for audit purposes. It would be unduly burdensome for the audited results for the year ended December 31, 2025 to be finalized within a short period of time. Our Directors consider that the benefits of such work to the potential investors of our Company may not justify the additional work and expenses involved and the delay of the Listing timetable;

- (b) our Directors and the Sole Sponsor confirm that after performing all reasonable due diligence work which they consider appropriate, up to the date of this prospectus, there has been no material adverse change to the financial and trading positions or prospects with specific reference to the trading results since September 30, 2025 and up to the date of this prospectus which will materially affect the information shown in the Accountants' Report, the unaudited financial information for the year ended December 31, 2025 and a commentary on the results for the year as set out in Appendix IIB to this prospectus, the section headed "Financial Information" and other parts of this prospectus;
- (c) our Company has included in this prospectus (i) the Accountants' Report covering the three years ended December 31, 2024 and the nine months ended September 30, 2025, (ii) the unaudited financial information for the year ended December 31, 2025 and a commentary on the results for the year as set out in Appendix IIB to this prospectus, which is no less than the content requirements for a preliminary results announcement under Rule 13.49 of the Listing Rules, and the unaudited financial information for the year ended December 31, 2025 has been agreed with the reporting accountants following their review under Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants, and (iii) the information regarding the recent development of our Group subsequent to the Track Record Period and up to the Latest Practicable Date. As such, our Company is of the view that all material information that is necessary for the Shareholders and potential investors to make an informed assessment of the activities, assets and liabilities, financial position, trading position, management and prospects of our Group has been disclosed in this prospectus. Our Directors and the Sole Sponsor confirm that all material information which is necessary for the investing public to make an informed assessment of the activities, assets and liabilities, financial position, trading position, management and prospects has been included in this prospectus. Therefore, the waiver and exemption would not prejudice the interests of the investing public;
- (d) our Company will comply with the requirements under Rules 13.46(2) of the Hong Kong Listing Rules in respect of the publication of our annual report. Our Company currently expects to issue our annual report for the financial year ended December 31, 2025 on or before April 30, 2026. In this regard, our Directors consider that the Shareholders, the investing public as well as potential investors of our Company will be kept informed of the financial results of our Group for the year ended December 31, 2025; and
- (e) the Company will not be in breach of its constitutional documents or laws and regulations of the PRC or other regulatory requirements regarding its obligation to publish preliminary results announcements. Pursuant to the note to Rule 13.49(1) of the Listing Rules, our company will publish an announcement on or before March 31, 2026 that the relevant financial information has been included in this prospectus.

WAIVERS AND EXEMPTION

In such circumstances, an application has been made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver has been granted by the Stock Exchange on the conditions that:

- (a) this prospectus will be issued on or before March 23, 2026 and our Company's H Shares will be listed on the Stock Exchange on or before March 31, 2026 (i.e., within three months after the end of our Company's latest financial year immediately preceding the issue of this prospectus);
- (b) this prospectus includes the unaudited preliminary financial information for the year ended December 31, 2025 and a commentary on the results for the year, and the financial information (i) follows the same content requirements as for a preliminary results announcement under Rule 13.49 of the Listing Rules, and (ii) is agreed with the Company's reporting accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants; and
- (c) our Company obtains a certificate of exemption from the SFC from strict compliance with the requirements under section 342(1)(b) in respect of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

An application has also been made to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1)(b) in respect of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and a certificate of exemption has been granted by the SFC under section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

- (i) the particulars of the exemption are set out in this prospectus; and
- (ii) this prospectus will be issued on or before March 23, 2026 and our Company's H Shares will be listed on or before March 31, 2026 (i.e. three months after the end of the Company's latest financial year).

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) for the purpose of giving information to the public with regard to the Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

CSRC FILINGS

We have filed the required documents with the CSRC on May 12, 2025, and we have received a filing notice from the CSRC dated February 4, 2026, confirming our completion of the filing procedures pursuant to the new filing regime introduced by the new regulations on filing for the Global Offering and the application for listing of the H Shares on the Stock Exchange and the conversion of some of Domestic Unlisted Shares into H Shares upon Listing. No other approvals from the CSRC are required to be obtained for the Listing.

INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out in this prospectus. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their affiliates or any of their respective directors, officers, employees, partners, representatives, advisers or agents or any other persons or parties involved in the Global Offering.

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Overall Coordinators and the Joint Global Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date. The International Offering is expected to be fully underwritten by the International Underwriters on the terms and subject to the conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date.

Neither the delivery of this prospectus nor any subscription made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

See the section headed “Underwriting” in this prospectus for further information about the Underwriters and the underwriting arrangements.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this prospectus.

SELLING RESTRICTIONS ON OFFERS AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not associates of any of our Directors or existing Shareholder or a nominee of any of the foregoing.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters, subject to the agreement on the Offer Price between the Overall Coordinators (acting in such capacity and as Underwriters) and us. See the section headed “Underwriting” for further details on the Underwriters and the underwriting arrangements.

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the H Shares to be converted from Domestic Unlisted Shares. Dealings in the H Shares on the Stock Exchange are expected to commence on March 31, 2026. The H Shares will be traded in board lots of 100 H Shares. The stock code of the H Shares will be 0664. Except as otherwise disclosed in this prospectus, no part of our H Shares is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by or on behalf of the Stock Exchange.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made for the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

INFORMATION ON THE CONVERSION OF DOMESTIC UNLISTED SHARES INTO H SHARES

Our Company has applied for conversion of 54,820,401 Domestic Unlisted Shares (representing 85.12% of our issued share capital immediately upon completion of the Global Offering) held by certain existing Shareholders. See “History, Development and Corporate Structure – Public Float and Free Float” and “Share Capital – Conversion of our Domestic Unlisted Shares into H Shares” in this prospectus for details of the Shareholders and their interests in our Company and the relevant procedures for conversion of Domestic Unlisted Shares into H Shares.

Such H Shares to be converted from the Domestic Unlisted Shares are restricted from trading for a period of one year after the Listing. Our Company has received the filing notice from the CSRC dated February 4, 2026 in relation to the conversion of the Domestic Unlisted Shares.

REGISTER OF MEMBERS AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Global Offering will be registered on our H Share register to be maintained in Hong Kong by our H Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained by us at our headquarters in the PRC.

Dealings in the H Shares registered in our H Share register will be subject to Hong Kong stamp duty. Hong Kong stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares transferred. In other words, a total of 0.2% will be payable on a typical sale and purchase transaction of the H Shares. In addition, a fixed stamp duty of HK\$5.00 is currently payable on each instrument of transfer of H Shares. For further details on Hong Kong stamp duty, please seek professional tax advice.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders as recorded on the H Share register of the Company in Hong Kong and sent by ordinary post, at the Shareholders’ risk, to the registered address of each Shareholder of our Company.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in, the H Shares or exercising any rights attached to them. It is emphasised that none of us, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their affiliates or any of our or their

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

respective directors, officers, employees, partners, representatives, advisers or agents or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of the H Shares resulting from the subscription, purchase, holding or disposal of or dealing in the H Shares or exercising any rights attached to them.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. For ease of reference, the names of the Chinese laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiary) have been included in this prospectus in both the Chinese and English languages. In the event of any inconsistency, the Chinese version shall prevail.

ROUNDING

Certain amounts and percentage figures, such as share ownership and operating data, included in this prospectus may have been subject to rounding adjustments or have been rounded to one or two decimal places. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

CURRENCY TRANSLATIONS

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars.

Unless otherwise specified, this prospectus contains certain translations for the convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of HK\$1.00 to RMB0.8816, Renminbi into U.S. dollars at the rate of US\$1.00 to RMB6.9007 and Hong Kong dollars into U.S. dollars at the rate of US\$1.00 to HK\$7.8272.

No representation is made that any amounts in RMB or Hong Kong dollars can be or could have been at the relevant dates converted at the above rate or any other rates or at all.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality

Executive Directors

Mr. Yu Guang (俞光)	Room 502, Unit 2, Building 15, Yijiang Chunshui Jiangfengyuan, Yangxi Street, Jiande City, Zhejiang Province, PRC	Chinese

Mr. Luo Renxiang (羅仁祥)	Room 1501, Building 1, Wanhexiyuan, Xiacheng District, Hangzhou City, Zhejiang Province, PRC	Chinese

Mr. He Yun (何贇)	No. 5-121, Zhonglounan Village, Nanming Street, Xinchang County, Zhejiang Province, PRC	Chinese

Ms. Wang Xiaoxia (汪小霞)	No. 8, Wangshan Village, Daciyan Town, Jiande City, Zhejiang Province, PRC	Chinese

Mr. Chen Ruiguang (陳銳廣)	No. 5 Xiasiheng Road, Shimen Lane Road, Shihu Village, Guantang Town, Xiangqiao District, Chaozhou City, Guangdong Province, PRC	Chinese

Non-executive Director

Mr. Xiao Feng (肖峰)	No. 55 Dawu, Tanger Village, Lizhu Town, Keqiao District, Shaoxing City, Zhejiang Province, PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Name	Address	Nationality
Independent non-executive Directors		
Mr. Tu Bisheng (涂必勝)	Room 1401, Building 12, Yaojiang Wendingyuan, Xihu District, Hangzhou City, Zhejiang Province, PRC	Chinese
Dr. Huang Wenli (黃文禮)	No. 38, Zheda Road, Xihu District, Hangzhou City, Zhejiang Province, PRC	Chinese
Mr. Fong Chun Fai (方俊輝)	Room A, 6/F, Block 5, One Beacon Hill, Kowloon Tong, Hong Kong	Chinese (Hong Kong)

For further details, please see the section headed “Directors and Senior Management” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor

CMB International Capital Limited
45th Floor, Champion Tower,
3 Garden Road,
Central, Hong Kong

Sole Sponsor-Overall Coordinator

CMB International Capital Limited
45th Floor, Champion Tower,
3 Garden Road,
Central, Hong Kong

Overall Coordinators

CMB International Capital Limited
45th Floor, Champion Tower,
3 Garden Road,
Central, Hong Kong

CLSA Limited
18/F, One Pacific Place,
88 Queensway,
Hong Kong

Joint Global Coordinators

CMB International Capital Limited
45th Floor, Champion Tower,
3 Garden Road,
Central, Hong Kong

CLSA Limited
18/F, One Pacific Place,
88 Queensway,
Hong Kong

Joint Bookrunners

CMB International Capital Limited
45th Floor, Champion Tower,
3 Garden Road,
Central, Hong Kong

CLSA Limited
18/F, One Pacific Place,
88 Queensway,
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower,
50 Connaught Road Central,
Hong Kong

China Everbright Securities (HK) Limited
33/F, Everbright Centre,
108 Gloucester Road,
Wan Chai, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Lead Managers

Livermore Holdings Limited

Unit 1214A, 12/F, Tower II,
Cheung Sha Wan Plaza,
833 Cheung Sha Wan Road,
Kowloon, Hong Kong

**Futu Securities International
(Hong Kong) Limited**

34/F, United Centre,
No. 95 Queensway,
Admiralty,
Hong Kong

Patrons Securities Limited

Unit 3214, 32/F, Cosco Tower,
183 Queen's Road Central,
Sheung Wan, Hong Kong

CMB International Capital Limited

45th Floor, Champion Tower,
3 Garden Road,
Central, Hong Kong

CLSA Limited

18/F, One Pacific Place,
88 Queensway,
Hong Kong

ABCI Securities Company Limited

10/F, Agricultural Bank of China Tower,
50 Connaught Road Central,
Hong Kong

China Everbright Securities (HK) Limited

33/F, Everbright Centre,
108 Gloucester Road,
Wan Chai, Hong Kong

Livermore Holdings Limited

Unit 1214A, 12/F, Tower II
Cheung Sha Wan Plaza,
833 Cheung Sha Wan Road,
Kowloon, HongKong

**Futu Securities International
(Hong Kong) Limited**

34/F, United Centre,
No. 95 Queensway,
Admiralty,
Hong Kong

Patrons Securities Limited

Unit 3214, 32/F, Cosco Tower,
183 Queen's Road Central,
Sheung Wan, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Capital Market Intermediaries

CMB International Capital Limited

45th Floor, Champion Tower,
3 Garden Road,
Central, Hong Kong

CLSA Limited

18/F, One Pacific Place,
88 Queensway,
Hong Kong

ABCI Capital Limited

11/F, Agricultural Bank of China Tower,
50 Connaught Road Central,
Hong Kong

ABCI Securities Company Limited

10/F, Agricultural Bank of China Tower,
50 Connaught Road Central,
Hong Kong

China Everbright Securities (HK) Limited

33/F, Everbright Centre,
108 Gloucester Road,
Wan Chai, Hong Kong

Livermore Holdings Limited

Unit 1214A, 12/F, Tower II
Cheung Sha Wan Plaza,
833 Cheung Sha Wan Road,
Kowloon, Hong Kong

Futu Securities International (Hong Kong) Limited

34/F, United Centre,
No. 95 Queensway,
Admiralty,
Hong Kong

Patrons Securities Limited

Unit 3214, 32/F, Cosco Tower,
183 Queen's Road Central,
Sheung Wan, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Legal Advisers to the Company

As to Hong Kong laws:

Jun He Law Offices

7/F, AIA Central,
1 Connaught Road Central,
Central,
Hong Kong

As to PRC laws:

JunHe LLP

20/F, China Resources Building,
8 Jianguomenbei Avenue,
Beijing, PRC

As to PRC cybersecurity and data privacy laws:

JunHe LLP

26/F, HKRI Centre One,
HKRI Taikoo Hui,
288 Shimen Road (No.1),
Shanghai 200041, PRC

Legal Advisers to the Sole Sponsor and the Underwriters

As to Hong Kong laws:

Jingtian & Gongcheng LLP

Suites 3203-3209,
32/F, Edinburgh Tower,
The Landmark,
15 Queen's Road Central,
Hong Kong

As to PRC laws:

Jingtian & Gongcheng

34/F, Tower 3,
China Central Place,
77 Jianguo Road,
Chaoyang District,
Beijing
PRC

Auditor and Reporting Accountants

Deloitte Touche Tohmatsu

Certified Public Accountants
Registered Public Interest Entity Auditor
35/F, One Pacific Place,
88 Queensway,
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Industry Consultant

**Frost & Sullivan (Beijing) Inc., Shanghai
Branch Co.**

Room 2504, Wheelock Square
No. 1717 Nanjing West Road
Jing'an District
Shanghai, PRC

Property Valuer

Cushman & Wakefield Limited

27/F, One Island East, Taikoo Place
18 Westlands Road
Quarry Bay, Hong Kong

Receiving Bank

CMB Wing Lung Bank Limited

45 Des Voeux Road Central
Hong Kong

CORPORATE INFORMATION

Registered Office and Head Office in the PRC	No. 777 Yading Road, Yangxi Subdistrict, Jiande City, Zhejiang Province, PRC
Place of Business in Hong Kong Registered under Part 16 of the Companies Ordinance	46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Joint Company Secretaries	Ms. Xu Jiaying (徐佳穎) No. 289 Meihua Road, Huamu Town, Pudong New Area, Shanghai, the PRC Ms. Leung Hoi Yan (梁皓欣) 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Authorized Representatives	Mr. Luo Renxiang (羅仁祥) Room 1501, Building 1, Wanhexiyuan, Xiacheng District, Hangzhou City, Zhejiang Province, PRC Ms. Leung Hoi Yan (梁皓欣) 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Audit Committee	Mr. Fong Chun Fai (方俊輝) (<i>Chairman</i>) Mr. Xiao Feng (肖峰) Mr. Tu Bisheng (涂必勝)
Nomination Committee	Dr. Huang Wenli (黃文禮) (<i>Chairman</i>) Ms. Wang Xiaoxia (汪小霞) Mr. Fong Chun Fai (方俊輝)
Remuneration and Appraisal Committee	Dr. Huang Wenli (黃文禮) (<i>Chairman</i>) Mr. Tu Bisheng (涂必勝) Mr. Luo Renxiang (羅仁祥)

CORPORATE INFORMATION

Strategy Committee

Mr. Yu Guang (俞光) (*Chairman*)
Mr. Luo Renxiang (羅仁祥)
Dr. Huang Wenli (黃文禮)

Compliance Adviser

Innovax Capital Limited
Unit B, 13/F, Neich Tower, 128 Gloucester Road
Wanchai, Hong Kong

H Share Registrar

**Computershare Hong Kong
Investor Services Limited**
Shops 1712-1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East, Wan Chai,
Hong Kong

Principal Bankers

**China CITIC Bank Corporation Limited,
Hangzhou Jiande Branch**
No. 1289 Yanzhou Avenue,
Jiande City, Hangzhou,
Zhejiang Province, PRC

**Bank of China Corporation Limited,
Hangzhou Jiande Branch**
No. 193 Xin'an Road,
Xin'anjiang Street,
Jiande City, Hangzhou,
Zhejiang Province, PRC

Company's Website

www.tongshifu.com
(A copy of this prospectus is available on the
Company's website. Except for the
information contained in this prospectus, none
of the other information contained on the
Company's website forms part of this
prospectus)

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this prospectus were extracted from the industry report commissioned by us and independently prepared by Frost & Sullivan, in connection with the Global Offering. In addition, certain information is based on, or derived or extracted from, among other sources, publications of different government authorities and internal organizations, market statistics providers, communications with various PRC government agencies or other independent third-party sources unless otherwise indicated. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. The information and statistics from official government sources have not been independently verified by our Company, the Sole Sponsor, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, and the Underwriters, or any of their respective directors, advisers and affiliates, or any other person or parties involved in the Global Offering, and no representation is given as to their accuracy.

OVERVIEW OF CULTURAL AND CREATIVE CRAFT MARKET

The cultural and creative craft market is part of the broader cultural and creative industry, which are craft-based consumer goods rooted in cultural resources, typically featuring historical or artistic elements, and may incorporate modern craftsmanship, materials or digital approaches to enable creative transformation. It supports cultural heritage preservation while promoting contemporary innovation. Growth is driven by rising demand for offerings that combine artistic expression, cultural heritage and emotional symbolism. As consumers seek personalised, aesthetically refined and meaning-rich products reflecting identity and values, preferences evolve rapidly, shaped by generational tastes, cultural discourse, lifestyle shifts and real-time social media influence.

Market Size of Global Cultural and Creative Industry

The global cultural and creative industry (CCI) is a broader industry that commercialises cultural resources through creative design and value creation, translating cultural heritage and narratives into content, consumer products and related services and experiences. Typical offerings include cultural content (such as film and TV, music, publishing, animation, games and digital content), creative consumer goods (such as cultural and creative crafts, art derivatives, gifts and collectibles, designer lifestyle products, pop-toy derivatives and related merchandise), cultural experiences and services (such as exhibitions and performances, immersive experiences, cultural tourism, and related creative design and branding services), as well as IP commercialisation activities (such as IP operation, licensing and co-branding, and merchandising). Accordingly, market participants generally include content producers and IP owners/operators (including artists and designers), creative product developers and supply chain participants (including craft and manufacturing partners), distribution channels and operators (including online and offline retail channels, platforms and venue/experience operators), and professional service providers supporting the ecosystem (including design, branding, marketing and digital enablement service providers).

The cultural and creative industry is an expansive and evolving sector that translates cultural heritage into contemporary relevance. Globally, the CCI has emerged as a key driver of consumer engagement, fostering innovation at the intersection of art, design, and commerce. From 2019 to 2024, the global cultural and creative industry expanded steadily, with the market size rising from RMB16.0 trillion in 2019 to RMB19.5 trillion in 2024. This period recorded a CAGR of 4.0%. In the subsequent five years, the market is projected to maintain a stable upward trajectory, reaching approximately RMB23.1 trillion by 2029. The CAGR for the 2024 to 2029 period is expected to reach 3.4%, reflecting relatively stable growth in cultural consumption and content-driven economic activity.

INDUSTRY OVERVIEW

Market Size of Global Cultural and Creative Craft Market

The global cultural and creative craft market is a sub-segment within the cultural and creative industry, covering tangible creative consumer goods rooted in cultural themes and aesthetics, where material quality and craftsmanship are core value drivers. Such products typically embed craftsmanship-intensive design and multi-step production or finishing processes, such as moulding or casting, carving or engraving, polishing, colouring or patination, glazing or enamelling, and surface treatments. In this context, “craft” refers to the craftsmanship and process attributes embodied in the product rather than an all-handmade requirement, and products may be handmade, hand-finished, or produced with machine-assisted or industrial processes, provided that craftsmanship and material and process quality remain central to value creation. Typical products include cultural and creative decorative items, art products and souvenirs, gifts and collectibles, designer lifestyle accessories, as well as culturally themed figurines and fashion toys. Market participants generally include cultural institutions, artists and designers and IP holders, creative product developers and operators responsible for design and merchandising, manufacturing and craft partners for prototyping, production and finishing, and distribution channels such as museum stores, specialty retail and e-commerce platforms.

The global cultural and creative craft market was valued at RMB913.5 billion in 2019 and experienced modest fluctuations in the early years, reaching RMB1,079.6 billion by 2024. Over this five-year period, the market grew at a CAGR of 3.4%. Moving forward, the market is expected to enter a more dynamic growth phase, with projections indicating a rise to RMB1,433.5 billion by 2029. From 2024 to 2029, the market is set to expand at a significantly faster CAGR of 5.8%, driven by rising consumer interest in artisan products, localized manufacturing, and culturally embedded design.

Market Size of Cultural and Creative Industry in the PRC

The cultural and creative industry in the PRC recorded a total market size of RMB4.5 trillion in 2019 and showed consistent year-on-year growth, reaching RMB6.4 trillion by 2024. This represents a CAGR of 7.4% over the five-year period. Looking ahead, the market is forecast to expand continuously, with its size projected to climb to RMB8.8 trillion by 2029. The anticipated CAGR for 2024 to 2029 is 6.5%, indicating a sustained upward trajectory supported by both domestic consumption and institutional investment in cultural and creative sectors.

Market Size of Cultural and Creative Craft Market in the PRC

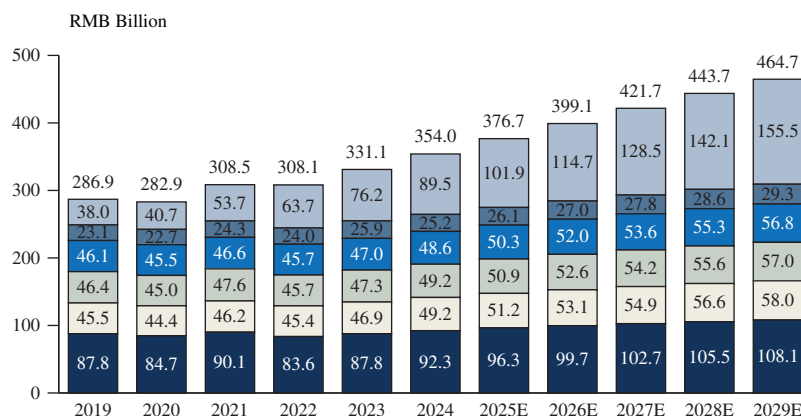
From 2019 to 2029, the cultural and creative craft market in the PRC demonstrates a steady overall expansion, growing from RMB286.9 billion in 2019 to a projected RMB464.7 billion in 2029. Among all materials, plastic and resin experienced the most significant growth, expanding from RMB38.0 billion in 2019 to an estimated RMB155.5 billion in 2029, reflecting its increasing popularity due to cost-efficiency and flexibility in design. Metal materials, while growing more slowly, remain stable in value, increasing from RMB23.1 billion in 2019 to RMB29.3 billion in 2029. Like the metal segment, other categories such as wood and bamboo, ceramic and clay, and stone and jade maintained relatively flat or moderate growth trends throughout the period.

It reflects a clear material shift in the industry, with plastic and resin rapidly gaining market share, particularly in mass-produced, modern, or youth-oriented craft products. Traditional materials such as metal and ceramic continue to retain strong cultural and aesthetic value in the cultural and creative craft industry. The market’s evolving material composition suggests a dual trend: increasing industrialization of craft production, and a widening consumer base seeking both affordability and visual appeal.

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Market Size of Cultural and Creative Craft Market in the PRC, Breakdown by Material, by Sales Revenue, 2019-2029E

CAGR	Plastic and Resin	Metal Materials	Ceramic and Clay	Wood and Bamboo	Stone and Jade	Others	Total
2019-2024	18.7%	1.8%	1.1%	1.2%	1.6%	1.0%	4.3%
2024-2029E	11.7%	3.1%	3.2%	3.0%	3.4%	3.2%	5.6%



Note: Others comprise fiber and textile, animal-and plant-based materials, glass and glazed glass, paper-based materials, composite materials.

Source: National Bureau of Statistics of China, China National Light Industry Council, Frost & Sullivan

Market Size of Metal Cultural and Creative Craft Market in the PRC

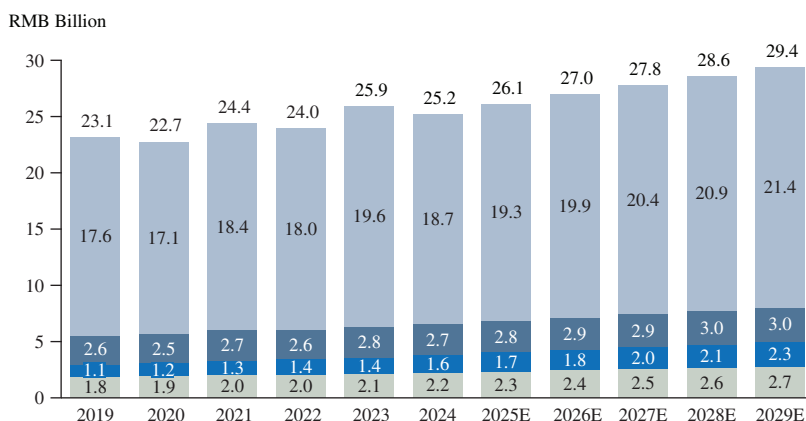
From 2019 to 2024, the overall market size of metal cultural and creative crafts in the PRC grew moderately from RMB23.1 billion to RMB25.2 billion, reflecting a CAGR of 1.8%. Among the various metal categories, copper crafts demonstrated the strongest growth momentum, rising from RMB1.1 billion in 2019 to RMB1.6 billion in 2024, representing a CAGR of 7.3%. In comparison, gold and silver crafts remained relatively weaker growth during the same period, with CAGRs of 1.2% and 0.8%, respectively. Looking ahead, copper crafts are expected to maintain strong momentum, reaching RMB2.3 billion by 2029 at a projected CAGR of 7.7% from 2024 to 2029, outperforming all other material segments. The overall metal craft market is forecast to grow to RMB29.4 billion by 2029, supported in part by the sustained performance of copper-based products.

The metal cultural and creative craft market in the PRC is supported by rising demand for culturally inspired, visually distinctive and high-quality decorative items, with copper gaining popularity for affordability, symbolic value and design flexibility. The market is shifting toward more differentiated offerings integrating traditional craftsmanship, contemporary aesthetics and IP-driven design. However, complex processes such as casting, engraving and inlaying remain craftsmanship-intensive, limiting large-scale mechanisation and making artisans critical to preserving artistic integrity and uniqueness.

INDUSTRY OVERVIEW

Market Size of Metal Cultural and Creative Craft Market in the PRC, Breakdown by Material, by Sales Revenue, 2019-2029E

CAGR	Gold	Silver	Copper	Others	Total
2019-2024	1.2%	0.8%	7.3%	4.1%	1.8%
2024-2029E	2.7%	2.1%	7.7%	4.2%	3.1%



Note: Others comprise iron, bronze, steel, aluminum and zinc alloy.

Source: National Bureau of Statistics of China, Frost & Sullivan

Market Drivers of Cultural and Creative Craft Market in the PRC

Rise of “Guochao” Culture

The rise of “Guochao” aesthetics, which reflects the reinterpretation of traditional Chinese culture through a contemporary design lens, has emerged as a key driver of consumer engagement in the cultural and creative crafts sector. This trend reflects a growing desire among consumers, particularly younger generations, to reconnect with their cultural roots in a way that feels relevant to modern life. In response, brands are placing greater emphasis on storytelling and symbolic meaning of crafting products that not only preserve cultural heritage but also evoke personal connection. The increasing popularity of culturally inspired gifting further illustrates a shift toward products that carry blessings, identity, and artistic value, enriching everyday life with deeper cultural significance. The sharp rise in search popularity for China-chic brands indicates a broader and more sustained consumer interest in culturally rooted design, which directly stimulates demand for handcrafted cultural and creative craft. Higher online visibility translates into stronger brand awareness and consumer education, encouraging both trial and repeat purchases across lifestyle, gifting, and decorative segments. As consumers increasingly seek products that embody cultural symbolism and aesthetic identity, the Group’s product categories, characterized by traditional craftsmanship and modern interpretation, are well positioned to capture this incremental demand.

OVERVIEW OF COPPER CULTURAL AND CREATIVE CRAFT MARKET IN THE PRC

The copper cultural and creative craft market is a sub-segment of the metal cultural and creative craft market. Products are primarily made of copper and produced through processes such as carving, casting, embossing, welding and patination. Integrating cultural themes and aesthetics, they are used for decoration, gifting, tourism souvenirs and cultural display, offering ornamental and collectible value.

The target customers of the copper cultural and creative craft market value symbolic meaning, and aesthetics, covering both male and female consumers across products ranging from traditional cultural motifs to trendy IP collaborations. Adults over 30, particularly male consumers,

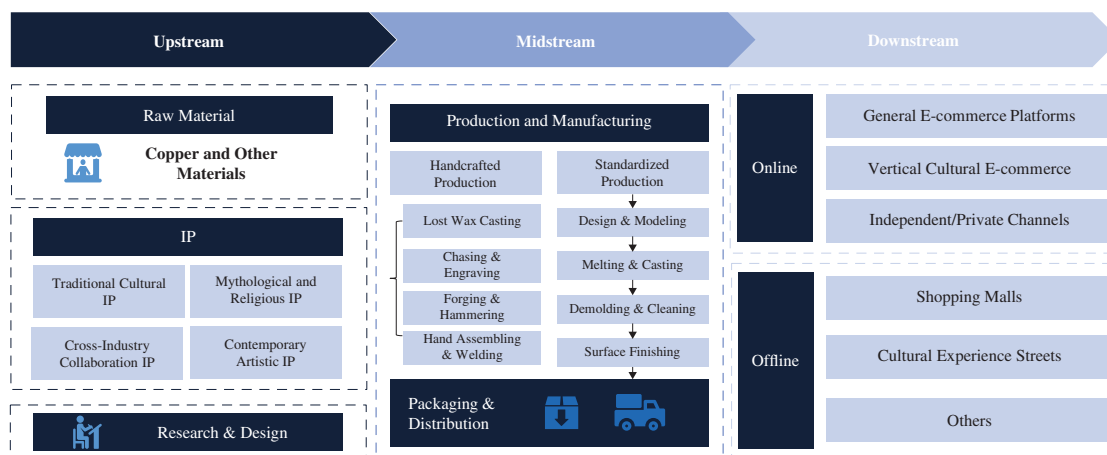
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remain a key audience for collectible and culturally rich pieces. Meanwhile, as brands adopt popular domestic and international IPs and move toward more fashion-forward designs, engagement among consumers aged 20+ is rising, indicating a broadening age profile of the market.

Value Chain of Copper Cultural and Creative Craft Market

The upstream segment covers raw material sourcing, IP development, and product R&D and design. IP is derived from traditional culture, mythology, museum collections, and cross-industry collaborations. Design firms, museums, and creators translate cultural elements into product concepts through cultural research and conceptual development. The midstream segment includes production, manufacturing, and packaging. Most companies use standardized processes such as casting, molding, and surface finishing to improve efficiency and consistency, while some retain handcrafted techniques such as lost-wax casting and engraving to strengthen cultural expression. The downstream segment involves omni-channel distribution. Online channels include major e-commerce platforms, vertical cultural e-commerce platforms, and private traffic platforms.

Value Chain of Copper Cultural and Creative Craft Market



Source: Frost & Sullivan

Market Size of Global Copper Cultural and Creative Craft Market

The global copper cultural and creative craft market recorded a sales revenue of RMB4,573.9 million in 2019 and reached approximately RMB6,267.0 million by 2024, representing a CAGR of 6.5% during the period from 2019 to 2024. Looking ahead, the market is expected to continue its upward momentum, with projections indicating a rise to RMB8,708.6 million by 2029. From 2024 to 2029, the market is forecast to expand at an even faster CAGR of 6.8%, reflecting sustained global interest in culturally meaningful, aesthetically refined, and collectible copper-based crafts.

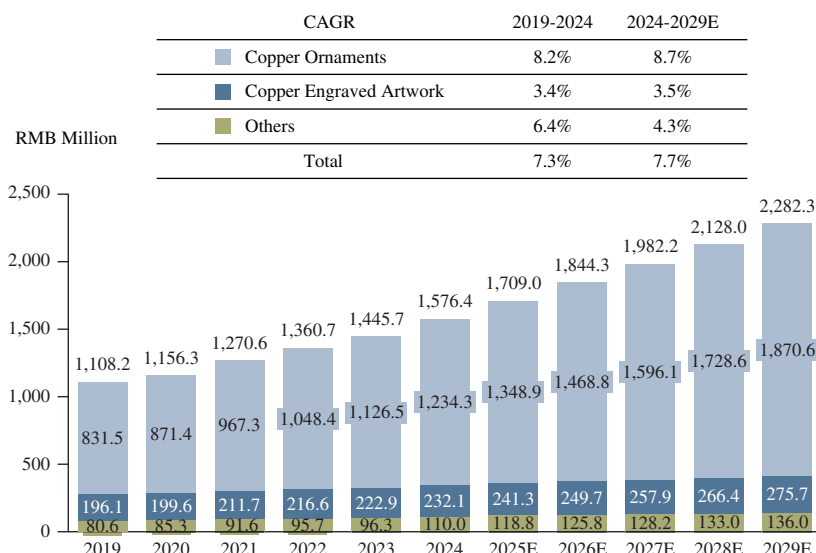
Market Size of Copper Cultural and Creative Craft Market in the PRC

The market size of copper cultural and creative craft market in the PRC reached RMB1,108.2 million in 2019 and is projected to grow to RMB2,282.3 million by 2029, nearly doubling over the decade. Copper ornaments consistently represent the largest product category, accounting for over 75% of the market. This segment is expected to grow from RMB1,234.3 million in 2024 to RMB1,870.6 million in 2029 in terms of sales revenue, with a CAGR of 8.7%, outperforming the overall market growth. In comparison, copper engraved artwork shows more modest growth, reaching RMB275.7 million by 2029, while the “Others” category remains relatively stable at around 7% of the total throughout the decade.

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The market demonstrates strong expansion momentum, led by robust demand for copper ornaments driven by decoration and gifting scenarios. In contrast, copper engraved artworks and other product types grow at a slower pace, serving more as supplements to product diversity. As consumer preferences shift toward personalized aesthetics, cultural expression, and decorative items, copper ornaments are expected to remain the primary growth engine within the category.

**Market Size of Copper Cultural and Creative Craft Market in the PRC,
Breakdown by Product Type, by Sales Revenue, 2019-2029E**



Source: Tongling Copper Artworks Association, Frost & Sullivan

Notes:

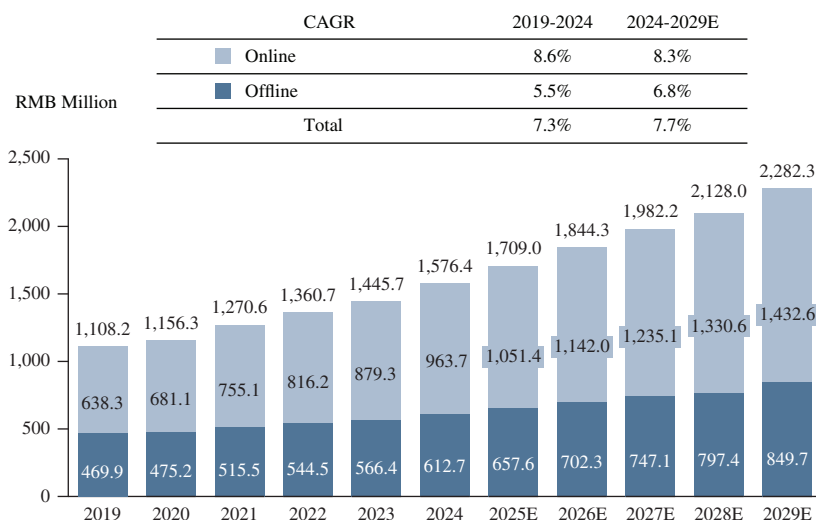
- (1) Others comprise copper statues, copper bookmarks, copper incense burners, and other lifestyle-oriented copper items (e.g., cups and teapots).
- (2) Copper cultural and creative crafts represented 6.3% of metal cultural and creative crafts in 2024.

From 2019 to 2024, the overall copper cultural and creative craft market in the PRC grew steadily from RMB1,108.2 million to RMB1,576.4 million. Online sales expanded rapidly with a CAGR of 8.6%. By 2029, online channels are expected to account for over 62% of total sales, reflecting consumers' increasing preference for digital platforms and the growing role of livestreaming and social commerce.

The rapid rise of online sales is driven by the digitalization of retail, the proliferation of cultural e-commerce platforms, and increasing consumer acceptance of online shopping for aesthetic and collectible items. Short video, live streaming, and social commerce have become key traffic engines for copper craft brands, especially among younger and urban consumers. Offline channels, while slowing, still retain importance in experiential retail, premium customization, and cultural tourism scenarios. Together, online and offline integration is expected to become the mainstream sales model for copper crafts going forward.

INDUSTRY OVERVIEW

Market Size of Copper Cultural and Creative Craft in the PRC, Breakdown by Sales Channel, by Sales Revenue, 2019-2029E



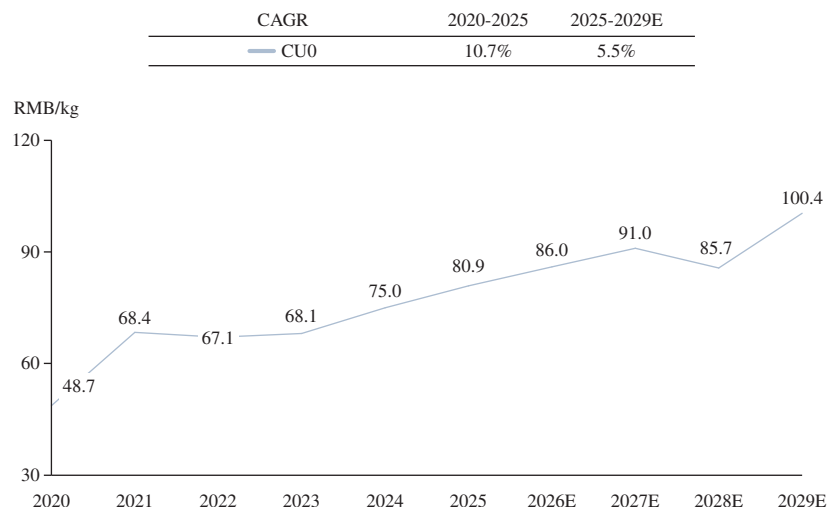
Source: Tongling Copper Artworks Association, Frost & Sullivan

Cost Analysis

The price trend of copper (CU0) in the PRC from 2020 to 2029. Copper prices surged from RMB48.7 per kg in 2020 to RMB80.9 per kg in 2025, representing a high CAGR of 10.7%. As of December 31, 2025, the copper price has reached RMB98.2 per kg. From 2025 to 2029, prices are expected to grow at a more moderate CAGR of 5.5%, reaching RMB100.4 per kg by 2029.

The sharp increase in copper prices from 2020 to 2025 was primarily driven by post-pandemic economic recovery, increased infrastructure investment, and growing demand from green energy sectors such as electric vehicles and renewable energy. Additionally, geopolitical uncertainties and global supply chain disruptions contributed to price volatility. From 2025 onward, copper prices are expected to continue to fluctuate under the influence of market supply-demand dynamics and macroeconomic conditions. While incremental supply additions may support a gradual rebalancing, price movements may still be affected by external factors such as monetary policy shifts and broader commodity market sentiment.

Raw Material Price Analysis of CU0, 2020-2029E



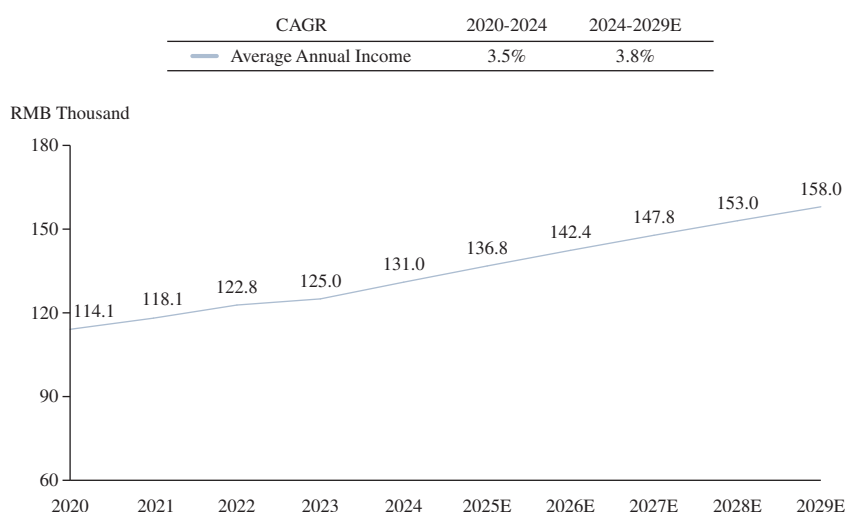
INDUSTRY OVERVIEW

Note: The copper price of each year is calculated based on averaging the daily prices of that year. Copper prices from 2026 onwards are projections only and may not materialise.

Source: Shanghai Futures Exchange, Frost & Sullivan

From 2020 to 2024, the average annual income of skilled workers in the PRC increased from RMB114.1 thousand to RMB131.0 thousand, representing a CAGR of 3.5%. This upward trend is expected to continue, with wages projected to reach RMB158.0 thousand by 2029 at a CAGR of 3.8% from 2024 onward. The steady growth reflects rising labor costs driven by tightening skilled labor supply, increased demand for craftsmanship in high-value manufacturing and cultural sectors, and broader wage growth across China's industrial upgrading.

Average Annual Income of Skilled Workers, 2020-2029E



Note: The average annual income includes salary and bonus. The average annual income of skilled workers from 2026 onwards is projection only and may not materialise.

Source: National Bureau of Statistics of China, Frost & Sullivan

Market Drivers of Copper Cultural and Creative Craft Market in the PRC

Emotional Value Appeal

As consumers increasingly seek products that align with personal emotions and aesthetic preferences, copper cultural and creative crafts have gained popularity for their symbolic meaning, artistic detail, and uniqueness. The demand for personalized, emotionally expressive, and visually refined items is particularly strong among consumers with higher purchasing power, such as young professionals and culturally aware middle-class buyers. This emotional value proposition helps expand the customer base and enhances long-term brand affinity and drives demand for handcrafted cultural and creative crafts.

Policy-driven Industry Development

During the 14th Five-Year Plan period, the PRC rolled out a series of supportive policies, including the “Key Projects of the Inheritance and Development of Fine Traditional Chinese Culture”, the “Guiding Opinions on Promoting the Inheritance and Innovative Development of the Arts and Crafts Industry” and related guidelines promoting cultural-tourism integration, on cultural heritage, crafts innovation and cultural-tourism, together with local funding (local government fiscal incentives and special funds for cultural and creative industries, such as project grants, subsidies and reward-based support) and industry parks, to upgrade copper crafts toward more standardised and higher value-added cultural and creative products, while expanding commercial

INDUSTRY OVERVIEW

channels for enterprises such as the Group by promoting the integration of cultural and creative products into cultural-tourism consumption scenarios (e.g., museums, cultural venues and tourist attractions) and facilitating market access through industry-park platforms, exhibitions and compliant digital distribution channels. Policy support focuses on standards and certification, quality and compliance, design and R&D, IP protection, and compliant distribution and digital channels, strengthening product awareness, pricing power and market reach. Xinhua's "Guochao Young Consumer Report", published in 2022, cites a 528% increase in China-chic search popularity over the past decade, with post-90s consumers representing 87% of the consumption group, indicating solid demand support.

Cultural Storytelling and IP-Driven Engagement

"Guochao" is pushing consumers toward narrative-led experiences. Copper craft brands lift engagement by combining traditional culture with contemporary IPs through formats such as mythology, museums, animation and entertainment content. Collaborations with cultural sources like the Palace Museum and Dunhuang enhance symbolic meaning and visual relevance, strengthening market appeal. Beyond short-term attention, IP storytelling builds deeper emotional ties and a recognisable cultural identity, supporting long-term brand vitality.

Future Trends of Copper Cultural and Creative Craft Market in the PRC

Broadening Consumer Reach and Usage Scenarios

The consumer in the PRC base for copper cultural and creative crafts is broadening beyond affluent, culturally inclined mature buyers with stronger purchasing powers. Driven by "Guochao" aesthetics, stronger brand storytelling, contemporary design and more diversified pricing, brands are expanding product lines across price tiers and styles to meet varied preferences. Usage is also shifting from gifting and decoration to personal collecting, self-reward and everyday cultural expression, supporting broader, multi-dimensional growth.

Growing Global Presence of Chinese Cultural Craftsmanship

Driven by China's growing cultural influence and exchange, copper cultural and creative crafts are gaining international visibility. Supported by initiatives such as the Belt and Road Initiative and policies encouraging overseas expansion, and reinforced by overseas interest in Guochao aesthetics, cultural brands are expanding through products that retain Chinese artistry while adapting to local preferences. International exhibitions, art fairs, museum collaborations and cross-border retail partnerships help build traction in Southeast Asia, Europe and North America, creating growth opportunities.

Threats and Challenges of Copper Cultural and Creative Craft Market in the PRC

Volatility in Raw Material and Craftsmanship Costs

As copper is the core material, its price is highly sensitive to global commodity trends, environmental regulations, and supply chain shifts. Furthermore, copper crafts often involve intricate casting and manual techniques, leading to high and unpredictable production costs. In a market where value-for-money is crucial, rising material and labor expenses may squeeze profit margins, especially for small and medium-sized enterprises.

Insufficient Original Design Capabilities and Rising Risk of Homogenization

Amid the growing emphasis on IP collaboration and evolving consumer aesthetics, the copper cultural and creative craft industry faces a significant challenge in original design. Many small and medium-sized players lack dedicated creative teams and often rely on traditional motifs or market trends, resulting in homogeneous product offerings with limited cultural depth and brand distinction. This not only constrains pricing power but also weakens appeal to younger consumers. Establishing a sustainable system for original content creation and enhancing cultural expression and visual uniqueness are becoming essential for long-term industry advancement.

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COMPETITIVE LANDSCAPE

The PRC has approximately 1,000 enterprises specializing in the production of copper cultural and creative crafts, encompassing both well-known national brands and numerous regional small to medium-sized enterprises (“SMEs”) and workshops. The industry is characterized by a relatively high concentration, with two leading companies holding significant market shares, while the remaining enterprises engage in fragmented competition. Many of these smaller manufacturers focus on contract manufacturing or low-cost sales, often lacking original design capabilities and standardized quality control systems, resulting in varying product quality. They primarily operate in sectors such as customized gifts and low-end cultural tourism souvenirs. While these companies can meet the short-term demands of price-sensitive customers, their long-term competitiveness is limited. The industry is gradually transitioning towards greater brand development and standardization.

Ranking of Copper Cultural and Creative Craft Companies in the PRC, by Copper Craft Revenue (2024)

Ranking	Company	Listing Status	Copper Craft Revenue ³ , 2024 (RMB Million)	Market Share by Copper Craft Revenue, 2024
1	The Company	Private	551.3	35.0%
2	Company A ¹	Private	501.2	31.8%
3	Company B ²	Private	80.3	5.1%
Top 3 Subtotal			1,132.8	71.9%

Source: Chan Mama (蟬媽媽), Qi Chacha (企查查), Frost & Sullivan

Notes:

- (1) Headquartered in Hangzhou and established in 2006, the company specializes in the design, production and selling of copper crafts in the construction field.
- (2) Headquartered in Tai'an and established in 2024, the company is engaged in the selling of metal handicrafts, and its main business is mainly copper handicrafts designed based on Feng Shui.
- (3) The revenue figures reflect each company's sales revenue from copper cultural and creative craft products.

Ranking of Copper Cultural and Creative Craft Companies in the PRC, by Online Copper Craft Revenue (2024)

Ranking	Company	Listing Status	Online Copper Craft Revenue ³ , 2024 (RMB Million)	Market Share by Online Copper Craft Revenue, 2024
1	The Company	Private	425.1	44.1%
2	Company A ¹	Private	200.5	20.8%
3	Company B ²	Private	68.3	7.1%
Top 3 Subtotal			693.9	72.0%

Source: Chan Mama, Qi Chacha, Frost & Sullivan

Notes:

- (1) Headquartered in Hangzhou and established in 2006, the company specializes in the design, production and selling of copper crafts in the construction field.

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- (2) Headquartered in Tai'an and established in 2024, the company is engaged in the selling of metal handicrafts, and its main business is mainly copper handicrafts designed based on Feng Shui.
- (3) The revenue figures reflect each company's online sales revenue from copper cultural and creative craft products.

In the PRC metal cultural and creative craft market, the number of industry participants is significant, with more than 30,000 entities registered according to business registration data. The vast majority are small-scale enterprises or workshop-style operations, geographically dispersed and forming a “long-tail” structure. However, in terms of market share, leading enterprises leverage their brand influence, design and R&D capabilities, and channel control to capture a major portion of the market. As a result, market concentration is much higher than the distribution of market participants, reflecting a typical structure of “numerous small players combined with a few dominant leaders.”

***Ranking of Metal Cultural and Creative Craft Companies in the PRC,
by Metal Craft Revenue (2024)***

Ranking	Company	Listing Status	Metal Craft Revenue, 2024 (RMB Million)	Market Share 2024
1	Company C ¹	Private	2,880.0	11.4%
2	Company D ²	Private	2,160.0	8.6%
3	Company E ³	Private	1,310.4	5.2%
		Top 3 Subtotal	6,350.4	25.2%

Notes:

- (1) Headquartered in Beijing and established in 1987, it is the official institution authorized by the People's Bank of China to exclusively issue and distribute legal tender precious metal commemorative coins.
- (2) Headquartered in Beijing and established in 2004, it engages in national commemorative projects and cultural promotion of precious metal products.
- (3) Headquartered in Xuzhou and established in 2011, it is primarily engaged in the design, production, and manufacturing of metal arts and crafts.
- (4) The company took up a share of approximately 2.2% in the metal cultural and creative craft market in 2024 in the PRC.

Source: Chan Mama, Qi Chacha, Frost & Sullivan

Entry Barrier Analysis

Design Barrier

Original design is a key barrier in copper cultural and creative crafts, enabling differentiation and brand value creation. Leading players build professional design teams that blend traditional culture, market trends and modern aesthetics into distinctive product styles. Collaborations with renowned artists and licensed IP further enhance cultural depth and consumer affinity, raising entry barriers and supporting sustainable competitive advantages.

Craftsmanship Barrier

Copper cultural and creative crafts rely on complex, multi-step processes (e.g., casting, engraving, polishing, patination and gilding) and tacit artisanal know-how and aesthetic judgement built through long-term practice. These capabilities are hard to standardise, automate or replicate quickly, yet they directly affect yield, consistency and delivery reliability. New entrants without established artisan pipelines typically face longer ramp-up, higher labour and rework costs, and difficulties meeting premium requirements, particularly for customisation and IP-related restoration.

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Brand and Cultural Recognition Barrier

Purchasing decisions are driven not only by product quality but also by brand identity, cultural narrative. Established players build long-term equity via collaborations with museums, cultural institutions and well-known IPs, strengthening trust and market recognition. New entrants may struggle to gain traction, particularly in mid-to-high-end segments where emotional attachment and cultural credibility strongly influence choice.

OVERVIEW OF OTHER MARKETS

Overview of Gold Cultural and Creative Craft Market in the PRC

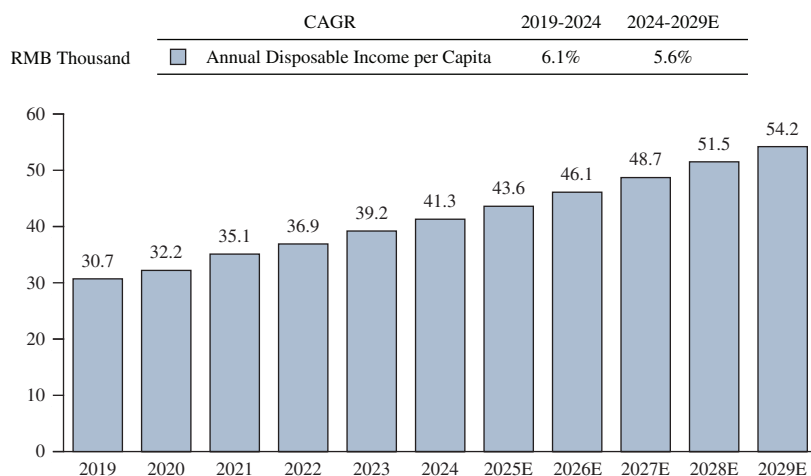
Gold cultural and creative crafts are gold-based products that combine traditional craftsmanship with cultural narratives, symbolic motifs, and modern aesthetics for gifting, decoration, and collecting, focusing on heritage, emotion, and storytelling rather than pure material value and investment attributes. Key scenarios include festive gifting, religious or spiritual rituals, cultural expression, and artistic collecting, and products often draw on mythology, historical figures, intangible cultural heritage, or licensed IPs, typically covering broader price bands and more diverse consumers who value symbolic meaning and personalized cultural identity. In the PRC, sales revenue increased from RMB17.6 billion in 2019 to RMB18.7 billion in 2024 (CAGR 1.2%), with temporary declines in 2020 and 2022 due to the public health crisis, and is projected to reach RMB21.4 billion by 2029 (2024-2029 CAGR 2.7%).

Overview of Fashion Toy Market in the PRC

Fashion toys (also known as art toys or collectible toys) are stylized, limited-edition figures created by artists, designers, or brands, typically built around original IP characters, distinctive aesthetics, and strong visual identity, and they differ from mass-produced children's toys by targeting adult collectors and young consumers seeking cultural value, and personal expression. The PRC fashion toy market expanded rapidly, with sales revenue rising from RMB20.7 billion in 2019 to RMB71.3 billion in 2024 (CAGR 28.1%), and is projected to reach RMB132.1 billion by 2029 (2024-2029 CAGR 13.1%) as growth moderates and the category shifts from an emerging niche to a more structured and maturing consumer sector. Growth is driven by stronger cultural consumption among Gen Z and millennials, wider acceptance of collectible and expressive products, and deeper IP-based content integration, while continued innovation in IP collaboration, cross-sector partnerships, and digital interaction is expected to sustain market momentum.

From 2019 to 2024, annual disposable income per capita in the PRC increased steadily from RMB30.7 thousand to RMB41.3 thousand, representing a 6.1% CAGR supported by improving economic conditions, urbanisation and employment growth, which in turn strengthened consumers' capacity for discretionary spending and supported broader consumption upgrades; looking ahead, it is projected to reach RMB54.2 thousand by 2029, implying a 5.6% CAGR, and the continued rise in purchasing power is expected to underpin demand across a wider range of categories, including decorative and lifestyle products.

Annual Disposable Income per Capita in the PRC, 2019-2029E



Note: Annual disposable income per capita in the PRC from 2026 onwards are projections only and may not materialise.

Source: National Bureau of Statistics of China, Frost & Sullivan

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SOURCE OF INFORMATION

In connection with the Global Offering, we engaged Frost & Sullivan to prepare a market research report on the cultural and creative craft market and the copper cultural and creative craft market in the PRC. Frost & Sullivan is an independent global market research and consulting company founded in 1961 and based in the U.S. The agreed fee for the preparation and use of the Frost & Sullivan Report was RMB420,000, which was not contingent on our successful Listing or the report's results. Except for the Frost & Sullivan Report, we did not commission any other market research report. Unless otherwise indicated, the market estimates and forecasts in this section are Frost & Sullivan's views.

In preparing the Frost & Sullivan Report, Frost & Sullivan relied on its in-house database, independent third-party reports and publicly available data from reputable industry organisations, and, where necessary, conducted industry interviews. Frost & Sullivan exercised due care in collecting and reviewing such information and considers the underlying assumptions, including those used for forecasts, to be factual, correct and not misleading, although conclusions depend on data accuracy. In compiling the research, Frost & Sullivan assumed stable social, economic and political conditions in the relevant markets during the forecast period. Its forecasts are based on the following assumptions: (i) the global economy will maintain steady growth over the next decade; and (ii) the copper cultural and creative craft market will grow accordingly. Results may be affected by these assumptions and source selection. Unless otherwise noted, all data and forecasts are from the Frost & Sullivan Report.

REGULATORY OVERVIEW

The Company is subject to applicable PRC laws, administrative regulations, departmental rules and other normative documents in its business operations. This section sets out a summary of the major PRC laws, regulations and policies abided by the Company.

COMPANY LAW

According to the PRC Company Law (《中華人民共和國公司法》) implemented by the Standing Committee of the National People's Congress of the PRC (the "SCNPC") on December 29, 1993 and most recently amended on December 29, 2023 and became effective on July 1, 2024, both limited liability companies and joint stock companies with limited liability established in the PRC have the status of legal persons. The liability of shareholders of a limited liability company and a joint stock limited company is limited to the amount of capital they have contributed or shares they have subscribed for. The PRC Company Law shall also apply to foreign-invested companies unless laws on foreign investment have stipulated otherwise.

REGULATIONS RELATING TO FOREIGN INVESTMENT

The National People's Congress of the PRC (the "NPC") promulgated the PRC Foreign Investment Law (《中華人民共和國外商投資法》) on March 15, 2019, which became effective on January 1, 2020, and sets out the definition of foreign investment and the framework for the promotion, protection and administration of foreign investment activities.

On December 30, 2019, the Ministry of Commerce of the PRC and the State Administration for Market Regulation jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020. According to those measures, the relevant participants in the establishment of foreign invested enterprises, in the process of purchasing of the equities of a domestic enterprise by a foreign investor and in the process of the subscription of the increased registered capital of a domestic enterprise by a foreign investor are required to submit an initial report in a dedicated registration system. In addition, the relevant participant in the subsequent changes to important matters of the aforementioned enterprises, such as their shareholding structures, are required to submit a change report through the same registration system.

Investment activities in the PRC by foreign investors are principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》), or the Negative List 2024, which became effective on November 1, 2024 and sets out special administrative measures in respect of the access of foreign investments in a centralized manner. Foreign investors shall not invest in any field prohibited by the Negative List and shall meet the investment conditions stipulated for any field restricted by the Negative List, while for foreign investments outside the Negative List, it shall be administered under the principle of equal treatment to domestic and foreign investment.

REGULATIONS RELATING TO PRODUCT QUALITY AND CONSUMER PROTECTION

The PRC Product Quality Law (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and most recently amended on December 29, 2018 is the principal governing law related to the supervision and administration of product quality. According to the PRC Product Quality Law, manufacturers shall be liable for the quality of products produced by them and sellers shall take measures to ensure the quality of the products sold by them. A manufacturer shall be liable to compensate for any physical injuries or damage to property other than the defective product itself resulting from the defects in the product, unless the manufacturer is able to prove that: (i) the product has not been put into circulation; (ii) the defects causing injuries or damage did not exist at the time when the product was put into circulation; or (iii) the science and technology at the time when the product was put into circulation were at a level incapable of detecting the existence of the defect. A seller shall be liable to compensate for any physical injuries or damage to property of others caused by the defects in the product. Where a product is defective due to a mistake made by the seller and such defect causes physical injury or damage to the property

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of others, the seller shall bear liability for compensation. Where a seller cannot specify the producer of a defective product nor the supplier of such defective product, the seller shall be liable for compensation. Where a defect in a product causes physical injuries to others or damages to the property of others, the victim may claim compensation from the producer of the product or from the seller of the product.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and became effective on January 1, 2021, in the event of damages caused to other party due to the defects in a product, the infringed party may seek compensation from the manufacturer or the seller of such product and shall have the right to request the manufacturer and the seller to bear tortious liabilities, such as cessation of infringement, removal of obstruction, elimination of danger, etc.

The PRC Consumer Protection Law (《中華人民共和國消費者權益保護法》), which was promulgated on October 31, 1993 and was most recently amended on October 25, 2013, requires that all business operators shall comply with its stipulations when they manufacture or sell goods and/or provide services to consumers, and all business operators must pay high attention to protecting consumers' privacy and must strictly keep confidential any consumer information they obtain during their business operations. Further, if business operators sell goods via the internet, consumers shall have the right to return the goods within seven days of the receipt thereof without cause, subject to certain exceptions. Moreover, consumers are entitled to the protection of their personal safety and property security at the time of purchase and use of goods and receipt of services. Violations of the PRC Consumer Protection Law may result in the imposition of fines, suspension of operation, revocation of business license or even criminal liability for business operators.

The Regulations on the Implementation of the PRC Consumer Rights Protection Law (《中華人民共和國消費者權益保護法實施條例》), which was promulgated on March 15, 2024 and came into effect on July 1, 2024, require that business operators shall provide consumers with relevant information about goods or services in a manner that is easy to understand, true, and comprehensive. Business operators shall not engage in false or misleading promotion by fabricating their qualifications, credentials, or honors received by them, or by fabricating transaction information or business data of relevant goods or services, or tampering with, fabricating, or concealing user reviews. If a business operator discovers that the goods or services they provide may have defect that could endanger a person or property, they shall immediately report such defect to the relevant authorities and inform the consumers, and take measures such as stopping sales, issuing warnings, recalling goods, destruction, suspending manufacturing of goods or provision of services. In cases where recalls are made, the business operator shall bear the necessary costs incurred by consumers due to the recall of goods.

REGULATIONS RELATING TO THE SALE OF PRODUCTS

Anti-Unfair Competition Law

Pursuant to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), which was promulgated by the SCNPC on September 2, 1993 and most recently amended on April 23, 2019, unfair competition behaviors refer to the behaviors of a business operator which violates the provisions of the PRC Anti-Unfair Competition Law in its production or business operation, disrupts the order of market competition, or harms the lawful rights and interests of other business operators or consumers. Business operators shall not, among others, (i) conduct misleading behavior which may lead to consumers' confusion between products manufactured by them and the products manufactured by other business operators, or may lead consumers to believe that there are certain connections between their products and the products of other business operators; (ii) carry out any false or misleading commercial promotion activities in respect of the performance, functions, quality, sales status, user reviews, or accolades of their products in order to defraud or mislead consumers; (iii) assist other operators to carry out false or misleading commercial promotion activities by organizing false transactions; (iv) infringe on trade secrets; and (v) fabricate

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or disseminate false or misleading information to harm the business reputation of their competitors or the products of their competitors. In addition, business operators making use of internet for their business operations shall also comply with the provisions of the PRC Anti-Unfair Competition Law.

Business operators in violation of the PRC Anti-Unfair Competition Law may be subject to orders to rectify, confiscation of illegal gains, fines, and/or revocation of business licenses or operating permits, and may bear corresponding civil or criminal responsibilities.

Advertisement Law

All commercial advertising activities for direct or indirect introduction of products or services promoted by product business operators or service providers via a certain medium and in a certain form within the territory of the PRC are governed by the PRC Advertisement Law (《中華人民共和國廣告法》), which was promulgated by the SCNPC on October 27, 1994 and most recently amended on April 29, 2021. The PRC Advertisement Law requires advertisers, advertising operators and advertising distributors to ensure that the content of the advertisements they produce or distribute are true and in full compliance with applicable laws and regulations, and the content of the relevant advertisement shall not contain prohibited information, such as (i) information that endangers the safety of persons or properties, or infringes upon personal privacy; (ii) information that contains wordings such as “national level”, “highest level” or “best”; and (iii) information that is ethnically, racially, religiously, or sexually discriminative.

Violations of these provisions may result in penalties, including fines, confiscation of income generated from relevant advertising operations, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information. For serious violations, the State Administration for Market Regulation (the “SAMR”) or its local counterparts may order the violator to terminate its advertising operations or even revoke its business license. Furthermore, advertisers, advertising operators or advertising distributors may be subject to civil liabilities, if they infringe on the legal rights and interests of other parties.

Furthermore, Administrative Measures on Internet Advertisement (《互聯網廣告管理辦法》) was promulgated on February 25, 2023 by the SAMR and became effective on May 1, 2023. These measures shall be applied to any advertisement published through websites, webpages or internet application in the form of word, picture, audio, video or other forms. These measures also provides further detailed guidelines to the advertisers, advertising operators and advertising distributors regarding advertising via internet.

E-Commerce Law

The PRC E-commerce Law (《中華人民共和國電子商務法》), which was promulgated by the SCNPC on August 31, 2018, and became effective from January 1, 2019, establishes fundamental guidelines for e-commerce business operators. E-commerce business operators are obligated to uphold principles of voluntariness, equality, fairness, and good faith in their business operations. They are further mandated to comply with applicable laws and business ethics, participate equitably in market competition, fulfill responsibilities pertaining to consumer rights protection, environmental preservation, intellectual property safeguarding, network security, and personal information confidentiality. E-commerce business operators shall also be held accountable for the quality of the products and services they provide. Violations of the PRC E-Commerce Law may result in penalties, including fines and suspension of operation.

REGULATIONS RELATING TO WORK SAFETY

The PRC Work Safety Law (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002, most recently amended with effect from September 1, 2021, applies to all entities engaging in production and business activities in the PRC. Such entities shall strengthen work safety management, establish and improve the all-staff work safety responsibility system and internal rules and regulations in relation to work safety, increase investment in funds,

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materials, technologies and staff for work safety, improve working conditions, strengthen the development of a standardized and information technology enabled work safety system, establish a dual prevention mechanism of graded management and control of safety risks and the screening and handling of hidden dangers, improve the risk prevention and resolution mechanism so as to ensure work safety. Violations of the PRC Work Safety Law may result in administrative penalties such as fine, suspension of operation and revocation of license.

REGULATIONS RELATING TO CYBERSECURITY AND DATA SECURITY

On November 7, 2016, the SCNPC promulgated the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), which became effective on June 1, 2017. It defines “networks” as systems that are composed of computers or other information terminals and relevant facilities used for the purpose of information collecting, storing, transmitting, exchanging and processing in accordance with certain rules and procedures, and “network operators” as owners or administrators of networks or the providers of network services. Network operators are subject to various security protection-related obligations, including: (i) complying with security protection obligations in accordance with tiered cybersecurity system’s protection requirements, which include formulating internal security management systems and operation instructions, appointing responsible personnel for cybersecurity, adopting technical measures to prevent computer viruses and cybersecurity endangering activities, adopting technical measures to monitor and record network operation status and events relating to cybersecurity, taking data security measures such as data classification, backups and encryption; (ii) formulating cybersecurity emergency response plans, timely handling of security risks, initiating emergency response plans, taking appropriate remedial measures and reporting to regulatory authorities in case of any incident endangering cybersecurity; and (iii) providing technical assistance and support for public security authorities and national security authorities for protection of national security and criminal investigations in accordance with applicable laws.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which took effect on September 1, 2021. The PRC Data Security Law stipulates the obligations in relation to data security and privacy of entities and individuals carrying out data processing activities. The PRC Data Security Law also introduces a data classification system and a layered protection system based on the importance of data in the socio-economic development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken respectively for each category of data.

On April 13, 2020, the Cybersecurity Review Measures (《網絡安全審查辦法》) was promulgated by the CAC together with other 12 PRC governmental authorities, which took effect from June 1, 2020 and was amended on December 28, 2021. Pursuant to these measures, the purchase of network products and services by a critical information infrastructure operator or the data processing activities of a network platform operator that affect or may affect national security will be subject to a cybersecurity review. In addition, network platform operators with personal information of over one million users shall also be subject to cybersecurity review before listing abroad. The competent governmental authorities may also initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security. If the Office of Cybersecurity Review deems it necessary to conduct a cybersecurity review, it should complete a preliminary review within 30 business days from the issuance of a written notice to the operator, or 45 business days for complicated cases. Upon the completion of a preliminary review, the Office of Cybersecurity Review should reach a review conclusion suggestion and send the review conclusion suggestion to the members of the cybersecurity review working mechanism and relevant authorities for their comments. These members and authorities shall give a written reply within 15 business days from the receipt of the review conclusion suggestion. If the Office of Cybersecurity Review and these authorities can reach a consensus, then the Office of Cybersecurity Review shall inform the operator

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in writing, otherwise, the case will go through a special review procedure. The special review procedure should be completed within 90 business days, or longer for complicated cases. The Cybersecurity Review Measures provide that the relevant violators thereof shall be subject to legal consequences in accordance with the PRC Cybersecurity Law and the PRC Data Security Law.

The PRC Civil Code also stipulates that the personal information of a natural person shall be protected and provides main legal basis for privacy and personal information infringement claims. On August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) which became effective on November 1, 2021. The PRC Personal Information Protection Law stipulates the scope of personal information, sets out the rules for processing personal information and the rules for cross-border transfer of personal information, as well as clarifies the individual's rights and the processor's obligations in the process of personal information processing. The PRC Personal Information Protection Law requires, among others, that (i) informing the individuals of the rules and purposes of personal information processing, impacts of personal information processing and how the individuals can exercise their rights, (ii) obtaining consents from individuals for personal information processing (separate consent for sensitive personal information processing, sharing personal information with other personal information processors, cross-border transfer of personal information, making personal information public, etc.), (iii) establishing internal policies and procedures in terms of personal information processing and taking appropriate technical measures, (iv) providing channels for individuals to exercise their personal information rights under the PRC Personal Information Protection Law and respond to their requests, and (v) conduct personal information protection impact assessment under certain personal information processing activities.

On September 24, 2024, the State Council promulgated the Regulations on the Management of Network Data Security (《網絡數據安全管理條例》), or the Network Data Regulations, which came into effect on January 1, 2025. The Network Data Regulations supplement the requirements on several aspects of the PRC Personal Information Protection Law regarding notification, consent, and the exercise of personal rights, provides more detailed compliance requirements for processors of important data, and also provides more guidance to streamline cross-border data transfers based on CAC's existing regulations.

REGULATIONS RELATING TO LABOR CONTRACT, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Labor Contract

According to (i) the PRC Labor Law (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, and most recently amended on December 29, 2018, (ii) the PRC Labor Contract Law (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, most recently amended with effect from July 1, 2013, and (iii) the Implementation Regulations for the PRC Labor Contract Law (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council of the PRC on September 18, 2008, the employment relationship between employers and employees must be executed in written form, and a minimum wage guarantee system shall be implemented. The wages paid by the employers to the employees shall not be less than the minimum wage as determined by the local governments at the provincial level. In addition, employers must establish a sound labor safety and hygiene system, and the labor safety and hygiene facilities must meet the standards stipulated by relevant authorities.

Social Insurance and Housing Provident Fund

According to the PRC Social Insurance Law (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010 and most recently amended on December 29, 2018, the Administrative Regulations on Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council of the PRC on April 3, 1994 and most recently amended on March 24, 2019, and the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council of the PRC and most recently

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amended on March 24, 2019, an enterprise established within the PRC shall pay premium for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance, basic medical insurance and contribute to the housing provident fund for its employees at a rate stipulated by the relevant authorities.

Pursuant to the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law 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)》) enacted by the Supreme People's Court on July 31, 2025 and implemented on September 1, 2025, any agreement between an employer and an employee for the non-payment of social insurance or any employee undertaking to waive such payment shall be deemed as void by the people's court.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Patent

According to the PRC Patent Law (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, and most recently amended with effect from June 1, 2021 as well as the Implementation Rules for the PRC Patent Law (《中華人民共和國專利法實施細則》) promulgated by the State Council of the PRC on June 15, 2001, most recently amended with effect from January 20, 2024, invention creations that are eligible for the application of a patent shall include inventions, utility models and designs. The validity period of patent for inventions is 20 years, the validity period of patent for utility models is ten years, and the validity period of patent for designs is 15 years, in each case starting from the date of application.

An invention creation that is accomplished by a person in the course of performing any task for an entity by which the inventor or designer is employed, or by using materials or technical means that are mainly from a certain entity shall be considered as a service-based invention creation. For a service-based invention creation, the right to apply for a patent belongs to the entity that employs the inventor or designer, or the entity that provided the majority of materials or technical means essential for the creation. Upon grant of the patent, such entity shall be the patentee. The patentee of a service patent shall reward the inventor or designer of the relevant service-based invention creation. After the implementation of the service patent, the inventor or designer shall be compensated reasonably according to the scope of market application of the patent as well as the economic benefits obtained from its implementation.

Trademark

The PRC Trademark Law (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, and most recently amended with effect from November 1, 2019, and the Implementation Regulations of the PRC Trademark Law (《中華人民共和國商標法實施條例》) promulgated by the State Council of the PRC on August 3, 2002 and most recently amended with effect from May 1, 2014, prescribe the process of registration, de-registration, renewal, alteration, transfer and invalidation of a trademark. The registration of a trademark shall be valid for ten years from the date of approval. If there is a continuous need for the use of trademark, a renewal process shall be initiated within 12 months before the expiry of the registration. If the renewal process is not initiated within the stipulated period, a grace period of six months may be given for the filing of the renewal process. Each renewal of the trademark registration shall be valid for ten years from the date of the expiry of the previous registration.

Copyright

According to the PRC Copyright Law (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, and most recently amended with effect from June 1, 2021, the works protected by copyright refer to original intellectual achievements in the fields of literature, art and science which can be expressed in a certain form, including: (i) written works; (ii) oral works; (iii) musical, drama, opera, dance, acrobatic artistic works; (iv) fine arts, architectural works; (v)

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photographic works; (vi) audio-visual works; (vii) graphic works and model works, such as engineering design plans, product design plans, maps, and schematic diagrams; (viii) computer software; and (ix) any other intellectual achievements which share the same characteristics of the aforesaid works. Copyright is a collection of personal and property rights, which, among others, includes the right of publication, the right of authorship, the right of modification, the right of distribution, the right of reproduction, and the right of internet information transmission.

According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration of the PRC on February 20, 2002 and became effective on the same date, and the Regulations on Computers Software Protection (《計算機軟件保護條例》) promulgated by the State Council of the PRC on December 20, 2001, and most recently amended with effect from March 1, 2013, the National Copyright Administration of the PRC shall be the competent authority for the nationwide administration of software copyright registration, and the Copyright Protection Center of China is designated as the authority responsible for the whole registration process of computer software. The Copyright Protection Center of China issues registration certificates to applicants for computer software copyrights that comply with the aforesaid measures and regulations.

Domain Name

According to the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017, prior to the establishment of domain name root servers, domain name root server operation institutions, domain name registration management institutions and domain name registration service institutions within the PRC, the corresponding permits shall be obtained from the MIIT or its local counterparts.

REGULATIONS RELATING TO TAX

Enterprise Income Tax

Pursuant to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) promulgated by the SCNPC on March 16, 2007 and most recently amended on December 29, 2018, and the Implementation Regulations for the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council of the PRC on December 6, 2007, most recently amended with effect from January 20, 2025, an enterprise that is established within the PRC, and an enterprise that is established under the law of a foreign country (region) but whose actual functions of management is within the PRC, shall both be considered as a PRC resident enterprise. A resident enterprise shall pay enterprise income tax on its income originating from both inside and outside the PRC at a rate of 25%. According to the Administrative Measures on Accreditation of High and New Technology Enterprises (《高新技術企業認定管理辦法》) promulgated by the Ministry of Technology of the PRC, the Ministry of Finance of the PRC and State Taxation Administration of the PRC on April 14, 2008 and most recently amended on January 29, 2016, high and new technology enterprises accredited by the government may enjoy a reduced enterprise income tax rate of 15%. Further, qualified small low-profit enterprises are given a reduced enterprise income tax rate of 20%.

Value-added Tax

Pursuant to the PRC Value-added Tax Law (《中華人民共和國增值稅法》) promulgated by the SCNPC on December 25, 2024, which came into effect on January 1, 2026, as well as the Implementation Regulations for the Value-added Tax Law of the PRC (《中華人民共和國增值稅法實施條例》) promulgated by the State Council on December 25, 2025, which came into effect on January 1, 2026, all entities selling goods, providing services or importing goods within the PRC shall pay value-added tax (“VAT”). The VAT rate for general VAT taxpayers engaging in sale of goods, provision of processing, repair and replacement services, lease of tangible and movable goods or importation of goods was adjusted to 13%, the VAT rate for general VAT taxpayers

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engaging in, among others, the sale of transportation services, postal services, basic telecommunications services, construction services, the lease and sale of real properties, the transfer of land use rights, and the sale or importation of certain goods as specified in the PRC Value-added Tax Law, was adjusted to 9%.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Environment Protection

The PRC Environmental Protection Law (《中華人民共和國環境保護法》), which was promulgated by the SCNPC on December 26, 1989, most recently amended with effect from January 1, 2015, outlines the authorities and duties of various environmental protection regulatory agencies. The MEE is authorized to issue national standards for environmental quality and discharge of pollutants, and to monitor the environmental protection scheme of the PRC. Meanwhile, local environment protection authorities may formulate local standards for discharge of pollutants which are more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.

Environmental Impact Appraisal

According to the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was promulgated by the State Council of the PRC on November 29, 1998 and most recently amended on July 16, 2017, depending on the impact of the construction project on the environment, a construction proprietor shall submit an environmental impact report or an environmental impact statement, or file a registration form.

According to the Environmental Impact Appraisal Law of PRC (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC on October 28, 2002 and most recently amended on December 29, 2018, for any construction projects that have an impact on the environment, the construction proprietor is required to prepare an environmental impact report or an environmental impact statement, or file a registration form depending on the seriousness of effect that may be exerted on the environment.

Pollutant Discharge

Pursuant to the Administrative Measures for Pollutant Discharge Permit (《排污許可管理辦法》) promulgated on April 1, 2024 by the MEE and became effective on July 1, 2024, enterprises and public institutions as well as other entities engaging in production and business operations included in a certain designated catalog for pollutant discharge management shall apply for and obtain a pollutant discharge permit or complete the registration as a stationary pollution source within a prescribed time limit.

REGULATIONS RELATING TO FIRE PREVENTION

According to the PRC Fire Prevention Law (《中華人民共和國消防法》) was promulgated by the SCNPC on April 29, 1998, and was most recently amended and became effective on April 29, 2021, enterprises are required to perform the following duties in relation to fire prevention: (i) implement fire safety accountability system, prepare fire safety system and fire safety operational procedures for their organization, and prepare fire extinguishment and emergency evacuation plans; (ii) prepare and install firefighting facilities and equipment pursuant to applicable laws and industry standards, install fire safety signs, and organize inspection and maintenance on a regular basis to ensure that the facilities and equipment are in good working conditions; (iii) conduct comprehensive inspection of firefighting facilities in the buildings they are in at least once a year to ensure that they are in good working conditions, the inspection records shall be complete and accurate and be well kept for reference and regulatory inspection; (iv) ensure that evacuation access, safety exits and fire engine access roads are unblocked, and ensure that the fire and smoke

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bay and firebreak distance comply with relevant technical standards; (v) organize fire prevention checks to promptly eliminate hidden fire hazards; (vi) organize and carry out targeted fire drills; and (vii) perform any other fire safety duties stipulated by applicable laws and regulations.

According to the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development (“MOHURD”) of the PRC on April 1, 2020 and most recently amended on August 21, 2023, special construction projects as defined thereunder shall conduct fire protection design review and fire protection acceptance inspection, construction projects other than such special construction projects shall file protection acceptance of the project with competent authority.

REGULATIONS RELATING TO LEASE OF REAL ESTATE

According to the PRC Civil Code, individuals owning either real or movable property have the legal entitlement to possess, utilize, generate income from and dispose of their property. According to the Interpretation of Supreme People’s Court on Several Issues Concerning the Specific Application of Law in the Trial of Cases Involving Disputes over Lease of Urban Houses (Amended in 2020) (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋》(2020年修正)) promulgated on December 29, 2020, the lease concluded between a lessor and a lessee for a house that has not obtained the construction project planning permits or has not been constructed in accordance with the construction project planning permits shall be invalid.

On December 1, 2010, the MOHURD promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to these measures, both the lessor and the lessee are obligated to register and file the lease with the local counterpart of the MOHURD within 30 days from the date of execution of the relevant lease. Failure to complete the registration and filing may result in an order to rectify within a specified period of time; if the relevant entity fails to rectify in time, a fine ranging from RMB1,000 to RMB10,000 may be imposed for each lease.

REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) promulgated on January 29, 1996 and most recently amended on August 5, 2008, foreign currency transactions under the capital account, such as transactions incurred under direct investment or capital contribution, will be subject to restrictions and require approvals from, or registration with, the foreign exchange administrative authorities, i.e. the State Administration of Foreign Exchange (the “SAFE”) or its local counterparts.

According to the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Involved in Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) announced by the SAFE on February 1, 2005 and most recently amended on December 26, 2014, the SAFE and its local counterparts will oversee, regulate and inspect PRC domestic companies regarding their business registration, opening and use of accounts, trans-border payments and receipts, exchange of funds and other conduct involved in overseas listing. The said PRC domestic company shall, within fifteen working days upon the end of its overseas public offering, handle registration formalities for overseas listing with the foreign exchange authority at its place of registration with the required materials.

On March 30, 2015, the SAFE issued the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》, the “SAFE Circular 19”), which took effect on June 1, 2015. According to SAFE Circular 19, as amended by the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》, the “SAFE Circular 16”) issued by the SAFE on June 9, 2016, and further amended by the SAFE on December

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30, 2019, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

REGULATIONS RELATING TO OVERSEAS SECURITIES OFFERING

Overseas Securities Offering

The Trial Administrative Measures on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) were promulgated by the CSRC on February 17, 2023, and implemented on March 31, 2023. According to these trial measures, issuers seeking an overseas initial public offering or listing must file with the CSRC within three working days following the submission of their application documents for issuance and listing abroad. Issuers are also prohibited from overseas offering and listing if they fall under one of the following circumstances: (i) where such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council of the PRC in accordance with applicable laws; (iii) where the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; and (v) where there are material ownership disputes over equity held by the domestic company’s controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Where a domestic company seeks to directly offer and list securities in overseas markets, the issuer shall file with the CSRC, submit a filing report, legal opinion, and other relevant materials and undertake that the submitted materials are all truthful, accurate and complete.

On February 24, 2023, the CSRC, the Ministry of Finance of the PRC, the National Administration of State Secrets Protection of the PRC, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archive Management of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) which came into force on March 31, 2023. These provisions require that, in relation to the direct and indirect overseas securities offering and listing activities of domestic companies, such domestic company, as well as securities companies and securities service institutions providing securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to fulfill their confidentiality and archives management duties. According to these provisions, during an overseas offering and listing, if a domestic company needs to provide or publicly disclose to securities companies, securities service providers and/or overseas regulators any materials that may contain state secrets or have an adverse impact on the national security or public interests of the PRC, the domestic company should complete the relevant approval/filing and other regulatory procedures as required.

H Share “Full Circulation”

The Company shall comply with regulations on the H share “full circulation” to converse its domestic shares into H shares and circulate on the Hong Kong Stock Exchange. Pursuant to the Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H Share Companies (《H股公司境內未上市股份申請“全流通”業務指引》), promulgated and implemented by the CSRC on November 14, 2019 and revised on August 10, 2023, holders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for

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which an application will be filed for circulation, provided that the requirements in all applicable laws and regulations are met. After domestic unlisted shares are listed and circulated at the stock exchange, they may not be transferred back to the PRC.

According to the Implementation Rules of H Share “Full Circulation” Business (《H股“全流通”業務實施細則》), promulgated by the China Securities Depository and Clearing Corporation Limited (the “CSDCC”), and the Shenzhen Stock Exchange (the “SZSE”) on December 31, 2019, the all businesses in relation to the H share “Full Circulation”, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of participants, services of nominal holders, etc., are subject to the these implementation rules. Under the circumstances that no clear provision is given in the implementation rules, it shall be handled with reference to other operational rules of the CSDCC, China Securities Depository and Clearing (Hong Kong) Company Limited, and SZSE. In order to fully promote the reform of H shares “Full Circulation” and clarify the business arrangement and procedures for the relevant shares’ registration, escrow, settlement and delivery, the CSDCC has issued the Circular on Issuing the Guide for “Full Circulation” of H Shares (《關於發佈〈H股“全流通”業務指南〉的通知》) on February 7, 2020, the latest version of which was issued by Shenzhen Branch of the CSDCC on September 20, 2024, which specifies the requirement and guidelines in relation to business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR HISTORY

Overview

We, TONGSHIFU (銅師傅), have focused on developing copper-based cultural and creative products by integrating traditional techniques with modern design and usage scenarios since our inception. Our history traces back to March 2013, when Mr. Yu, our founder, chairman and general manager founded our Company. Under the leadership of our founder Mr. Yu, who possesses a fine-arts academic background and is a committed advocate of craftsmanship and cultural heritage, in November 2014, our Company was converted into a joint stock company with limited liability.

Milestones

The following sets out a summary of our key development milestones:

Year	Milestones
2013	Our Company was established by Mr. Yu and our first flagship store on Tmall (天貓) commenced operation
2016	Our Company was awarded “Leading companies in the industry” (行業龍頭企業), by the People’s Government of Jiande City (建德市人民政府)
2019	The first offline distributorship stores were opened in Beijing, Shanxi Province and Liaoning Province
2020	Our first flagship store on Douyin, JD.com and Pinduoduo commenced operation
2021	We underwent the Demerger through which our main business was separated from Tongmu Zhuyi, which was mainly focused on the production and design of solid wood furniture
2022	We were awarded Startup 100 Future Unicorns (創業邦100未來獨角獸) by CYZone 100 (創業邦100)
2023	We were awarded the 2023 Global Product & Consumer Experience – Most Artisanal Cultural Product of the Year Award (2023年度環球產品與消費體驗最具匠心文創產品獎) by Universal Product & Experience (環球產品與消費體驗)
2024	We were awarded as one of the key cultural enterprises in Zhejiang Province (浙江省重點文化企業) in 2024 by the Publicity Department of Zhejiang Provincial Party Committee of the CPC (中共浙江省委宣傳部)
2025	We were awarded by the People’s Government of Jiande City as one of the Municipal – level Key Manufacturing Enterprises (市級重點製造業企業)

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ESTABLISHMENT AND DEVELOPMENT OF THE COMPANY

A. Establishment of our Company

Our Company was established on March 26, 2013 with an initial registered capital of RMB3 million. The shareholding structure of our Company at the time of our establishment were as follows:

No.	Name of Shareholder	Registered capital contributed (RMB)	Percentage of equity interests
1.	Mr. Yu	2,160,000	72.00%
2.	Yang Feng (楊風)	180,000	6.00%
3.	Li Li (李麗) ⁽²⁾	150,000	5.00%
4.	He Yun (何贊) ⁽¹⁾	90,000	3.00%
5.	Luo Renxiang (羅仁祥) ⁽¹⁾	90,000	3.00%
6.	Lu Zheheng (盧哲恒) ⁽²⁾	60,000	2.00%
7.	Lu Huahua (盧華華) ⁽²⁾	30,000	1.00%
8.	Wang Qiuxia (王秋霞) ⁽²⁾	30,000	1.00%
9.	Lv Liang (呂亮) ⁽²⁾	30,000	1.00%
10. ...	Xu Wei (徐偉) ⁽²⁾	30,000	1.00%
11. ...	Ding Hongliang (丁紅良) ⁽²⁾	30,000	1.00%
12. ...	Yu Qing (俞清) ⁽²⁾	30,000	1.00%
13. ...	Xu Yan (徐燕)	30,000	1.00%
14. ...	Li Gan (李淦) ⁽²⁾	15,000	0.50%
15. ...	Huang Nannan (黃楠楠) ⁽²⁾	15,000	0.50%
16. ...	Li Xifang (李希芳) ⁽²⁾	15,000	0.50%
17. ...	Huang Xing (黃星) ⁽²⁾	15,000	0.50%
Total:		3,000,000	100.00%

Notes:

- (1) The registered capital were paid by Mr. Yu to Mr. He Yun and Mr. Luo Renxiang, our executive Directors, for the purpose of jointly developing our Company.
- (2) The registered capital were paid by Mr. Yu to these persons, who were at the time employees of our Company or Yading Creative Home Furnishing Co., Ltd (雅鼎創意家居股份有限公司), now known as Xijiang Technology (Hangzhou) Co., Ltd.* (鑿匠科技(杭州)有限公司) (“**Xijiang Technology**”), a company founded by Mr. Yu, for the purpose of retaining, incentivizing and remunerating the these persons and building a foundation for our Company’s long-term success. The circumstances leading to this arrangement included the following key factors:
 1. Retention and incentivization of employees: The incentivized employees were key members of Xijiang Technology’s middle to upper-level management who, to Mr. Yu, substantially contributed to its development through their expertise in corporate management, finance, marketing and product design. Mr. Yu established our Company in 2013 and sought the support of these trusted employees to contribute to our development. Recognizing their expertise, reliability and commitment, he strategically engaged them in our Company’s growth and success by offering our equity, fostering a vested interest in our Company’s long-term development and promoting a culture of accountability, dedication, and engagement in driving our success.
 2. Remuneration of the incentivized employees: Our Company was founded in a business area distinct from Xijiang Technology, which focused on the design, production and sales of bathroom products. Given the uncertainties surrounding our Company’s future development, including but not limited to our Company’s market positioning, revenue generation capability, and competitive sustainability, as well as acknowledging the financial constraints of the incentivized employees, Mr. Yu therefore decided to pay for the portion of our registered capital allocated to these employees. This arrangement provided our Company leverage from experienced leadership, retained trusted individuals, and aligned their incentives with corporate success, thereby creating a solid foundation for our future expansion and stability.

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B. Equity transfers in March 2013 and June 2013

Pursuant to equity transfer agreements dated March 29 and June 21, 2013, Huang Xing and Lu Zheheng (the then employees of our Company or Xijiang Technology) transferred 0.50% and 2% equity interest of our Company to the then Shareholders Yang Feng (楊風) and Liang Yuehua (梁越華), for nil consideration, respectively. As a result of their resignation, according to the arrangement of our Company, Huang Xing and Lu Zheheng transferred the aforesaid equity interests to Yang Feng and Liang Yuehua.

C. Conversion into joint stock company and capital increase in November 2014

Pursuant to Shareholders' resolutions passed on October 15, 2014, October 20, 2014 and October 22, 2014, (i) our Company was converted into a joint-stock company with limited liability on November 11, 2014, and (ii) meanwhile, Mr. Yu would further subscribe for 2,000,000 Shares at a price of RMB1 per share.

D. Changes in the shareholding structure of our Company

Since the conversion of our Company into a joint stock company, several rounds of capital increase and share transfers took place. As at the Latest Practicable Date, our registered capital was RMB57,000,000, comprising 57,000,000 Shares. The changes in our registered capital and shareholding after the conversion and up to the Latest Practicable Date are summarized as follows. See “– Pre-IPO Investment” in this section for further details.

(i) Capital Increase in May 2015

In May 2015, our Company's registered capital increased from RMB5,000,000 to RMB10,000,000. The newly increased registered capital of RMB5,000,000 was subscribed by Mr. Yu, Mr. He Yun, Mr. Luo Renxiang, Mr. Xiao Feng, and 13 other individuals at the subscription price of RMB5 per Share.

(ii) Share Transfers between January 2016 and April 2017 and Capital Increase in May 2017

Between January 2016 and April 2017, there were 48 share transfers carried out between the Shareholders. Immediately before the capital increase in May 2017, the then Shareholders included Mr. Yu, three members of our Directors and 56 other Shareholders. In May 2017, the registered capital increased from RMB10,000,000 to RMB10,208,333. The newly increased registered capital of RMB125,000 and RMB83,333 was subscribed by Xie Liangliang (謝亮亮) and Hangzhou Jinyuan Zhecheng Investment Management Partnership (Limited Partnership)* (杭州錦元哲誠投資管理合夥企業(有限合夥)) now known as Changxing Jinyuan Zhecheng Investment Management Partnership (Limited Partnership)* (長興錦元哲誠投資管理合夥企業(有限合夥)) (“Jinyuan Zhecheng”), respectively, both at the subscription price of RMB24 per Share.

(iii) Share Transfers in May and June 2017

In May 24, 2017, the Shareholders approved the transfer made by Lv Lihan (呂立翰) to Li Li (李麗) for a consideration of RMB5 per Share for a total of 300,000 Shares. In June 21, 2017, the Shareholders approved the transfers made by Liang Yuehua and Ding Hongliang to Mr. Yu for a total of 90,000 Shares for a consideration of RMB3 per Share and nil consideration, respectively. In June 30, 2017, the Shareholders approved the transfer made by Li Li to Luo Wenjuan (羅文娟) for a total of 400,000 Shares at the consideration of RMB23 per Share.

For Ding Hongliang's transfer, Ding Hongliang initially obtained our Shares paid by Mr. Yu for incentive purpose. Upon Mr. Ding's resignation, he transferred the aforementioned Shares back to Mr. Yu per Company arrangement. Luo Wenjuan held 40,000 Shares and 10,000 Shares as a nominee on behalf of Dong Shengfang and Wang Lijing respectively. See subsection headed “(ix) Share Transfer in February 2023” below for further details.

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(iv) Capital Increase between August 2017 and August 2018 and Share Transfers in February and August 2018

We went through four rounds of capital increase between August 2017 and August 2018. In August 2017, the registered capital increased from RMB10,208,333 to RMB10,698,333. The newly increased registered capital of RMB490,000 was subscribed by Ningbo Jinyuan Hanfei Investment Management Center (Limited Partnership)* (寧波錦元翰飛投資管理中心(有限合夥)) now known as Changxing Jinyuan Hanfei Investment Management Center (Limited Partnership)* (長興錦元翰飛投資管理中心(有限合夥)) (“**Jinyuan Hanfei**”) at a subscription price of approximately RMB25 per Share. In September 2017, the registered capital increased from RMB10,698,333 to RMB13,372,916. The newly increased registered capital of RMB1,872,208 and RMB802,375 were subscribed by Shunwei Ventures III (Hong Kong) Limited (“**Shunwei**”) and Tianjin Jinmi Investment Partnership (Limited Partnership)* (天津金米投資合夥企業(有限合夥)) (“**Tianjin Jinmi**”), respectively, at a subscription price of approximately RMB20 per Share. In January 2018, the registered capital increased from RMB13,372,916 to RMB13,676,846. The newly increased registered capital of RMB303,930 was subscribed by Beijing Hezhong Venture Capital Equity Investment Center (Limited Partnership)* (北京合眾創投股權投資中心(有限合夥)) (“**Beijing Hezhong**”) at a subscription price of approximately RMB24 per Share. In August 2018, the registered capital increased from RMB13,676,846 to RMB18,890,989. The newly increased registered capital of RMB772,531, RMB1,086,724, RMB192,117, RMB1,966,047 and RMB1,196,724 were subscribed by Shunwei, Tianjin Jinmi, Beijing Hezhong, Euro Master Limited (歐之福有限公司) (“**Euro Master**”) and Beijing GX Equity Investment Fund Partnership Enterprise (Limited Partnership)* (北京光信股權投資基金合夥企業(有限合夥)) (“**Beijing GX**”), respectively, at a subscription price of approximately RMB58.49 per Share.

In February 2018, the Shareholders approved the eight transfers made by eight individuals to Beijing Hezhong for a total of 200,000 Shares at the consideration of RMB20 per Share. In August 2018, the Shareholders approved the 23 transfers made by 23 individuals to Shenzhen Guolinfeng Asset Management Center (Limited Partnership)* (深圳市國林豐資產管理中心(有限合夥)) (“**Shenzhen Guolinfeng**”) for a total of 215,500 Shares at the consideration of RMB51 per Share.

(v) Demerger of the Company in December 2020

In October 2020, the Shareholders resolved to undergo the Demerger, pursuant to which our Company was demerged into our Company and Tongmu Zhuyi. The main purpose of the Demerger is to exclude the production and design of solid wood furniture from our Group so as to allow our Company to concentrate our resources on the development of our Company’s current business. As a result of the Demerger, Tongmu Zhuyi was established on December 17, 2020 with a registered capital of RMB11,275,453. Immediately after the restructuring, Tongmu Zhuyi had the same shareholding structure as our Company prior to the Demerger. Upon the Demerger, the registered capital of our Company was reduced from RMB18,890,989 to RMB7,615,536.

(vi) Capital Increase and Share Transfers in July 2021

In July 2021, the registered capital increased from RMB7,615,536 to RMB7,962,805. The newly increased registered capital of RMB301,576, RMB41,733, RMB3,960 were subscribed by SME Development Fund (Xi’an) Guozhong Partnership Enterprise (Limited Partnership)* (中小企業發展基金(西安)國中合夥企業(有限合夥)) now known as Guozhong Private Equity Investment Fund (Xi’an) Partnership (Limited Partnership)* (國中私募股權投資基金(西安)合夥企業(有限合夥)) (“**Guozhong Fund**”), Ningbo Meishan Bonded Port Area Fosun Weiyang Equity Investment Fund Partnership (Limited Partnership)* (寧波梅山保稅港區復星惟盈股權投資基金合夥企業(有限合夥)) (“**Fosun Weiyang**”) and Xu Danni (徐丹妮), respectively, at a subscription price of approximately RMB328.28 per Share.

On July 30, 2021, Mr. Yu disposed part of and Li Li, Shi Jun and Yu Qing disposed all of their Shares in our Company to Gongqingcheng Jinda Equity Investment Partnership (Limited Partnership)* (共青城金達股權投資合夥企業(有限合夥)) (“**GQC Jinda**”) for a total of 243,698 Shares at a price of approximately RMB328.28 per Share.

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(vii) Capitalization Issue in January 2022

In January 2022, to expand our Company's share capital in accordance with our business strategy and development plan, the then Shareholders agreed to increase our registered capital from RMB7,962,805 to RMB57,000,000 by way of capitalization of capital reserve with the percentage of shareholdings of each Shareholder remained unchanged.

(viii) Share Transfers in December 2022

In December 2022, Euro Master entered into transfer agreements with Shanghai Ruma Youhua Enterprise Management Partnership (Limited Partnership)* (上海如碼有花企業管理合夥企業(有限合夥)) (“**Shanghai Ruma**”), Zhang Lei (張磊), Jin Hongwei (金宏偉), Chen Lisheng (陳理升), Liang Yu (梁鈺) and Qian Jiayang (錢家陽) respectively, to dispose of a total of 501,625 Shares in our Company, at a subscription price of approximately RMB28.07 per Share.

(ix) Share Transfer in February 2023

In February 2023, Luo Wenjuan transferred her 115,429 Shares to Dong Shengfang (董聖芳) for RMB920,000.

Background and Termination of Historical Nominee Arrangements

In June 2017, Luo Wenjuan acquired 400,000 Shares of our Company from Li Li, of which (i) 40,000 Shares were held as a nominee for Dong Shengfang, (ii) 10,000 Shares were held as a nominee for Wang Lijing, and (iii) 350,000 Shares were held for her own benefit. Dong Shengfang and Luo Wenjuan were friends while Wang Lijing was at the time an employee of Luo Wenjuan's controlled entity. It was agreed that the person with the largest shareholding (namely Luo Wenjuan) among themselves would hold and manage the relevant Shares on their behalf.

In June 2017, Dong Shengfang paid Luo Wenjuan RMB920,000 for the 40,000 Shares and a nominee agreement was entered into in this regard in August 2017. On February 18, 2023, Luo Wenjuan and Dong Shengfang terminated the arrangement and 115,429 Shares (being the same 40,000 Shares, but the number of Shares was increased after the completion of the Demerger in December 2020 and the capitalization of capital reserves in January 2022) were transferred to Dong Shengfang for a consideration of RMB920,000.

In May 2017, Wang Lijing paid Luo Wenjuan RMB230,000 for the 10,000 Shares and a nominee agreement was entered into in this regard in August 2017. On August 18, 2022, Luo Wenjuan and Wang Lijing terminated the arrangement and 28,857 Shares (being the same 10,000 Shares, but the number of Shares was increased after the completion of the Demerger in December 2020 and the capitalization of capital reserves in January 2022) were transferred to Luo Wenjuan for a consideration of RMB675,000.

Our PRC Legal Adviser has confirmed that (i) the establishment and existence of the aforesaid nominee arrangements do not violate applicable PRC laws, (ii) their subsequent termination is valid under PRC laws, and (iii) no disputes relating to the termination of such arrangements have been brought before any PRC court by the parties involved, our Company or our Shareholders.

(x) Share Transfers in May 2023, May 2024 and December 2024

In May 2023, Euro Master transferred its 2,493,750 Shares, including 1,781,250 Shares to CMG Media Convergence Industry Investment Fund (Limited Partnership)* (央視融媒體產業投資基金(有限合夥)) (“**CMG Fund**”) and 712,500 Shares to Guangdong Bay Area No. 1 Digital Cultural Industry Investment Partnership (Limited Partnership)* (廣東灣區一號數字文化產業投資合夥企業(有限合夥)) (“**GBA No. 1**”) for a consideration of approximately RMB28.07 per Share. In May

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2024, due to her family arrangements, Liu Dan (劉丹) transferred her 57,717 Shares to her spouse Ding Yi (丁屹) for nil consideration. In December 2024, Wang Jiaying (王佳瑩) entered into a share transfer agreement with Jin Lihua (金麗華), pursuant to which Wang Jiaying has transferred her 144,282 Shares of the Company to Jin Lihua for a consideration of RMB600,000.

CAPITALIZATION TABLE

The following table sets out the shareholding structure of our Company immediately after completion of the abovementioned share transfers and as at the Latest Practicable Date and the Listing Date (assuming the Over-Allotment Option is not exercised and after the conversion of Domestic Unlisted Shares into H Shares):

Name of Shareholder	Number of Shares held as of the Latest Practicable Date	Approximate shareholding as at the Latest Practicable Date	Number of Domestic Unlisted Shares/H Shares held as at the Listing Date (assuming Over-allotment Option is not exercised)	Percentage of total number of Shares as at the Listing Date (assuming Over-allotment Option is not exercised)
Mr. Yu ^(Note)	14,971,100	26.27%	14,971,100 H Shares	23.24%
Shunwei	7,631,981	13.39%	7,631,981 H Shares	11.85%
Tianjin Jinmi	5,451,418	9.56%	5,451,418 H Shares	8.46%
Beijing GX	3,453,413	6.06%	3,453,413 H Shares	5.36%
Euro Master	2,678,093	4.70%	2,678,093 H Shares	4.16%
Guozhong Fund	2,158,766	3.79%	2,158,766 H Shares	3.35%
Beijing Hezhong	2,008,599	3.52%	2,008,599 Domestic Unlisted Shares	3.12%
CMG Fund	1,781,250	3.13%	1,781,250 H Shares	2.77%
GQC Jinda	1,744,459	3.06%	1,744,459 H Shares	2.71%
Luo Wenjuan (羅文娟)	1,616,002	2.84%	1,616,002 H Shares	2.51%
Jinyuan Hanfei	1,414,004	2.48%	1,414,004 H Shares	2.20%
Qiu Dekang (裘德康)	1,154,287	2.03%	1,154,287 H Shares	1.79%
Qingdao Yunzhi Investment Management Partnership (Limited Partnership)* (青島賢智投資管理合夥企業(有限合伙)) (“Qingdao Yunzhi”)	1,096,577	1.92%	1,096,577 H Shares	1.70%
Xiao Feng (肖峰) ^(Note)	1,067,715	1.87%	1,067,715 H Shares	1.66%
GBA No. 1	712,500	1.25%	712,500 H Shares	1.11%
Shenzhen Guolinfeng	621,875	1.09%	621,875 H Shares	0.97%
Ruan Zhuoer (阮卓爾)	519,434	0.91%	519,434 H Shares	0.81%
Yang Ke (楊軻)	490,571	0.86%	490,571 H Shares	0.76%
Zhao Lei (趙磊)	481,917	0.85%	481,917 H Shares	0.75%
Lv Lihan (呂立翰)	447,285	0.78%	447,285 H Shares	0.69%
Zhang Lei (張磊)	431,071	0.77%	431,071 H Shares	0.67%
He Yun (何贊) ^(Note)	360,713	0.63%	360,713 H Shares	0.56%
Fosun Weiyang	298,737	0.53%	298,737 H Shares	0.46%
Luo Renxiang (羅仁祥) ^(Note)	288,571	0.51%	288,571 H Shares	0.45%
Li Wanqiang (黎萬強)	288,571	0.51%	288,571 H Shares	0.45%
Ding Pengfei (丁鵬飛)	288,571	0.51%	288,571 H Shares	0.45%
Jinyuan Zhecheng	240,475	0.42%	240,475 H Shares	0.37%
Chen Jingzhi (陳靜芝)	216,431	0.38%	216,431 H Shares	0.34%
Yin Xuelong (殷雪龍)	202,000	0.35%	202,000 H Shares	0.31%
Zhang Jianmei (張建梅)	178,914	0.31%	178,914 H Shares	0.28%
Shanghai Ruma	171,000	0.30%	171,000 Domestic Unlisted Shares	0.27%
Jin Zeguang (金澤廣)	144,283	0.25%	144,283 H Shares	0.22%
Jin Lihua (金麗華)	144,282	0.25%	144,282 H Shares	0.22%

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Name of Shareholder	Number of Shares held as of the Latest Practicable Date	Approximate shareholding as at the Latest Practicable Date	Number of Domestic Unlisted Shares/H Shares held as at the Listing Date (assuming Over-allotment Option is not exercised)	Percentage of total number of Shares as at the Listing Date (assuming Over-allotment Option is not exercised)
Zhang Weijiang (張衛江) ^(Note) . . .	144,282	0.25%	144,282 H Shares	0.22%
Lv Hangjun (呂杭軍)	144,282	0.25%	144,282 H Shares	0.22%
Shentu Jiahui (申屠佳惠)	144,282	0.25%	144,282 H Shares	0.22%
Yang Junjie (楊竣傑)	144,282	0.25%	144,282 H Shares	0.22%
Qian Jiayang (錢家陽)	125,427	0.22%	125,427 H Shares	0.19%
Yu Hong (俞宏)	124,089	0.22%	124,089 H Shares	0.19%
Dong Shengfang (董聖芳)	115,429	0.20%	115,429 H Shares	0.18%
Huang Dongsheng (黃東升)	115,427	0.20%	115,427 H Shares	0.18%
Ren Bingzhang (任炳章)	109,658	0.19%	109,658 H Shares	0.17%
Jin Hongwei (金宏偉)	106,875	0.19%	106,875 H Shares	0.17%
Zhou Chengfeng (周乘風)	95,227	0.17%	95,227 H Shares	0.15%
Shi Ziming (史子鳴)	92,342	0.16%	92,342 H Shares	0.14%
An Hui (安輝)	92,342	0.16%	92,342 H Shares	0.14%
Ren Liang (任亮)	89,457	0.16%	89,457 H Shares	0.14%
Wang Yuezheng (王玥楨)	86,572	0.15%	86,572 H Shares	0.13%
Lu Huahua (盧華華) ^(Note)	86,572	0.15%	86,572 H Shares	0.13%
Hu Wenping (胡文萍) ^(Note)	57,717	0.10%	57,717 H Shares	0.09%
Ding Yi (丁屹)	57,717	0.10%	57,717 H Shares	0.09%
Lv Liang (呂亮)	57,717	0.10%	57,717 H Shares	0.09%
Zhang Jie (張傑) ^(Note)	57,717	0.10%	57,717 H Shares	0.09%
Wang Qiuxia (王秋霞) ^(Note)	57,717	0.10%	57,717 H Shares	0.09%
Liang Yu (梁鈺)	35,625	0.06%	35,625 H Shares	0.06%
Chen Lisheng (陳理升)	35,625	0.06%	35,625 H Shares	0.06%
Xu Danni (徐丹妮)	28,347	0.05%	28,347 H Shares	0.04%
Jia Jinfu (賈金富)	14,431	0.03%	14,431 H Shares	0.02%
Huang Ningning (黃寧寧)	14,431	0.03%	14,431 H Shares	0.02%
Cui Yushu (崔玉舒)	11,546	0.02%	11,546 H Shares	0.02%
Other public Shareholders	0	0.00%	7,406,800 H Shares	11.50%
Total:	57,000,000	100.00%	64,406,800 Shares	100%

Note: The shareholders are the current employees or Director of our Company as at the Latest Practicable Date and are the legal and beneficial owners of their respective Shares.

Our PRC Legal Adviser has confirmed that the aforesaid joint stock conversion, Demerger, capitalization issue, capital increases and equity transfers have complied with all applicable PRC laws and regulations effective at the time and have been properly and legally completed and settled in all material respects.

PUBLIC FLOAT AND FREE FLOAT

Following the conversion of the Domestic Unlisted Shares into H Shares and upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised):

- (a) (i) Mr. Yu, our Single Largest Shareholder and executive Director, (ii) Mr. Luo Renxiang, Mr. He Yun and Mr. Xiao Feng, our Directors, (iii) Shunwei, our substantial Shareholder, will be deemed as our core connected persons, while (iv) Zhang Weijiang, Lu Huahua, Lv Liang, Wang Qiuxia and Jia Jinfu, all of whom are our current or previous employees and their Shares were financed directly by Mr. Yu and will not be considered as “public” for the purpose of Rule 8.24 of the Listing Rules. Accordingly, a total of 24,680,799 Domestic Unlisted Shares held by them which will be converted into H Shares and listed on the Stock Exchange will not be

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counted towards the public float, representing approximately 38.32% of our total issued Shares upon the conversion of the Domestic Unlisted Shares into H Shares and the completion of the Global Offering;

- (b) a total of 2,179,599 Domestic Unlisted Shares held by Beijing Hezhong and Shanghai Ruma will not be converted into H Shares and listed on the Stock Exchange, and therefore will not be counted as part of the public float, representing approximately 3.38% of our total issued Shares; and
- (c) a total of 30,139,602 Domestic Unlisted Shares held by 48 Shareholders will be converted into H Shares and listed on the Stock Exchange, and therefore will be counted as part of the public float, representing approximately 46.80% of our total issued Shares upon the conversion of the Domestic Unlisted Shares into H Shares and the completion of the Global Offering.

See “Share Capital – Conversion of our Domestic Unlisted Shares into H Shares” for more details of the H Shares to be converted from Domestic Unlisted Shares and listed on the Stock Exchange following the completion of the Global Offering and the conversion of Domestic Unlisted Shares into H Shares.

Pursuant to Rule 19A.13A(1) of the Listing Rules, assuming that the Over-allotment Option is not exercised, based on an Offer Price range between HK\$60.00 per Offer Share (being the low end of the indicative Offer Price range) and HK\$68.00 per Offer Share (being the top end of the indicative Offer Price range), our expected market capitalization upon the Listing is approximately between HK\$3.86 billion to HK\$4.38 billion, and therefore the minimum prescribed public float percentage applicable to our Shares is 25.0% across the Offer Price range.

As a result, immediately upon completion of the Global Offering and the conversion of Domestic Unlisted Shares into H Shares, taking into account 7,406,800 H Shares to be offered pursuant to the Global Offering (assuming the Over-allotment Option is not exercised), an aggregate of 37,546,402 H Shares will count towards the public float of our Company for the purpose of Rule 19A.13A(1) of the Listing Rules, representing approximately 58.30% of the total issued Shares, which is in compliance with the requirement under Rule 19A.13A(1) of the Listing Rules.

Based on a minimum Offer Price of HK\$60.00 per H Share and that 7,406,800 H Shares to be issued pursuant to the Global Offering (assuming the Over-allotment Option is not exercised), the Company is expected to satisfy the free float requirement under Rules 19A.13C(1)(a) and (b) of the Listing Rules.

PREVIOUS SZSE CHINEXT LISTING ATTEMPT

Our Company previously considered the possibility of seeking an initial public offering on the SZSE Chinext Board in the PRC (“**Chinext Listing Attempt**”). In June 2022, our Company engaged China International Capital Corporation Limited (中國國際金融股份有限公司) (the “**Tutoring Company**”) to provide guidance and preliminary compliance advice in regards to the requirements of the CSRC. Due to market conditions and our strategic considerations, we adjusted our listing plan and terminated our engagement with Tutoring Company in September 2024 and that such termination were filed to the CSRC Zhejiang Regulatory Bureau (中國證券監督管理委員會浙江監管局) and thus, our Company has voluntarily decided not to make formal listing application to any stock exchange in the PRC.

As our Directors believe that the listing on the Stock Exchange can enable us to access the overseas financing opportunities and investors on the international capital market and facilitate our strategy of expansion into overseas market, our Directors decided to apply for a listing on the Stock Exchange. Our Directors confirm that save for the changes in the appointment of the Tutoring Company due to commercial reasons, our Company has not made any changes in professional parties between the Chinext Listing Attempt and our listing on the Stock Exchange.

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To the best of the Directors' knowledge and belief, they consider that (i) there are no matters relating to the Chinext Listing Attempt or there are no outstanding, material or unresolved issues, enquiries or matters between the Company and the parties relating to the Chinext Listing Attempt that may affect the suitability of the Company's listing on the Stock Exchange; (ii) there were no dispute or disagreement with the Tutoring Company and that they are not aware of any other matters that need to be brought to the attention of the Stock Exchange and potential investors; (iii) there are no matters relating to the Chinext Listing Attempt that require the attention of the Stock Exchange and prospective investors; (iv) there are no matters relating to the Chinext Listing Attempt that will have any material adverse impact on the Company's listing on the Stock Exchange. Based on the Sole Sponsor's due diligence work, the Sole Sponsor is not aware of any material issue relating to the Chinext Listing Attempt, which materially and adversely affects our Company's suitability for the Listing, and of any other matter to be brought to the attention of the Stock Exchange regarding the Chinext Listing Attempt.

PRE-IPO INVESTMENTS

Our Pre-IPO Investments consist of several rounds of investments from the Pre-IPO Investors by way of transfer of equity interests and/or subscription of our additional registered share capital. The table below summarizes the principal terms of the Pre-IPO Investments:

Pre-IPO Investor	Date of agreement (Month. Date.Year)	Method of investment	Settlement date (Month. Date.Year)	Approximate cost per Share with a nominal value of RMB1.00 ⁽¹⁾	Discount to the Offer Price ⁽²⁾	Number of Shares	Approximate shareholding Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) ⁽³⁾
I. Professional investors⁽⁴⁾							
Shunwei	08.25.2017 and 07.31.2018	Capital increase Capital increase	09.30.2017 and 08.20.2018	6.93 20.27	87.72% 64.08%	7,631,981	11.85%
Tianjin Jinmi	08.25.2017 and 07.31.2018	Capital increase Capital increase	09.30.2017 and 08.22.2018	6.93 20.27	87.72% 64.08%	5,451,418	8.46%
Beijing GX	07.31.2018	Capital increase	08.23.2018	20.27	64.08%	3,453,413	5.36%
Euro Master	07.31.2018	Capital increase	09.12.2018	20.27	64.08%	2,678,093	4.16%
Guozhong Fund	06.25.2021	Capital increase	07.21.2021	45.86	18.72%	2,158,766	3.35%
Beijing Hezhong	10.25.2017, 01.15.2018 and 07.31.2018	Capital increase Share transfers Capital increase	11.10.2017, 05.14.2018 and 08.28.2018	8.32 6.93 20.27	85.25% 87.72% 64.08%	2,008,599	3.12%
CMG Fund	04.27.2023	Share transfer	05.23.2023	28.07	50.25%	1,781,250	2.77%
GQC Jinda	07.30.2021	Capital increase	08.09.2021	45.86	18.72%	1,744,459	2.71%
Jinyuan Hanfei	07.08.2017	Capital increase	07.11.2017	8.66	84.65%	1,414,004	2.20%
Qingdao Yunzhi	07.20.2018	Share transfer	07.27.2018	17.67	68.68%	1,096,577	1.70%
GBA No. 1	04.27.2023	Share transfer	05.25.2023	28.07	50.25%	712,500	1.11%
Shenzhen Guolinfeng	07.20.2018	Share transfer	08.06.2018	17.67	68.68%	621,875	0.97%
Fosun Weiyang	06.25.2021	Capital increase	07.19.2021	45.86	18.72%	298,737	0.46%
Jinyuan Zhecheng	04.27.2017	Capital increase	04.27.2017	8.32	85.25%	240,475	0.37%
Shanghai Ruma	12.31.2022	Share transfer	02.28.2023	28.07	50.25%	171,000	0.27%
II. Individual investors⁽⁵⁾							
Luo Wenjuan (羅文娟)	01.15.2017 and 06.23.2017	Share transfer Share transfer	01.24.2017 and 06.30.2017 ⁽⁸⁾	7.62 7.97	86.50% 85.87%	1,616,002	2.51%
Qiu Dekang (裘德康)	08.26.2016	Share transfer	08.31.2016	6.93	87.72%	1,154,287	1.79%
Xiao Feng (肖峰)	04.18.2015	Capital increase	04.28.2015	1.73	96.93%	1,067,715	1.66%
Ruan Zhuoer (阮卓爾)	04.18.2015	Capital increase	04.28.2015	1.73	96.93%	519,434	0.81%
Yang Ke (楊軻)	04.18.2015	Capital increase	04.28.2015	1.73	96.93%	490,571	0.76%
Zhao Lei (趙磊)	07.26.2016	Capital increase	01.06.2016	5.54	90.18%	481,917	0.75%

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Pre-IPO Investor	Date of agreement (Month, Date, Year)	Method of investment	Settlement date (Month, Date, Year)	Approximate cost per Share with a nominal value of RMB1.00 ⁽¹⁾	Discount to the Offer Price ⁽²⁾	Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) ⁽³⁾	
						Number of Shares	Approximate shareholding
Lv Lihan (呂立翰)	04.18.2015 and 07.26.2016	Capital increase Share transfer	04.28.2015 ⁽⁹⁾	1.73 1.73	96.93% 96.93%	447,285	0.69%
Zhang Lei (張磊)	01.09.2017 and 12.31.2022	Capital increase Share transfer	08.31.2016 and 02.15.2023	6.93 28.07	87.72% 50.25%	431,071	0.67%
Li Wanqiang (黎萬強)	06.29.2016	Share transfer	01.19.2022 ⁽¹⁴⁾	5.54	90.18%	288,571	0.45%
Ding Pengfei (丁鵬飛)	05.06.2016	Share transfer	01.21.2022 ⁽¹⁴⁾	5.54	90.18%	288,571	0.45%
Chen Jingzhi (陳靜芝)	01.09.2017	Share transfer	08.27.2016 and 09.01.2016	6.93	87.72%	216,431	0.34%
Yin Xuelong (殷雪龍)	10.30.2016	Share transfer	09.01.2016	6.93	87.72%	202,000	0.31%
Zhang Jianmei (張建梅)	07.26.2016	Share transfer	01.06.2016	5.54	90.18%	178,914	0.28%
Jin Zeguang (金澤廣)	10.30.2016	Share transfer	09.05.2016	6.93	87.72%	144,283	0.22%
Lv Hangjun (呂杭軍)	04.18.2015	Capital increase	04.23.2015	1.73	96.93%	144,282	0.22%
Shentu Jiahui (申屠佳惠)	04.18.2015	Share transfer	04.28.2015 ⁽¹¹⁾	1.73	96.93%	144,282	0.22%
Yang Junjie (楊竣傑)	07.26.2016	Share transfer	01.11.2016	5.54	90.18%	144,282	0.22%
Jin Lihua (金麗華)	12.26.2024	Share transfer	12.31.2024	4.16	92.63%	144,282	0.22%
Qian Jiayang (錢家陽)	07.26.2016 and 12.31.2022	Share transfer Share transfer	01.07.2016 and 01.30.2023	5.54 28.07	90.18% 50.25%	125,427	0.19%
Yu Hong (俞宏)	07.26.2016	Share transfer	01.07.2016	5.54	90.18%	124,089	0.19%
Dong Shengfang (董聖芳)	08.15.2017 ⁽⁸⁾	Share transfer	06.28.2017 ⁽⁸⁾	7.97	85.87%	115,429	0.18%
Huang Dongsheng (黃東升)	07.26.2016	Share transfer	01.07.2016	5.54	90.18%	115,427	0.18%
Ren Bingzhang (任炳章)	07.26.2016	Share transfer	01.08.2016	5.54	90.18%	109,658	0.17%
Jin Hongwei (金宏偉)	12.31.2022	Share transfer	02.22.2023	28.07	50.25%	106,875	0.17%
Zhou Chengfeng (周乘風)	07.26.2016	Share transfer	01.06.2016	5.54	90.18%	95,227	0.15%
Shi Ziming (史子鳴)	07.26.2016	Share transfer	01.06.2016	5.54	90.18%	92,342	0.14%
An Hui (安輝)	07.26.2016	Share transfer	01.08.2016	5.54	90.18%	92,342	0.14%
Ren Liang (任亮)	07.26.2016	Share transfer	01.06.2016	5.54	90.18%	89,457	0.14%
Wang Yuezheng (王玥楨)	10.30.2016	Share transfer	08.26.2016	6.93	87.72%	86,572	0.13%
Ding Yi (丁屹)	05.09.2024	Share transfer	— ⁽¹⁰⁾	—	—	57,717	0.09%
Liang Yu (梁鈺)	12.31.2022	Share transfer	02.07.2023	28.07	50.25%	35,625	0.06%
Chen Lisheng (陳理升)	12.31.2022	Share transfer	02.02.2023	28.07	50.25%	35,625	0.06%
Xu Danni (徐丹妮)	06.25.2021	Capital increase	07.14.2021	45.86	18.72%	28,347	0.04%
Cui Yushu (崔玉舒)	10.30.2016	Share transfer	08.26.2016	6.93	87.72%	11,546	0.02%
Huang Ningning (黃寧寧)	10.30.2016	Share transfer	01.19.2022 ⁽¹⁴⁾	6.93	87.72%	14,431	0.02%

III. Employees⁽⁶⁾

He Yun (何贊)	04.18.2015	Capital increase	04.28.2015 ⁽¹²⁾	1.73	96.93%	360,713	0.56%
Luo Renxiang (羅仁祥)	04.18.2015	Capital increase	04.28.2015 ⁽¹²⁾	1.73	96.93%	288,571	0.45%
Zhang Weijiang (張衛江)	04.18.2015	Capital increase	04.28.2015 ⁽¹²⁾	1.73	96.93%	144,282	0.22%
Hu Wenping (胡文萍)	04.18.2015	Capital increase	05.05.2015	1.73	96.93%	57,717	0.09%
Zhang Jie (張傑)	04.18.2015	Capital increase	04.28.2015	1.73	96.93%	57,717	0.09%
Jia Jinfu (賈金富)	12.09.2015	Capital increase	— ⁽¹³⁾	—	—	14,431	0.02%

Notes:

- (1) Calculated based on the amount of consideration paid divided by the number of Shares as adjusted after Demerger and/or Capitalization Issue (as the case maybe) in December 2020 and January 2022, respectively.
- (2) The discount to the Offer Price percentages are based on an Offer Price of HK\$64.00, being the mid-point of the indicative range of the Offer Price, and based on the currency conversion rate of RMB0.8816:HK\$1.
- (3) The calculation is based on the total number of 64,406,800 Shares with a nominal value of RMB1.00 each in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

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- (4) These Pre-IPO Investors consist of private equity funds, institutions. The basis of respective consideration was determined based on arm's length negotiation taking into consideration our status of development at the time of investment, our increasing brand reputation and customer recognition at the time of investment, our business and industry prospects and the commercial consideration between the relevant parties at the time of transfers/capital increases. Please see below for reasons on the material difference in valuation between certain tranche of Pre-IPO Investment:
- (a) the cost per Share for the capital increases made by Shunwei and Tianjin Jinmi completed in September 2017 was lower than that of the capital increase made by other investors in or around the same period, primarily due to factors such as the former's strong industry reputation, the positive impact of their involvement to our Company's reputation and the substantial number of Shares acquired by each of them.
 - (b) the cost per Share for the share transfers made to Beijing Hezhong in January 2018 significantly differed from our capital increase and share transfers in August 2018 primarily due to differences in the timing of investment negotiations and thus resulted a different reference point when determining the basis of consideration. Beijing Hezhong had begun their negotiations in earlier in 2017, thus secured a lower cost per Share.
 - (c) the cost per Share for the share transfers made by Euro Master to Shanghai Ruma in 2022 differed significantly from our capital increase in July 2021, primarily due to several key factors including slowdown in macroeconomic growth, a decline in consumers' spending in PRC and underperformance in the secondary market for consumer products related listed companies. In addition, the transferor sought to capitalize a portion of their investment return from their initial investments made in 2018, which allowed them to accept a lower cost per Share than that in July 2021.
 - (d) In general, the cost per Share through share transfer was lower than that through capital increase during the same period because, in the case of a capital increase, investment funds were directly paid to our Company, which increased our net assets and available funds for business development, directly benefiting our future growth and enhanced the value of the investment for investors.
- (5) These Pre-IPO Investors consist of individual investors that obtained Shares from our capital increases, transfers from Mr. Yu and Euro Master or transfers from other investors. In relation to our capital increases or transfers from Mr. Yu and Euro Master, the basis of respective consideration was determined based on arm's length negotiation taking into consideration at the time of the investment our status of development, our increasing brand reputation and customer recognition, our business and industry prospects and the commercial consideration between the relevant parties at the time of transfers/capital increases. In relation to transfers from other investors, our Company was not involved in the negotiations on between the respective parties of these transfers but to the best of the knowledge of our Directors, save as to the notes 8, 9 and 10 in relation to certain of our individual Pre-IPO Investors set out below, the respective consideration of the Pre-IPO Investors was determined on arm length's basis, with reference to the timing of the investments, our business prospects, the transferor's personal funding needs at the time and the consideration paid by the transferors at the time of the investment. Please see below for reasons on the material difference in valuation between certain tranche of Pre-IPO Investment:
- (a) the cost per Share for the share transfers made by Mr. Yu to the Pre-IPO Investors (i) in mid to late 2016 varied between RMB5.54 and RMB6.93 and (ii) in January 2017 varied between RMB6.93 and RMB7.62, primarily due to differences in the timing of investment negotiations. Investors who engaged in earlier negotiations secured a lower cost per Share.
 - (b) the cost per Share for the share transfers made by Euro Master to Pre-IPO Investors in 2022 differed significantly from our capital increase in July 2021, primarily due to several key factors including slowdown in macroeconomic growth, a decline in consumers' spending in PRC and underperformance in the secondary market for consumer product related listed companies. In addition, the transferor sought to capitalize a portion of their investment return from their initial investments made in 2018, which allowed them to accept a lower cost per Share than that in July 2021.
 - (c) In relation to the cost per Share for the share transfer from Wang Jiaying to Jin Lihua in 2024, our Company was not involved in the negotiations and was not aware of the basis of consideration other than those set out in this note 5.
- (6) These Pre-IPO Investors consist of employees of our Company. The basis of the respective consideration was determined with the purpose of incentivizing these employees when our Company was still at an early stage of our development.
- (7) There were capital increases and share transfers made by Mr. Yu, our founder, after the establishment of the Company that were not included in the above table. Particulars of the capital increases and share transfers made by Mr. Yu are set out as follows:
- (i) The capital increase in November 2014 was not included in the above table as the consideration of the capital increase in the aggregate amount of RMB2,072,000 was paid by Mr. Yu, our founder, to the Company, with the date on which full consideration was paid being January 14, 2015. The cost per Share of such capital increase was RMB0.35 per Share. The discount to the Offer Price of such capital increase was 99.38%. For details of the capital increase, see "C. Conversion into joint stock company and capital increase in November 2014" above.
 - (ii) The capital increase in May 2015 was not included in the above table as the consideration of the capital increase in the amount of RMB13,775,000 was paid by Mr. Yu, our founder, to the Company, with the date on which full consideration was paid being April 28, 2015. The cost per Share of such capital increase was RMB1.73 per Share. The discount to the Offer Price of such capital increase was 96.93%. For details of the capital increase, see "D. Changes in the shareholding structure of our Company – (i) Capital Increase in May 2015" above.

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- (iii) The nine transfers in January 2016 and August 2016 were not included in the above table, of which (1) two transfers were made with nil consideration, as Mr. He Yun and Mr. Luo Renxiang transferred the 95,000 Shares initially paid by Mr. Yu back to him for his transfer to the incoming employees and/or investors; (2) two Share transfers from Xu Wei (徐偉) and Li Gan (李淦) of a total of 45,000 Shares to Mr. Yu were made with nil consideration, as they initially obtained the Shares of the Company paid by Mr. Yu for the purpose of retaining, incentivizing and remunerating them. As a result of their resignation, on accordance with the arrangement of our Company, the said Shareholders transferred 140,000 Shares to Mr. Yu; (3) two transfers of a total of 195,000 Shares from Yang Feng (楊風), a then Shareholder, to Mr. Yu were determined based on arm's length negotiation and based on the true intention of the parties; (4) one Share transfer of 490,000 Shares from Wang Songmei (王松梅) to Mr. Yu was entered into for the purpose of reversing and transferring back the Shares to the transferor as the transferee had not paid the consideration to the transferor; and (5) two Share transfers from Lv Lihan (呂立翰) and Shentu Jiahui (申屠佳惠) of a total of 150,000 Shares to Mr. Yu was entered into for the purpose of offsetting an outstanding loan by the transferor to the transferee. For details of the Share transfers, see "D. Changes in the shareholding structure of our Company – (ii) Share Transfers between January 2016 and April 2017 and Capital Increase in May 2017" above. The number of Shares listed in this note have not been adjusted as a result of the Demerger in December 2020 and the capitalization of capital reserves in January 2022.
- (iv) The two Share transfers in June 2017 were not included in the above table, of which (1) one transfer of 60,000 Shares from Liang Yuehua (梁越華) was paid by Mr. Yu, with the date on which full consideration was paid being July 5, 2017. The cost per Share of such capital increase was RMB1.73 per Share. The discount to the Offer Price of such Share transfer was 96.93%; and (2) one transfer of 30,000 Shares from Ding Hongliang (丁紅良) to Mr. Yu was at nil consideration. Mr. Ding obtained the said Shares of the Company paid by Mr. Yu for the purpose of retaining, incentivizing and remunerating our employees. As a result of Mr. Ding's resignation from our Company, according to the arrangement of our Company, Mr. Ding transferred the aforementioned Shares to Mr. Yu. For details of the Share transfers, see "D. Changes in the shareholding structure of our Company – (iii) Share Transfers in May and June 2017" above. The number of Shares listed in this note have not been adjusted as a result of the Demerger in December 2020 and the capitalization of capital reserves in January 2022.
- (8) Dong Shengfang entered into the nominee arrangement with Luo Wenjuan on August 15, 2017. Please refer to the paragraph headed "(ix) Share Transfer in February 2023 - Background and Termination of Historical Nominee Arrangements" for details of the termination of the nominee arrangement between Luo Wenjuan and Dong Shengfang.
- (9) In relation to the agreement dated April 18, 2015, the funding by Mr. Lv was originated from a loan of RMB1.5 million from Mr. Yu. Subsequently, RMB1 million was repaid by Mr. Lv to Mr. Yu, and the remaining RMB500,000 was offset against the transfer of 100,000 Shares from Mr. Lv to Mr. Yu in December 2015. In relation to the agreement dated July 26, 2016, Lv Lihan obtained Shares from Lv Jieqiong (呂潔瓊), sister of Lv Lihan, determined based on arm's length negotiation and based on the true intention of the parties. The number of Shares listed in this note have not been adjusted as a result of the Demerger in December 2020 and the capitalization of capital reserves in January 2022.
- (10) Due to her family arrangements, Liu Dan (劉丹) transferred her 57,717 Shares to her spouse Ding Yi (丁屹) for nil consideration.
- (11) The funding by Ms. Shentu was originated from a loan of RMB0.5 million from Mr. Yu. Subsequently, RMB0.25 million was repaid by Ms. Shentu to Mr. Yu, and the remaining RMB0.25 million was offset against the transfer of 50,000 Shares from Ms. Shentu to Mr. Yu in January 2016. The number of Shares listed in this note have not been adjusted as a result of the Demerger in December 2020 and the capitalization of capital reserves in January 2022.
- (12) The funding by Mr. Luo, Mr. He and Mr. Zhang, of RMB0.55 million, RMB0.55 million and RMB0.25 million, respectively were paid by Mr. Yu to them for the purpose of retaining, incentivizing and remunerating our employees or to jointly develop the Company. For details, please refer to the notes (2) to the paragraph headed "A. Establishment of our Company" above.
- (13) The transfer of 5,000 Shares was made with nil consideration by Mr. He Yun to Jia Jinfu, an employee at time, as employee incentive. The number of Shares listed in this note have not been adjusted as a result of the Demerger in December 2020 and the capitalization of capital reserves in January 2022. For details, please refer to the notes (2) to the paragraph headed "A. Establishment of our Company" above.
- (14) In 2016, Mr. Li Wanqiang, Mr. Ding Pengfei and Ms. Huang Ningning entered into separate share transfer agreements with Mr. Yu in relation to his/her acquisition of 100,000 Shares, 100,000 Shares and 5,000 Shares respectively. The agreed consideration for the transactions was RMB1.6 million for Mr. Li, RMB1.6 million for Mr. Ding and RMB0.1 million for Ms. Huang. It has been mutually agreed between Mr. Yu and Mr. Li, Mr. Ding and Ms. Huang, respectively, that the payment of the agreed consideration was not required to be made immediately. In light of our Company's Chinext Listing Attempt, in order to ensure that all the historical share transfers were fully settled, the payment obligations under these agreements were subsequently settled by them in January 2022. Accordingly, there were no disputes or outstanding debt between the parties in relation to the said share transfer agreements. The numbers of Shares listed in this note have not been adjusted as a result of the Demerger in December 2020 and the capitalization of capital reserves in January 2022.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Principal Terms of the Pre-IPO Investments

Special Rights

Pursuant to the Shareholders' agreement and the amendments thereto from time to time (the "Shareholders' Agreement") and the capital increase agreements, the Pre-IPO Investors were entitled to certain special rights, such as directors nomination rights, repurchase rights, information rights, liquidation preferences, dividend right, anti-dilution and co-sale rights. Based on the confirmation letters obtained from the relevant pre-IPO Investors, it supports that the Pre-IPO Investors reached a mutual agreement in September 2021 to terminate all special rights granted under the Shareholders' Agreement. Subsequently, a termination agreement was signed between our Company and the Pre-IPO Investors on December 31, 2022, as a result of the progress of the Company's then anticipated Chinext Listing Attempt and to ensure comprehensive documentation. As advised by the PRC Legal Adviser, (i) all the aforesaid confirmation letters from the relevant Pre-IPO Investors do not violate PRC laws and regulations and are legal documents binding on the relevant Pre-IPO Investors; and (ii) all special rights granted to the Pre-IPO Investors are effectively terminated prior to the Track Record Period. For the avoidance of doubt, no redemption rights were exercised by the Pre-IPO Investors during the Track Record Period.

The Sole Sponsor has performed the following due diligence work regarding the termination of special rights of the Pre-IPO Investors prior to the Track Record Period: (i) obtained and reviewed the documents in relation to the special rights of the Pre-IPO Investors; (ii) discussed with the Company in relation to the background and rationale in relation to the termination of special rights; (iii) discussed with the PRC Legal Adviser of the Company and reviewed the legal opinion issued by the PRC Legal Adviser of the Company in relation to the termination of special rights; and (iv) discussed with the reporting accountants of the Company in relation to the accounting treatment in relation to, among others, the termination of special rights, and the relevant audit procedures performed by Deloitte in this regard. In respect of the termination of special rights by the Pre-IPO Investors, the reporting accountants of the Company have examined the relevant documentation set out in the aforementioned paragraphs and attended discussion and meetings with the Company, the Sole Sponsor and PRC Legal Adviser of the Company and of the Sole Sponsor, as part of their procedures performed in connection with the preparation of the Accountants' Report.

Lock-up

Pursuant to the applicable PRC laws, all of our existing Shareholders (including the Pre-IPO Investors) are subject to a lock-up period of 12 months following the Listing Date.

Use of proceeds

The proceeds we obtained from the Pre-IPO Investors (where applicable) were used to expand our production scale of our business, purchase plant and equipment and as our general working capital. We have utilized all the proceeds our Company received from relevant Pre-IPO Investors.

Strategic benefits of the Pre-IPO Investors to our Company

Our Directors are of the view that our Group could benefit from the Pre-IPO Investors' commitment to our Company as their investments fuel our expansion and development of our business, demonstrate confidence in our business operation and endorse our performance and growth prospects. Further, our Company could benefit from the Pre-IPO Investors' investment knowledge, experience, valuable advice and business insights. In addition, our Group could benefit from the business resources and potential business opportunities through the Pre-IPO Investors from time to time.

Information about our Pre-IPO Investors

We set out below a description of our Pre-IPO Investors, being individuals, private equity funds or corporations, the background of the Pre-IPO Investors are set out below.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shunwei: Shunwei Ventures III (Hong Kong) Limited is wholly owned by Shunwei China Internet Fund III, L.P. As at the Latest Practicable Date, the general partner of Shunwei China Internet Fund III, L.P. is Shunwei Capital Partners III GP, L.P., and the general partner of Shunwei Capital Partners III GP, L.P. is Shunwei Capital Partners III GP Limited. Silver Unicorn Ventures Limited holds more than 50% of the issued and outstanding shares of Shunwei Capital Partners III GP Limited, and Mr. Koh Tuck Lye is the sole shareholder of Silver Unicorn Ventures Limited. Mr. Koh Tuck Lye co-founded Shunwei Capital in 2011, an early to growth stage venture capital firm focusing on deep technology, smart manufacturing, Internet+, consumer IoT, consumption, enterprise services and electric vehicle ecosystem sectors.

Tianjin Jinmi: Tianjin Jinmi is a PRC-based limited partnership principally engaged in equity investment. As at the Latest Practicable Date, Tianjin Jinmi was owned as to approximately 86.20% by Tianjin Venus Venture Capital Co., Ltd.* (天津金星創業投資有限公司) (“**Tianjin Venus**”) as general partner and 13.80% by Tianjin Zhongmi Enterprise Management Partnership (Limited Partnership)* (天津眾米企業管理合夥企業(有限合夥)), of which its general partner was Tianjin Venus. Tianjin Venus was wholly-owned by Xiaomi Inc.* (小米科技有限責任公司), a consolidated affiliated entity of Xiaomi Corporation (stock code: 1810), of which Mr. Lei Jun (雷軍) was the ultimate controlling shareholder, an independent third party.

Beijing GX: Beijing GX is a PRC-based limited partnership principally engaged in investment of non-securities business and investment management and consultation. As at the Latest Practicable Date, Beijing GX was owned as to approximately (i) 2.75% by Jiaxing GX Private Equity Fund Management Partnership (Limited Partnership)* (嘉興光信私募基金管理合夥企業(有限合夥)) (“**Jiaxing GX**”) as its general partner and (ii) 97.25% by nine entities as its limited partners, all of whom contributed less than 30% of the equity interests of Beijing GX. As at the Latest Practicable Date, Jiaxing GX was owned as to approximately 2% by GX Private Equity Fund Management (Beijing) Co., Ltd.* (光信私募基金管理(北京)有限公司) (“**GX Capital**”) as its general partner and 98% by Pingxiang Daxin Business Consulting Center (Limited Partnership)* (萍鄉大信商務諮詢中心(有限合夥)) (“**Pingxiang Daxin**”) as its limited partner. Both GX Capital and Pingxiang Daxin were owned as to 90% and 10% by Huang Guanchen and Feng Tao, respectively. Each of Huang Guanchen, Feng Tao and the limited partners of Beijing GX is an independent third party.

Euro Master: Euro Master is a company incorporated in Hong Kong principally engaged in equity investment. As at the Latest Practicable Date, Euro Master was wholly owned by Cathay Small-Cap III (凱輝基金三期), and the actual controller of the fund management company was Cai Ming-Po (蔡明潑), an independent third party.

Guozhong Fund: Guozhong Fund is a PRC-based limited partnership principally engaged in private equity investment, venture capital fund management services. As at the Latest Practicable Date, Guozhong Fund was owned as to approximately (i) 1% by Shenzhen Guozhong Changrong Asset Management Co., Ltd.* (深圳國中常榮資產管理有限公司) (“**Shenzhen Guozhong**”) as its general partner; and (ii) 33.33% and 65.67% by National Small and Medium Enterprise Development Fund Co., Ltd.* (國家中小企業發展基金有限公司) (“**SME Development Fund**”) and eight institutions, respectively as its limited partners. Save as to SME Development Fund, none of the eight institutions held more than 20% of Guozhong Fund. As at the Latest Practicable Date, SME Development Fund was owned as to 42.66% by Ministry of Finance of the PRC (中華人民共和國財政部) and 57.34% by 15 corporations, all whom hold less than 15% of the equity interests in SME Development Fund. As at the Latest Practicable Date, Shenzhen Guozhong was ultimately controlled by Shi Anping (施安平), an independent third party. The limited partners of Guozhong Fund are all independent third parties.

Beijing Hezhong: Beijing Hezhong is a PRC-based limited partnership principally engaged in investment management and consultation services. As at the Latest Practicable Date, Beijing Hezhong was owned as to approximately (i) 3.63% by Beijing Baiquan Nahai Investment Management Co., Ltd.* (北京百泉納海投資管理有限公司) (“**Baiquan Nahai**”) as its general partner and (ii) 96.37% by 23 entities as its limited partners, all of whom contributed less than 15%

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of the equity interests of Beijing Hezhong. As at the Latest Practicable Date, Baiquan Nahai was owned as to approximately 35%, 25% and 25% by Wang Wenzhong (汪文忠), Hu Haiquan (胡海泉), Wang Yu (王昱) respectively. All the shareholders of Baiquan Nahai and the limited partners of Beijing Hezhong are independent third parties.

CMG Fund: CMG Fund is a PRC-based limited partnership principally engaged in equity investment, investment and asset management services. As at the Latest Practicable Date, CMG Fund was owned as to approximately (i) 0.70% by Haitong Creative Private Equity Fund Management Co., Ltd.* (海通創意私募基金管理有限公司) (“**Haitong Creative**”) and CTV Fusion (Shanghai) Enterprise Management Partnership Enterprise (Limited Partnership)* (中視融合(上海)企業管理合夥企業(有限合夥)) (“**CTV Fusion**”) as its general partners and (ii) 99.30% by 24 entities as its limited partners, all of whom contributed less than 20% of the equity interests of CMG Fund. As at the Latest Practicable Date, Haitong Creative was owned as to 53.25% equity interests by Haitong Capital Co., Ltd. (海通開元投資有限公司), which in turn was a wholly-owned subsidiary of Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司) (“**Guotai Haitong Securities**”), a company listed on the Stock Exchange (stock code: 2611) and Shanghai Stock Exchange (stock code: 601211). As at the Latest Practicable Date, the actual controller of Guotai Haitong Securities Co., Ltd. was Shanghai International Group Co., Ltd.* (上海國際集團有限公司). All the limited partners of CMG Fund are independent third parties.

GQC Jinda: GQC Jinda is a PRC-based limited partnership principally engaged in equity investment, investment and asset management services. As at the Latest Practicable Date, GQC Jinda was owned as to approximately (i) 0.1148% by Beijing Fangyuan International Investment Management Co., Ltd.* (北京方圓金鼎投資管理有限公司) (“**Beijing Fangyuan**”) as its general partner and (ii) 99.89% by 20 entities as its limited partners, all of whom contributed less than 25% of the equity interests of GQC Jinda. As at the Latest Practicable Date, Beijing Fangyuan was a wholly-owned subsidiary of Beijing Tongchuang Jinding Investment Management Co., Ltd.* (北京同創金鼎投資管理有限公司), which was owned as to 62.50% by Beijing Huaxia Jinding Investment Management Co., Ltd.* (北京華夏金鼎投資管理有限公司), which in turn was owned as to 51.20% by He Fuchang (何富昌). All the shareholders of Beijing Fangyuan and the limited partners of GQC Jinda are independent third parties.

Luo Wenjuan and Qiu Dekang: We became acquainted with Mr. Qiu and Ms. Luo through the introduction of Mr. Yu, our Single Largest Shareholder, where Mr. Yu was introduced to Mr. Qiu and Ms. Luo by their friends. Luo Wenjuan and Qiu Dekang are investors both with more than 15 years of experience in equity investments and are independent third parties. Ms. Luo is the spouse of Mr. Qiu.

Jinyuan Hanfei and Jinyuan Zhecheng: Jinyuan Hanfei is a PRC-based limited partnership principally engaged in investment management, asset investment and industrial investment. As at the Latest Practicable Date, Jinyuan Hanfei was owned as to approximately (i) 1.17% by Hangzhou Jinyuan Asset Management Co., Ltd.* (杭州錦元資產管理有限公司) (“**Hangzhou Jinyuan**”) as its general partner; and (ii) 38.91% and 59.92% by Wang Jianyun (王箭雲) and five entities as its limited partners. Save as to Wang Jianyun, none of the five entities held more than 20% of Jinyuan Hanfei. As at the Latest Practicable Date, Hangzhou Jinyuan was owned as to 70% and 30% by Xie Liangliang (謝亮亮) and Lan Yu (蘭鈺). Jinyuan Zhecheng is a PRC-based limited partnership principally engaged in investment management, investment consultation and asset investment. As at the Latest Practicable Date, Jinyuan Zhecheng was owned as to approximately (i) 0.99% by Hangzhou Jinyuan as its general partner and (ii) 54.01%, 27.00%, 9.00% and 9.00% by Zhang Yunfeng (張雲峰), Wang Jianyun (王箭雲), Wang Tianyu (王天煜) and Xie Liangliang (謝亮亮) as its limited partners. Each of Zhang Yunfeng, Xie Liangliang, Lan Yu, Wang Jianyun and other limited partners of Jinyuan Hanfei and Jinyuan Zhecheng is an independent third parties.

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Qingdao Yunzhi: Qingdao Yunzhi is a PRC-based limited partnership principally engaged in equity investment, investment and asset management services. As at the Latest Practicable Date, Qingdao Yunzhi was owned as to approximately (i) 0.50% by Shanghai Yunhui Equity Investment Management Co., Ltd.* (上海贊匯股權投資管理有限公司) (“**Shanghai Yunhui**”) as its general partner and (ii) 99.50% by Beijing Skyworth Kukai Film Co., Ltd.* (北京創維酷開影業有限公司), previously known as Horgos Skyworth Coocaa Culture Media Co., Ltd.* (霍爾果斯創維酷開文化傳媒有限公司) (“**Skyworth Media**”) as its limited partner. As at the Latest Practicable Date, Shanghai Yunhui was owned as to 55% and 45% by Chen Pengfei (陳鵬飛) and Ge Jianghui (葛江慧). As at the Latest Practicable Date, Skyworth Media was a wholly-owned subsidiary of Shenzhen Kukai Network Technology Co., Ltd.* (深圳市酷開網絡科技股份有限公司), which in turn was owned by 56.95% by Shenzhen Chuangwei-RGB Electronics Co., Ltd. (深圳創維-RGB電子有限公司), which was ultimately controlled by Wong Wang Sang, Stephen (黃宏生), Lin Wei Ping (林衛平) and Lin Jin (林勁). Each of Chen Pengfei, Ge Jianghui and the limited partner of Qingdao Yunzhi is an independent third party.

Xiao Feng: Xiao Feng is a non-executive Director of our Company. For details, please refer to section headed “Directors and Senior Management - Non-executive Director.”

GBA No. 1: GBA No. 1 is a PRC-based limited partnership principally engaged in equity investment, investment and asset management services. As at the Latest Practicable Date, GBA No. 1 was owned as to approximately (i) 0.50% by Guangdong Bay Area Venture Capital Co., Ltd.* (廣東灣區創業投資有限公司) (“**GBA Capital**”) as its general partner and (ii) 49.00% and 40.50% by Guangdong Xinhua Distribution Group Co., Ltd.* (廣東新華發行集團股份有限公司) (“**Guangdong Xinhua**”) and Guangdong Southern Media Investment Co., Ltd.* (廣東南方傳媒投資有限公司) (“**Guangdong Southern Media**”) as its limited partners, respectively. GBA Capital was owned as to 40.00%, 20.00%, 20.00% and 20.00% by Guangdong Southern Media, Chongqing Rongwan Chuangfu Enterprise Management Partnership (Limited Partnership)* (重慶融灣創富企業管理合夥企業(有限合夥)) (“**Chongqing Rongwan**”), Guangzhou Nanchuan Capital Management Partnership Enterprise (Limited Partnership)* (廣州南傳資本管理合夥企業(有限合夥)) and Chengdu Songmiao Venture Capital Co., Ltd.* (成都松苗創業投資有限公司), respectively. As at the Latest Practicable Date, Guangdong Xinhua was owned as to 99.39% by Southern Publishing and Media Co., Ltd.* (南方出版傳媒股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601900) (“**Southern Publishing**”). As disclosed in its 2024 annual report, the controlling shareholder of which was Guangdong Publishing Group Co., Ltd.* (廣東省出版集團有限公司) which in turn was wholly-owned by Guangdong Provincial People’s Government (廣東省人民政府). As at the Latest Practicable Date, Chongqing Rongwan was owned as to 45% and 55% by Guo Shannan (郭姍楠) and Guo Yujia (郭雨佳), respectively. As at the Latest Practicable Date, Guangdong Southern Media was wholly-owned by Southern Publishing. To the best knowledge of the Directors and having made all reasonable enquiries, each of the general partner and limited partners of GBA No. 1 is an independent third party.

Shenzhen Guolinfeng: Shenzhen Guolinfeng is a PRC-based limited partnership principally engaged in investment information consulting, investment management and equity investment. As at the Latest Practicable Date, Shenzhen Guolinfeng was owned as to approximately (i) 0.44% by Shenzhen Chengyuan Investment Co., Ltd.* (深圳承遠投資有限公司) (“**Shenzhen Chengyuan**”) as its general partner and (ii) 31.11%, 24.89%, 16.00%, 16.00% and 11.56% by Ding Ning (丁寧), Du Jingyu (杜靖翊), Fan Zeng (范曾), Kong Fanzhen (孔凡臻) and Yang Haiying (楊海英) as its limited partners, respectively. As at the Latest Practicable Date, Shenzhen Chengyuan was owned as to 51% and 49% by Ye Tianyun (葉天雲) and Fan Zeng (范曾), respectively. Each of Ye Tianyun, Feng Zeng and the limited partners of Shenzhen Guolinfeng is an independent third party.

Yang Ke (楊軻): We became acquainted with Mr. Yang through the introduction of Mr. Yu, who was Mr. Yang’s classmates. From April 2015 to the Latest Practicable Date, Mr. Yang was our supervisor. From December 2020 to April 2022, Mr. Yang was a supervisor of Tongmu Zhuyi.

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Fosun Weiyang: Fosun Weiyang is a PRC-based limited partnership principally engaged in private equity investment. As at the Latest Practicable Date, Fosun Weiyang was owned as to approximately (i) 0.80% by Shanghai Fosun Weishi Equity Investment Management Partnership Enterprise (Limited Partnership)* (上海復星惟實股權投資管理合夥企業(有限合夥)) (“**Fosun Weishi**”) as its general partner and (ii) 99.20% by 17 corporations as its limited partners, all of which hold less than 15% of the equity interest in Fosun Weiyang. As at the Latest Practicable Date, Fosun Weishi was owned as to 75% and 25% by Shanghai Fosun Wealth Investment Management Co., Ltd.* (上海復星創富投資管理股份有限公司) (“**Fosun Wealth**”) as its general partner and Shanghai Fuye Investment Management Center (Limited Partnership)* (上海復業投資管理中心(有限合夥)) as its limited partner, respectively. Fosun Wealth is controlled by Shanghai Fosun High-Tech (Group) Co., Ltd.* (上海復星高科技(集團)有限公司) (“**Fosun High-Tech**”). The controlling shareholder of Fosun High-Tech was Fosun International Limited (“**Fosun International**”), a company listed on the Stock Exchange (stock code: 00656), the controlling shareholder of which was Fosun Holdings Limited. The beneficial owner of Fosun Holdings Limited was Fosun International Holdings Ltd., which was owned as to 85.29% and 14.71% by Messrs. Guo Guangchang and Wang Qunbin, respectively. To the best knowledge of the Directors and having made all reasonable enquiries, each of the general partner and limited partners of Fosun Weiyang is an independent third party.

Shanghai Ruma: Shanghai Ruma is a PRC-based limited partnership principally engaged in enterprise management and information consulting services. As at the Latest Practicable Date, Shanghai Ruma was owned as to approximately (i) 1.96% by Shanghai Ruma Enterprise Management Consulting Co., Ltd.* (上海如碼企業管理諮詢有限公司) (“**Ruma Management**”) as its general partner and (ii) 29.41% by Liu Xuelin (劉學林) and 68.63% by four entities as its limited partners, all of which held less than 20% of the equity interest in Shanghai Ruma. As at the Latest Practicable Date, Ruma Management was owned as to 99% by Shanghai Oujie Cultural Communication Co., Ltd.* (上海歐捷文化傳播有限公司), which in turn was owned as to 50% and 50% by Wang Changlin (王長林) and Zhang Haiyun (張海雲). To the best knowledge of the Directors and having made all reasonable enquiries, each of the general partner and limited partners of Shanghai Ruma is an independent third party.

Other Individual Pre-IPO Investors

We became acquainted with Mr. Li Wanqiang (黎萬強), Mr. Ding Pengfei (丁鵬飛), Ms. Chen Jingzhi (陳靜芝), Mr. Lv Hangjun (呂杭軍), Ms. Xu Danni (徐丹妮), Mr. Ruan Zhuoer (阮卓爾), Mr. Zhao Lei (趙磊), Ms. Lv Lihan (呂立翰), Mr. Zhang Lei (張磊), Mr. Yin Xuelong (殷雪龍), Ms. Zhang Jianmei (張建梅), Mr. Jin Zeguang (金澤廣), Ms. Shentu Jiahui (申屠佳惠), Mr. Yang Junjie (楊竣傑), Ms. Jin Lihua (金麗華), Mr. Qian Jiayang (錢家陽), Mr. Yu Hong (俞宏), Mr. Huang Dongsheng (黃東升), Mr. Ren Bingzhang (任炳章), Mr. Zhou Chengfeng (周乘風), Mr. Shi Ziming (史子鳴), Mr. An Hui (安輝), Mr. Ren Liang (任亮), Ms. Wang Yuezheng (王玥楨), Mr. Cui Yushu (崔玉舒), Mr. Ding Yi (丁屹) (whose spouse Ms. Liu Dan (劉丹) was friends with Mr. Yu) and Ms. Huang Ningning (黃寧寧) through the introduction of Mr. Yu or from corporate events.

Ms. Dong Shengfang (董聖芳) was friends with Ms. Luo Wenjuan (羅文娟), who used to hold certain Shares as a nominee on behalf of Ms. Dong. Please refer to the subsection headed “(ix) Share Transfer in February 2023” for details.

We became acquainted with Mr. Jin Hongwei (金宏偉), Ms. Liang Yu (梁鈺), Mr. Chen Lisheng (陳理升) when he/she became aware that Euro Master intended to dispose of our Shares.

Mr. Luo Renxiang (羅仁祥) and Mr. He Yun (何贊) are our executive Directors. For details, please refer to section headed “Directors and Senior Management – Executive Director.” Save as to Mr. Luo and Mr. He, our employees and ex-employee comprise, (a) Mr. Zhang Weijiang (張衛江), our production center second division manager; (b) Hu Wenping (胡文萍), our purchasing director (採購總監) of our purchasing center and our supervisor; (c) Zhang Jie (張傑), our manager of the distributor department and manager the marketing center of our direct-operating store; (d) Jia Jinfu (賈金富), our ex-employee of our Company.

Save as to Mr. Luo, Mr. He and Ms. Hu, all of the aforementioned individual Pre-IPO Investors are independent third parties.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Compliance with Pre-IPO Investment Guidance

On the basis that (i) the consideration for the Pre-IPO Investment was irrevocably settled more than 28 clear days before the date of our first submission of the listing application to the Stock Exchange in relation to the Listing; and (ii) all special rights granted to the Pre-IPO Investors pursuant to the terms of the Pre-IPO Investment will be terminated upon the Listing, the Sole Sponsor is of the view that the Pre-IPO Investment is in compliance with Chapter 4.2 under the Guide for New Listing Applicants.

OUR SUBSIDIARIES

As at the Latest Practicable Date, we have established seven wholly-owned subsidiaries in the PRC. The principal business activities and date of establishment of our subsidiaries are set forth below:

Name of subsidiary	Principal business activities	Date of establishment
Tongshifu Cultural and Creative	retails of literary and artistic creation, arts and crafts, and figures ^(note)	April 17, 2023
Xijiang Art Painting	operating store(s) on the e-commerce platform to sell bronze sculptures	October 11, 2021
Huanxi Xiaojiang (歡喜小將)	operating store(s) on e-commerce platforms to sell plastic trendy products	November 2, 2021
Xijiang Gold Shop (璽匠金鋪)	operating store(s) on an e-commerce platform to sell gold cultural and creative products	July 17, 2024
Hangzhou Yueyin	operating store(s) on an e-commerce platform to sell silver cultural and creative products	June 27, 2022
Hangzhou Zhibo	house leasing	June 1, 2012
Hangzhou Weitan	operating store(s) on e-commerce platforms to sell wooden cultural and creative products	March 29, 2021

Note: As of the Latest Practicable Date, Tongshifu Cultural and Creative has not commenced operations.

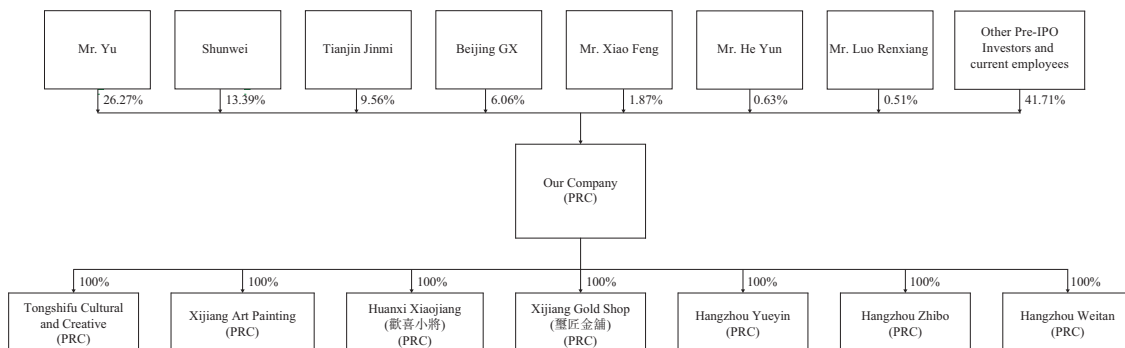
MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and as at the Latest Practicable Date, our Group did not have any major acquisitions, disposals or mergers.

CORPORATE STRUCTURE OF THE COMPANY

Corporate Structure as at the Latest Practicable Date

The following chart illustrates the shareholding structure and corporate structure of our Group as at the Latest Practicable Date:

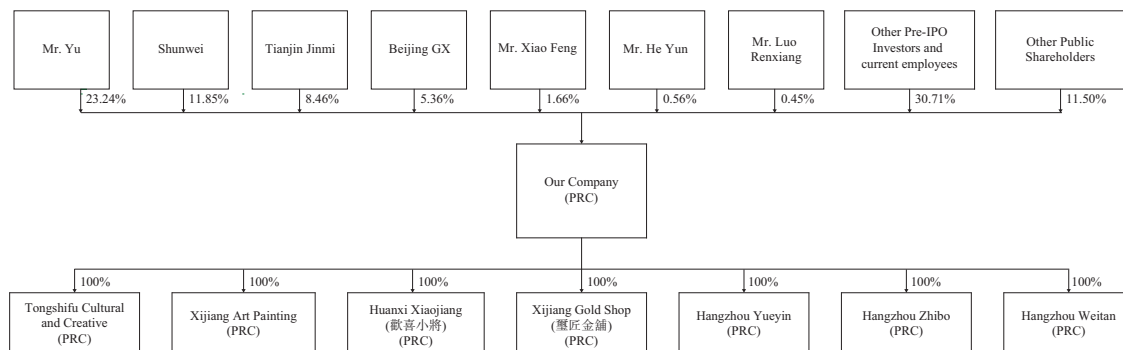


HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Note: For details of the Pre-IPO Investors, please refer to the paragraph headed “Information about our Pre-IPO Investors” above. Further details on H Shares to be converted from Domestic Unlisted Shares upon Listing and held by each of the Pre-IPO Investors are set out in the section headed “Share Capital – Conversion of our Domestic Unlisted Shares into H Shares” in this prospectus.

Corporate Structure Immediately Following the Completion of the Global Offering

The following chart illustrates the shareholding structure and corporate structure of our Group immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and no changes in the following shareholdings since the Latest Practicable Date):



Note: Please refer to the note to the paragraph headed “Corporate Structure as at the Latest Practicable Date” above for more information.

OVERVIEW

We, TONGSHIFU (銅師傅), have focused on developing copper-based cultural and creative products by integrating traditional techniques with modern design and usage scenarios since our inception. According to the F&S Report, we ranked No. 1 in China's copper-based cultural and creative crafts market in terms of overall revenue for the year ended December 31, 2024, with a market share of 35.0%. The PRC copper-based cultural and creative crafts market accounted for approximately 6.3% of the PRC metal cultural and creative craft market in 2024 and is a narrow sub-segment of the broader PRC cultural and creative craft market, in which we held an approximately 0.2% market share in 2024.

Originating as a copper workshop steeped in classical Chinese techniques, TONGSHIFU has evolved into a nationally leading cultural brand. Through continuous investment in original design and research and development, we have extended our materials portfolio to include gold, silver, and plastic, reaching a broader audience. Our copper, gold, and silver products are made from pure metals. Certain copper-based cultural and creative product SKUs feature a layer of pure gold or silver coating to enhance their aesthetic appeal and value.

As consumers place greater value on personal expression and cultural identity, the demand for well-designed products has grown. Within this broader context, cultural and creative crafts have established a unique place, focusing on craftsmanship, material quality, and cultural value.

Among the various materials used in the CCI, copper holds distinctive artistic and cultural value, and has long been a cornerstone of Chinese craftsmanship, valued for its strength, malleability, and capacity to convey sculptural depth and symbolic meaning. We apply the ancient lost-wax casting method to achieve high levels of sculptural precision. Our copper-based creations encompass a wide range of formats, including decorative centerpieces, gifts conveying blessings, and icons blending cultural value with aesthetics, each reflecting an integration of tradition and modern design.

Today, copper-based cultural and creative products remain at the core of our offerings. Building on this foundation, we have progressively expanded into diverse material categories, including plastic figures and toys, silver cultural and creative products, and gold cultural and creative products. This expansion leverages our accumulated strengths in aesthetic design and scalable craftsmanship, while addressing the growing consumer demand for culturally expressive products made from diverse materials.

Cultural Integration and the Rise of “Guochao” (國潮)

In recent years, consumer preferences have increasingly shifted toward culturally expressive and design-driven products that reinterpret tradition through a modern lens, a consumer trend widely known as “Guochao.” Our product philosophy is aligned with this trend: by drawing from classical Chinese culture and symbolism and reimagining them with contemporary design language, we create works that bridge heritage and contemporary design. We also collaborate with cultural institutions and contemporary artists to reinterpret traditional cultural elements into our product lineup. For more details, please refer to the section headed “Business – Intellectual Property – IP Licensing Arrangements” in this prospectus.

For further details on our product series, please refer to the section headed “– Our Products – Our Product Categories” in this prospectus. Our original IP collections lie at the core of our creative identity, each drawing from Chinese mythology, folklore, and symbolic tradition to deliver products. Among them, the Copper Gourd series and the Great Sage series stand out as two of our most iconic and best-selling lines.

The Copper Gourd series reimagines the traditional Chinese auspicious symbol of hulu (葫蘆) in modern design, translating its long associated with protection, fortune, and vitality, into a versatile product line that has evolved alongside our brand. The series began with our value-focused

Copper Blessing Gourd (好運銅葫蘆), which introduced a wide audience to the beauty of copper craftsmanship. Building on its popularity, we progressively developed more refined and symbolically enriched editions. Key pieces such as *Five Gourds of Fortune* (福祿滿堂) express the five traditional blessings. During the Track Record Period, the Copper Gourd series recorded sales of over 784,030 units and revenue of approximately RMB144.5 million.

The Great Sage series draws inspiration from Sun Wukong, the central character of *Journey to the West* (《西遊記》), one of the Four Great Classical Novels of Chinese literature. Also known as the “Great Sage Equal to Heaven” (齊天大聖), Sun Wukong is a widely known cultural icon. Our Great Sage series reinterprets this figure through sculptural storytelling depicting three stages of his life. During the Track Record Period, the Great Sage series generated revenue of approximately RMB131.9 million, reflecting its market acceptance and solidifying its status as one of our most iconic product lines.

Beyond copper-based cultural and creative crafts, we have expanded our product portfolio to include gold, silver, and plastic cultural and creative products, reflecting the continued evolution of our brand and craftsmanship. Our gold cultural and creative products are particularly suited for commemorative and gifting occasions. Our plastic figures and toys reinterpret cultural elements through vibrant, playful designs that target younger, design-conscious consumers.

Recognizing the broad appeal of storytelling through craftsmanship, we have also engaged in IP collaborations to reimagine globally recognized characters through a Chinese lens. For further details, please refer to the section headed “– Our IP Portfolio – Strategic IP Collaborations and Licensed Partnerships” in this prospectus. These partnerships allow us to engage broader global audiences while showcasing the expressive potential of traditional Chinese craftsmanship.

To sustain creative leadership, we have always adhered to a “self-creation-first, IP licensing as supplement” development strategy. This approach ensures that our core product development is grounded in original artistic creation, while selectively integrating external quality IPs to enrich our product mix, realizing the synergy of diversified expression and audience reach. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we newly launched 583, 514, 707, 429 and 404 SKUs each year/period.

Multi-channel Expansion: Strengthening Online and Offline Presence

From a channel perspective, our sales are categorized into online and offline sales, with online channels consistently contributing the majority of our revenue. From a business model perspective, our channels are further segmented into (i) direct sales, (ii) distribution partnerships, and (iii) consignment arrangement. Direct sales serve as our core revenue engine, comprising online direct sales, offline direct sales through self-operated stores, and a small portion of sales to institutional customers, which accounted for 2.5%, 2.6%, 3.1%, 3.1% and 2.7% of total revenue for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025 respectively. Distribution partnerships are comprised of both online and offline distributors operating under a buyout model, while consignment sales are primarily conducted through third-party online platforms.

We have maintained an online-first strategy, while progressively allocating more resources to the expansion of self-operated offline stores from 2025 onwards. Our online direct sales, primarily through flagship stores such as Tmall, JD.com, and Douyin, represented 70.6%, 69.9%, 70.5%, 69.3% and 70.9% of total revenue for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025 respectively. When combined with online distributor sales, revenue generated from online channels accounted for 80.9%, 79.2%, 77.2%, 76.9% and 76.7% of total revenue in the same periods.

While online channels remain dominant, we have selectively expanded into offline retail to complement and enhance digital experience, with both offline direct sales and offline distribution. As of September 30, 2025, we operated 18 self-operated offline stores. In parallel, we maintained a broader offline footprint through 53 authorized offline distributors operating 63 stores.

Our brand identity, differentiated product offerings, and focused marketing efforts have attracted a large base of loyal consumers and cultural enthusiasts often referred to as “Copper Fans (銅粉).” Copper Fans regularly participate in our seasonal campaigns and brand events such as the annual “Copper Fans Convention (銅粉節).” This consistent engagement enhances our brand’s customer loyalty and consumer stickiness across platforms. We define repurchase rate as the proportion of users who placed more than one confirmed purchase order on a given platform within the same calendar year. Our strong brand affinity is further reflected in the consistently steady repurchase rates achieved across all our online direct sales channels during the Track Record Period. Our weighted average repurchase rate across all online direct sales channels was approximately 59.2%, 56.9%, 56.4% and 53.2% for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively.

STRENGTHS

Balancing quality and accessibility through structured pricing and craftsmanship

We pursue a product and pricing strategy that aims to provide quality cultural and creative items to a broad consumer base. Our pricing strategy plays a pivotal role in realizing this vision. We carefully balance material quality, production complexity, and design sophistication to ensure that each product delivers a high perceived value. Our pricing takes into account material selection, production complexity, and design features. Products made from copper, silver and other materials are developed with consistent production standards. This multi-tiered structure enables us to reach a wide range of consumers such as first-time buyers, repeat customers, and long-term collectors.

We have also embedded this value-driven approach across our product development and retail channels. Through disciplined cost management, efficient in-house production, and vertical integration, we are able to control quality while maintaining pricing flexibility. Our multi-channel retail presence further ensures that our pricing structure remains consistent, transparent, and accessible to consumers nationwide. Through this approach, we are able to maintain both production quality and pricing flexibility while ensuring accessibility.

Enhancing traditional techniques with structured workflows and process optimization

While our core processes remain grounded in traditional methods such as tongcai kiln-fired coloring and yancai mineral pigment hand-painting, we have introduced structured workflows and selective use of technology to enhance consistency, scalability, and quality. At our Hangzhou production base, we operate a vertically integrated production system that enables close coordination across design, casting, finishing, and inspection, while preserving hand craftsmanship.

According to the F&S Report, a high degree of manual craftsmanship remains a defining industry characteristic, underpinning both artistic value and product quality. We support this model through structured training, defined skill pathways, and organized team deployment, which shorten onboarding time and improve consistency across artisan teams. Technology serves a supportive role in improving accuracy and workflow efficiency, while creative execution remains centered on human craftsmanship.

Original design as drivers of long-term development

Our research and development focus lies in creative development, from cultural research and thematic exploration to design ideation, sculpting, and prototyping. In the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we allocated approximately RMB18.8 million, RMB28.6 million, RMB28.2 million, RMB20.7 million and RMB24.7 million to research and development activities, representing approximately 3.7%, 5.7%, 5.0%, 5.2% and 5.5% of our total revenue in the respective years/periods.

Led by our founder Mr. Yu, our in-house creative team guides the artistic direction of our brand. We have established a structured and iterative creative development process that allows us to translate abstract cultural ideas into tangible, high-quality products. This process includes early-stage cultural curation and storyboarding, collaborative design workshops, 3D modeling and

clay sculpting, and final-stage prototyping and refinement. Each step is governed by clear stage gates, internal review mechanisms, and rapid feedback loops, enabling us to maintain design consistency while accelerating time-to-market.

To protect and enhance our creative assets, we maintain a disciplined IP management system covering patents, artistic copyrights, and proprietary techniques. As of September 30, 2025, we had obtained 1,776 artistic copyrights, 171 design patents, 12 utility model patents, 9 software copyrights and 3 invention patents. These safeguards preserve our creative integrity and reinforce our differentiation in a highly competitive market.

A wide multi-channel reach powered by diverse channels

Our multi-channel strategy is designed to extend both the accessibility and influence of our brand across varied geographies and product categories. Our online presence allows us to efficiently serve consumers nationwide, particularly in lower-tier cities where access to cultural and creative retail is limited and remains a cornerstone of our brand engagement and commercial success.

As our product offerings have diversified, so have our sales strategies. For instance, our gold cultural and creative products, given their premium material, higher unit value, and refined craftsmanship, are better suited for offline retail channels, where consumers can physically engage with their detailing and quality. These products are often positioned at higher price points and benefit from in-person presentation. Internationally, our overseas sales are currently conducted primarily through offline distributors. These distribution partnerships have played a critical role in expanding our reach to overseas consumers. As we explore new market opportunities in Southeast Asia, we expect local offline distributors to continue serving as a key component of our international expansion strategy.

Experienced management and creative team supporting long-term business growth

Our success is powered by a sophisticated team that combines deep industry expertise with commitment to artistic excellence. Our founder, Mr. Yu, possesses a fine-arts academic background and has consistently supported craftsmanship and cultural heritage. He currently serves as our chairman of the Board, executive Director and general manager, and leads the overall creative direction of the Company. With deep roots in both industrial design and sculptural aesthetics, Mr. Yu has received multiple accolades that reflect his longstanding dedication to original design. He was the recipient of the internationally renowned iF Product Design Award (iF產品設計獎) and was named Best Creative Designer (最佳創新設計師) at the China Innovation Design Forum. He also received the Kapok Prize Gold Award (紅棉獎金獎) and the National-Level Bronze Award for Cultural Artistry Product Innovation (中國工藝美術文化創意獎銅獎) in recognition of his contributions to the industry.

Our senior management team brings together cross-disciplinary expertise in the cultural and creative sector, finance, engineering, and business operations, providing the strategic vision required for long-term development and growth. They are supported by a dedicated creative team of designers, sculptors and artisans, most of whom have over a decade of relevant experience. With professional backgrounds spanning painting, industrial design, sculpture, and metal arts, this team transforms complex artistic concepts into carefully crafted works with precision and consistency. In recent years, the introduction of advanced tools has been accompanied by a new generation of young talent, whose fluency in digital methods brings fresh energy to our heritage-based practices. Through continuous research and development, we have refined our craftsmanship to ensure that each creation reflects both artistic depth and technical sophistication.

STRATEGIES

Ongoing product development to catalyze new growth momentum

We are advancing a product development strategy centered on our core strength in copper-based cultural and creative crafts, aiming to solidify our market leadership while capturing evolving consumer preferences. We remain focused on developing original IP product lines, expanding licensed collaborations, and launching new SKUs that respond to the increasingly diverse needs of our consumer base.

Domestically, we are accelerating the expansion of our offline retail footprint through self-operated stores in high-traffic cultural and commercial locations. Internationally, we plan to scale our offline distribution network in key overseas markets, particularly through curated partnerships with local resellers and retail channels.

As part of our broader material and category exploration, we are also selectively investing in the development of a gold cultural and creative product line. These products incorporate smaller-scale, symbolic formats such as pendants, charms, and decorative miniatures that appeal to consumers seeking both symbolic value and material craftsmanship. Drawing on the artisanal techniques refined through our copper craftsmanship, we adapt our design and production processes to reflect the higher material value and intricacy of gold, while retaining a focus on cultural meaning and artistic expression. This strategy is supported by our planned allocation of approximately 38.0% of the net proceeds from the Global Offering to invest in product development and design capabilities.

Optimizing a multi-channel sales network for an integrated retail ecosystem

We aim to optimize and expand our multi-channel sales network by maintaining our online-first strategy while further developing offline direct sales as a complementary channel. Online engagement will remain central to our sales strategy, and we will continue to leverage social media, livestreaming platforms and content-driven initiatives to refine consumer targeting and enhance conversion. At the same time, we believe our online and offline channels can reinforce each other through brand exposure, customer acquisition and repeat purchases. This approach is consistent with the F&S Report, which shows that PRC online sales of copper cultural and creative craft are expected to increase from RMB612.7 million in 2024 to RMB849.7 million in 2029, while offline sales are expected to increase from RMB963.7 million to RMB1,432.6 million over the same period. For details, please refer to “Industry Overview — Market Size of Copper Cultural and Creative Craft Market in the PRC” in this prospectus.

Offline, we plan to scale our self-operated retail footprint in China’s major metropolitan and regional centers. As of September 30, 2025, we operated 18 self-operated stores, and we plan to open approximately 70 new stores from 2026 to 2028 in cities such as Beijing, Shenzhen, Chongqing, Nanjing, Wuhan, Jinan, Xiamen, Xi’an, Kunming and Guiyang. We intend to maintain a unified retail pricing policy across online and offline channels in the PRC, while increasing the proportion of products better suited to offline display and in-person experience. Historically, during the initial build-out of our offline self-operated store network, we sought to broaden customer reach and strengthen traffic acquisition by allocating a higher proportion of relatively affordable, smaller products to newly opened stores, while maintaining the same retail prices for the same products across channels. As our offline store network has expanded and operating experience has accumulated, we have gradually refined store-level assortments based on customer profiles and local demand and have begun increasing the proportion of products better suited to offline display and experiential purchases. These products are generally larger, more detailed and more refined, and may support higher average transaction value per customer and gross profit contribution from offline direct sales over time. As we expand our offline direct sales network, our cost structure and selling and marketing expenses are expected to reflect additional expenses relating to store leasing, fit-out and decoration, store staff, day-to-day store operations and localized offline marketing. Such additional expenses may materially increase our fixed costs and upfront store-opening costs, and if newly opened stores fail to achieve expected sales performance or take longer than expected to reach breakeven, our margins, profitability and cash flows may be adversely affected. At the same time, a broader self-operated store network is expected to enhance our direct consumer reach, strengthen brand visibility and improve our ability to showcase and sell higher-ASP and higher-margin products in person. We therefore believe offline expansion is expected to support revenue growth and improve the contribution of offline direct sales to our overall profitability over time. In parallel, we will continue to optimize our offline distributor network by phasing out underperforming or subscale offline distributors and concentrating our offline resources on self-operated stores and selected higher-quality distributors. This strategy is supported by our planned allocation of approximately 24.0% of the net proceeds from the Global Offering to strengthen our sales channels and marketing capabilities.

Improving demand forecasting and resource allocation to optimize order fulfillment

We aim to further enhance production planning and order fulfillment efficiency by improving demand forecasting accuracy and the allocation of production resources across product lines. While our handcrafted products naturally involve longer production cycles, the key operational focus is on optimizing capacity deployment rather than expanding absolute capacity. During the Track Record Period, demand for certain products experienced temporary concentration, which created localized pressure on workshop scheduling and skilled labor allocation and, in some cases, extended pre-order lead times. Notwithstanding these fluctuations, our overall production capacity utilization remained at a high level. In the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our production capacity utilization rate was 99.7%, 99.3%, 101.7%, 96.0% and 98.7%, respectively.

To address these challenges, we are refining our integrated planning framework to strengthen coordination between sales forecasting and production execution. This includes adopting more granular SKU-level planning for mature products, establishing structured production forecasts for new launches, and improving process-level manpower planning based on historical production cycle data. In parallel, we plan to enhance demand forecasting by incorporating real-time indicators such as pre-order trends and sales data, supported by early-warning mechanisms and digital tools for production scheduling and inventory monitoring. These measures are intended to improve planning accuracy, reduce fulfillment volatility, and support more balanced and responsive order delivery as our product portfolio continues to expand. This strategy is supported by our planned allocation of approximately 24.0% of the net proceeds from the Global Offering to enhance our production capacity and fulfillment agility.

International expansion strategy and regional market development

We are pursuing an international expansion strategy, beginning with markets that share historical, linguistic, or cultural affinity with Chinese craftsmanship. Our near-term priority is Southeast Asia, where consumer appreciation for symbolic artistry, coupled with a strong offline retail culture, presents a natural opportunity for market entry. We also plan to progressively expand into Hong Kong and Macau, using these culturally aligned regions as the initial hubs and bridges for broader international development. We are preparing to enter the Southeast Asia markets with a focus on offline sales channels, including partnerships with regional distributors and select placements in high-traffic retail spaces such as cultural venues and shopping malls. In these regions, offline engagement plays a pivotal role in shaping brand perception, enabling consumers to physically experience our craftsmanship and storytelling.

In the medium to long term, we plan to explore additional opportunities in Japan and Europe. These markets are expected to represent the next phase of our international expansion following the establishment of brand awareness and operational foundations in Southeast Asia. As part of our early-stage efforts, we have participated in one exhibition in Europe to further showcase our brand and connect with local distributors and cultural consumers. We aim to become a conduit for cultural exchange by introducing Chinese cultural symbols and craftsmanship to global audiences. This strategy is supported in part by our planned allocation of approximately 24.0% of the net proceeds from the Global Offering to strengthen our sales channels and marketing capabilities.

Selective digital enhancement to support operational efficiency

We view digital technologies as a complementary tool to support our core operations in design, craftsmanship, and retail. While our business remains fundamentally based on cultural creativity and artisan execution, we are selectively enhancing digital capabilities in areas where they can improve planning, coordination, and resource efficiency.

Our strategy focuses on practical, lightweight, and modular solutions aimed at enhancing cross-departmental visibility and improving the efficiency of production, warehousing, and sales coordination. In particular, we are in the process of implementing enterprise software systems tailored to our business needs, comprising a Manufacturing Execution System (“MES”) for production planning, on-site execution, and traceability, as well as a Warehouse Management System (“WMS”) for inventory tracking, inbound and outbound logistics, and cycle counting. These systems are expected to be developed and deployed in stages, with matching terminal hardware installed to enable real-time data collection and system operability. We also plan to upgrade our IT infrastructure through the deployment of supporting hardware such as data servers,

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network firewalls, and IoT-enabled sensor nodes, which will improve information security and support real-time tracking of materials and workflow status across key production and storage locations. Together, these upgrades are expected to improve our ability to anticipate consumer demand, allocate production resources more effectively, and respond more rapidly to fluctuations in order volumes and inventory levels. This strategy is supported by our planned allocation of approximately 4.0% of the net proceeds from the Global Offering to upgrade our digital and information infrastructure.

OUR PRODUCTS

Our Product Categories

We design, develop, manufacture, and sell a diverse range of cultural and creative products that blend traditional Chinese artistry with modern aesthetics. Our product portfolio is centered around copper-based cultural and creative products, complemented by plastic figures and toys as well as silver and gold cultural and creative products. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue generated from copper-based cultural and creative products accounted for 95.4%, 96.3%, 96.6%, 96.7% and 94.8% of our total revenue, respectively.

Our products can be classified into four main categories based on material and craftsmanship: (i) copper-based cultural and creative products, (ii) plastic figures and toys, (iii) silver cultural and creative products, and (iv) gold cultural and creative products.

The following table sets forth the breakdown of our revenue by product categories during the Track Record Period.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000 (unaudited)	% of revenue	RMB'000	% of revenue
Copper-based cultural and creative products	479,645	95.4	488,005	96.3	551,251	96.6	389,196	96.7	424,600	94.8
– Copper ornaments	428,004	85.1	434,161	85.7	497,831	87.2	351,260	87.3	390,203	87.2
– Copper engraved artworks	51,641	10.3	53,844	10.6	53,420	9.4	37,936	9.4	34,397	7.6
Plastic figures and toys	3,286	0.7	13,304	2.6	14,252	2.5	11,089	2.8	6,959	1.6
Silver cultural and creative products	4,771	0.9	3,320	0.7	4,232	0.7	1,086	0.3	6,538	1.5
Gold cultural and creative products	–	–	–	–	1,274	0.2	820	0.2	9,496	2.1
Wooden cultural and creative products	15,483	3.0	1,754	0.4	179	0.0	164	0.0	79	0.0
Total	503,185	100.0	506,383	100.0	571,188	100.0	402,355	100.0	447,672	100.0

Please refer to “Financial Information – Description of Selected Components of Statements of Profit or Loss – Gross Profit and Gross Profit Margin” in this prospectus for discussion of our gross profit and gross profit margin by product categories.

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The following table sets forth our sales volume and ASP of our major product categories during the Track Record Period.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	Units	RMB	Units	RMB	Units	RMB	Units	RMB	Units	RMB
Copper-based cultural and creative products	1,318,788	363.7	1,297,376	376.1	1,549,310	355.8	1,001,045	388.8	1,394,160	304.6
Plastic figures and toys	25,842	127.1	140,313	94.8	185,743	76.7	131,329	84.4	118,503	58.7
Silver cultural and creative products . .	2,860	1,668.1	2,556	1,299.2	6,451	655.9	781	1,390.8	16,452	397.4
Gold cultural and creative products . .	–	–	–	–	14	91,025.3	1	819,560.6	564	16,836.5
Wooden cultural and creative products . .	44,500	347.9	11,601	151.2	1,314	136.6	794	206.8	2,487	32.0
Total	1,391,990	–	1,451,846	–	1,742,832	–	1,133,950	–	1,532,166	–

For the nine months ended September 30, 2024 and 2025, our total sales volume increased from approximately 1.1 million units to 1.5 million units, while our blended ASP decreased. This was primarily due to a mix shift toward smaller-format and more entry-level SKUs, which supported higher unit sales and broader customer reach but lowered the overall ASP.

Copper-based cultural and creative products. Sales volume remained broadly stable at approximately 1.3 million units in 2022 and 2023, increased to approximately 1.5 million units in 2024, and further increased to approximately 1.4 million units for the nine months ended September 30, 2025. The growth was mainly driven by newly launched smaller-format, entry-level copper ornaments that were easier to purchase as gifts (for example, the “Shangui Huaqian (山鬼花錢)” series and other mini-sized offerings such as “Mini Ruyi (小如意)” and “Mini Gourd (小葫蘆)”). As these SKUs are priced meaningfully lower than larger, more complex copper pieces, a higher contribution from these products increased unit sales volume but diluted ASP.

Plastic figures and toys. Sales volume increased significantly from 2022 to 2024 as we expanded our offerings and introduced more trend-driven SKUs including a number of self-developed IP lines launched in late 2022 that contributed for a full year in 2023. Over the same years, ASP declined, mainly because we priced certain newly launched plastic SKUs at more accessible levels to broaden market penetration and, in 2024 and the nine months ended September 30, 2025, we also conducted promotional and markdown campaigns for selected legacy series as part of our inventory optimization. As a result, unit sales remained resilient while the ASP trended lower.

Other product categories. Silver and gold cultural and creative products remained smaller in scale during the Track Record Period, while wooden cultural and creative products were gradually phased out starting from 2022; accordingly, their sales volume and ASP movements did not represent the primary drivers of our overall sales volume and blended ASP trend.

Copper-Based Cultural and Creative Products

Copper-based cultural and creative products form the foundation of our product portfolio. Our copper craftsmanship is anchored in its historical value in Chinese art, leveraging the material's malleability, durability, and aesthetic versatility to create an extensive range of products that cater to both collectors and contemporary consumers.

To address diverse consumer preferences, we have structured our copper-based cultural and creative products into two primary brands. “TONGSHIFU” is our core brand, offering a wide range of copper cultural and creative products that integrate traditional Chinese cultural themes with modern design. “Tai Tong (太銅),” on the other hand, represents our mid-to-high-end series. The name “Tai Tong” reflects high standards of copper craftsmanship, combining artistic dedication with technical skill. This brand targets consumers who value high-quality, unique pieces that serve as expressions of cultural value and convey traditional heritage.

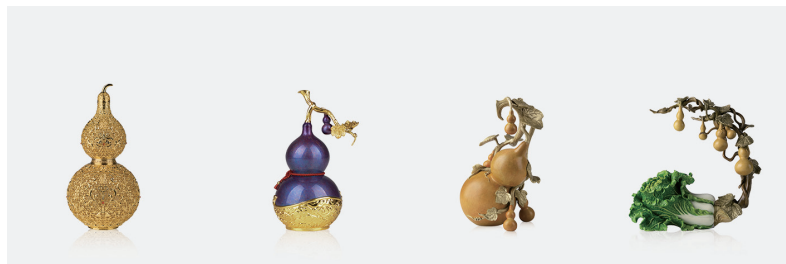
Our copper-based cultural and creative products are further segmented into two primary categories: (i) copper ornaments and (ii) copper engraved artworks. Among these, copper ornaments account for the majority of our sales, reflecting strong consumer demand for three-dimensional artistic expressions inspired by Chinese mythology, history, and folklore. Both the Tongshifu and Tai Tong brands cover copper ornaments and copper engraved artworks. In the product examples set out below, items belonging to the Tai Tong brand are specifically indicated. Unless otherwise specified, all listed products are part of the Tongshifu brand.

Copper ornaments

Two of our most iconic and best-selling copper ornament series are the Copper Gourd series and the Great Sage series. As flagship lines under our “TONGSHIFU” brand, both series exemplify our ability to develop culturally significant, design-rich collections that evolve over time through artistic iteration and consumer insight. These products have consistently ranked among our top-selling items across major online, with sustained sales performance and steady repurchase rates.

The Copper Gourd series draws inspiration from the traditional Chinese symbol of the hulu (葫蘆), long associated with good fortune, health, and protection.

Copper Gourd Series



The *Great Sage* series is one of our most iconic and successful original IP collections, inspired by Sun Wukong (孫悟空), the legendary figure from the classic Chinese novel Journey to the West. Our Great Sage series reinterprets this enduring figure through a sculptural narrative. Each piece explores a distinct stage of Sun Wukong's mythic journey from youthful defiance, to disciplined growth during the pilgrimage with Tang Sanzang, and finally, to enlightened transcendence. The series presents a narrative progression of self-discovery and empowerment, offering consumers not just creative content but also an identification with themes of resilience and inner strength. This flagship series spans both copper ornaments and copper engraved artworks, showcasing our craftsmanship through diverse formats.

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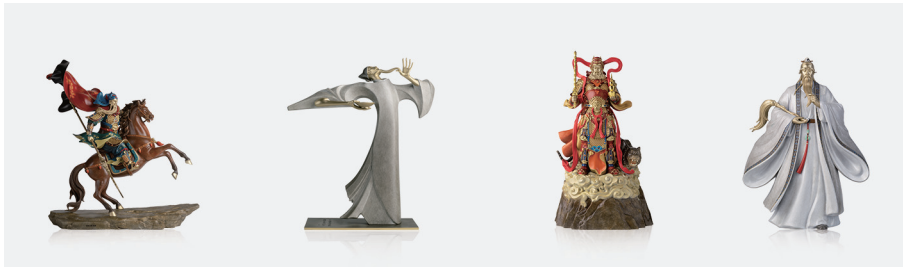
Great Sage Series



Traditional Culture Series

This series brings legendary historical figures and cultural icons to life, capturing the spiritual essence of Chinese history, literature, and folklore through sculptural reinterpretation.

Traditional Culture Series



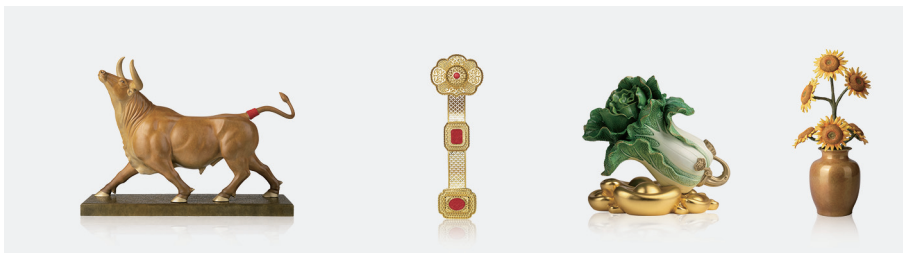
Cultural Relic Revival Series

Drawing inspiration from the country's vast historical heritage, this series bridges ancient relics with contemporary aesthetics, allowing cultural icons to reach with today's audiences in new and accessible ways. Many of the works in this series are original reinterpretations or refined adaptations of well-documented historical artifacts, infused with new meaning, form, and storytelling. In addition to our independent re-creations, we have also collaborated with leading national and regional museums to co-develop themed products based on selected relics.

Auspicious Homophone Series

Our Auspicious Homophone Series draws on the traditional Chinese practice of using phonetic puns and visual metaphors, known as Koucai, to convey well wishes and symbolic meaning through sculptural form. Each piece in this series expresses blessings of peace, prosperity, health, wisdom, and success, using everyday symbols with culturally embedded double meanings.

Auspicious Homophone Series



Mythology and Folklore Series

Our Mythology and Folklore Series draws inspiration from traditional Chinese myths, folk customs, and symbolic imagery. We reimagine these long-established figures, stories, and motifs through original sculptural design and contemporary craftsmanship, breathing new life into cultural heritage.

Licensed IP Collaborations

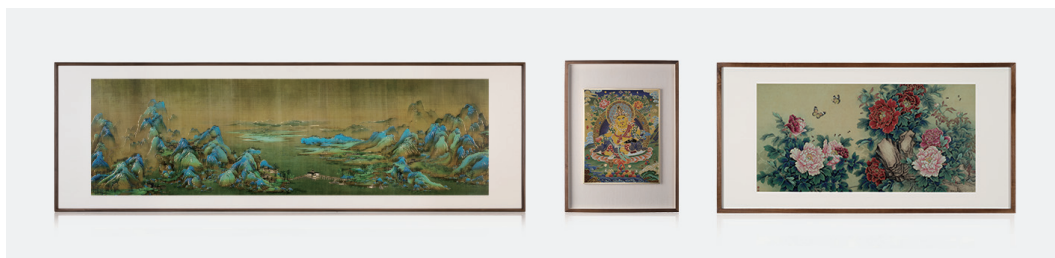
We enrich our product ecosystem through curated partnerships with leading global and domestic intellectual properties. These collaborations enable us to diversify our creative portfolio, enhance cross-generational appeal, and expand into broader consumer segments.

During the Track Record Period, we collaborated with several prominent entertainment companies to develop original copper ornament series that reinterpret globally recognized characters through traditional Chinese craftsmanship. These partnerships span animated, cinematic, and cultural domains, and are executed under licensed arrangements with both international and domestic IP holders. These collaborations enrich our product ecosystem, extend the expressive potential of copper-based art, and help engage broader consumer segments. For further details, please see “– Our IP Portfolio – Strategic IP Collaborations and Licensed Partnerships” in this section.

Copper engraved artworks

Our copper engraved artworks embody a fusion of classical Chinese value and traditional metal craftsmanship. By reimagining two-dimensional paintings and symbolic motifs as richly layered copper engraved artworks, we transform artistic expression into a tactile, dimensional product. These works are crafted for both wall-mounted and desktop display in personal and ceremonial spaces.

Copper Engraved Artworks



Plastic Figures and Toys

To engage younger, trend-conscious consumers, we developed a sub-brand named “Huanxi Xiaojiang (歡喜小將),” a line of plastic figures that blend traditional Chinese culture with modern design sensibilities. These figures are lighter and more affordable than our copper-based products, emphasizing interaction and collectability. This category allows for rapid design iteration and replenishment, making it a vibrant and agile complement to our core copper-based product lines.

Silver Cultural and Creative Products

Our “Yueyin (閱銀)” brand offers silver cultural and creative products as a refined complement to our core copper-based offerings. Leveraging silver’s distinct material advantages such as antimicrobial properties, high thermal conductivity, and malleability, we focus primarily on functional and decorative applications, including tea sets, accessories, and symbolic ornaments. Compared to copper products, silver creations emphasize elegance, everyday usability, and a more understated aesthetic, catering to consumers who appreciate both cultural heritage and practical refinement.

Gold cultural and creative products

Building on our expertise in copper craftsmanship, we have progressively expanded our product offerings into gold-based cultural and creative crafts. This transition represents a strategic evolution in material application and artistic expression, as both copper and gold share material properties that facilitate detailed sculpting, engraving, and casting. The shared properties between these metals allow us to leverage synergies in design, craftsmanship, and production processes, enabling a smoother and more efficient expansion.

Our gold cultural and creative products are marketed under a dedicated sub-brand, “Xijiang Gold Shop (璽匠金舖).” This brand is positioned to appeal to discerning collectors and consumers who seek auspicious, refined, and symbolically meaningful gold pieces. By applying traditional techniques such as lost-wax casting, engraving, and high-polish finishing, we have developed a premium line of gold products that reflect both decorative artistry and intrinsic value. These products are crafted with 999 pure gold. In addition to our gold offerings, select SKUs under the “Xijiang Gold Shop” sub-brand are also available in pure silver versions.

Wooden cultural and creative products

During the Track Record Period, we also offered a limited range of wooden cultural and creative products under our “Weitan (唯檀)” brand. Both the absolute value and proportion of revenue from this category were low, and the significant decrease resulted from our decision to cease production of wooden cultural and creative products starting in 2022. The cessation of our wooden cultural and creative products was a strategic decision made after evaluating market conditions and customer feedback, as we streamlined our product portfolio to focus on materials and categories more aligned with our core strengths and long-term development direction. Revenue in the subsequent period was primarily derived from the sale of remaining inventory.

Our Product Development

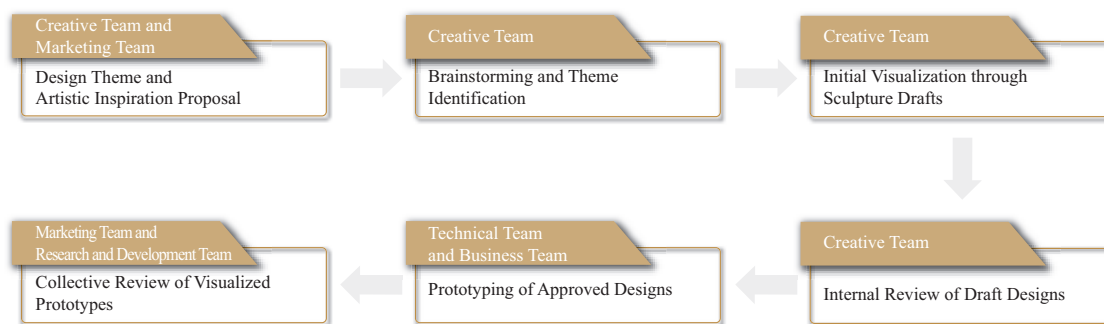
Our product development is the foundation of our business and is functionally integrated with our research and development efforts. In our context, research and development does not generate proprietary core technologies, but rather serves as a practical and creative engine for continuous SKU creation, product iteration, and original IP expansion. As a result, our research and development expenses are primarily allocated towards original design, sample development and process improvement. In other words, our research and development resources are dedicated to the conceptualization, sculpting, sampling, and process refinement involved in new product development. For more details, please refer to “Financial Information – Description of Selected Components of Statements of Profit or Loss – Research and Development Expenses” in this prospectus. As of September 30, 2025, we had 142 full-time research and development personnel. These employees are embedded within our project teams, and their work follows a project-based structure, with each cycle typically resulting in new product releases or refreshed IP lines.

Creative Product Development

Our creative product development follows a dual-track approach, combining self-developed IPs with licensed collaborations to ensure a diverse and commercially viable portfolio. We prioritize a design-first philosophy, where originality and cultural relevance are fundamental to our offerings. To foster product and process advancement, we have established a dedicated Research and Development Center, led by our founder and supported by specialized teams, comprising our creative team, marketing team and business team. Our founder, Mr. Yu, plays a central role in steering the creative direction of our brand, drawing upon his extensive artistic background and deep understanding of Chinese cultural heritage. He is personally involved in the conceptual review, aesthetic judgment, and final approval of all major original IPs, ensuring consistency in artistic vision and cultural authenticity across our product lines. This structure enables us to refine our product ideas through a rigorous, multi-stage process.

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Please see below a flowchart of our creative product development process.



Our creative product development process begins with design theme and artistic inspiration proposal, where we define the core theme and creative direction, followed by brainstorming and theme identification to refine concepts into actionable product ideas. We then proceed to initial visualization through sculpture drafts to translate concepts into initial forms for visual assessment. Next, internal review of draft designs is conducted to validate artistic coherence and feasibility, after which prototyping of approved designs is carried out to produce prototypes that can be assessed from both design and execution perspectives. The process concludes with collective review of visualized prototypes, where we consolidate feedback across functions and determine the final version for subsequent production planning and commercialization.

Licensed IP Product Development

In addition to our self-developed IPs, we maintain a structured process for the design and commercialization of licensed IP products. This process enables us to translate IP assets into products that are aligned with our brand positioning and craftsmanship standards.

For licensed IP product development, we start with licensing opportunity assessment and IP onboarding to evaluate fit and complete onboarding based on agreed licensing scope and requirements. We then conduct co-branded creative planning and adaptation to integrate the licensed IP's identity with our design language. This is followed by prototype co-validation and licensor review, where prototypes are developed and iterated with licensor input until approval is obtained. We then complete production alignment and IP compliance to ensure production specifications and all market-facing materials meet both internal standards and licensor requirements. Finally, we conduct market launch and performance monitoring to execute the launch through designated channels and track performance for potential follow-up iterations.

OUR IP PORTFOLIO

We have built a comprehensive IP portfolio, comprising both self-developed IPs and licensed IP collaborations, supported by a robust framework of design patents, copyrights, and proprietary techniques. In support of our IP strategy, we have established a dedicated creative research and development system composed of 142 research and development personnel as of September 30, 2025. We continue to expand our research and development talent base and deepen design specialization, as reflected by a steady increase in new SKU output across a broadening range of product categories and themes during the Track Record Period.

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The table below set forth the revenue contributed of our SKUs based on self-developed IPs and SKUs based on licensed IPs and the percentage of our revenue for the periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Revenue RMB'000	%	Revenue RMB'000	%	Revenue RMB'000	%	Revenue RMB'000 (unaudited)	%	Revenue RMB'000	%
SKUs based on self-developed IPs	473,520	94.1	447,243	88.3	535,398	93.7	372,665	92.6	395,290	88.3
SKUs based on licensed IPs	29,665	5.9	59,140	11.7	35,790	6.3	29,690	7.4	52,382	11.7
Total	503,185	100.0	506,383	100.0	571,188	100.0	402,355	100.0	447,672	100.0

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue generated from SKUs based on our self-developed IPs was approximately RMB473.5 million, RMB447.2 million, RMB535.4 million, RMB372.7 million and RMB395.3 million, accounted for approximately 94.1%, 88.3%, 93.7%, 92.6% and 88.3% of our total revenue, respectively. SKUs based on our Licensed IPs, on the other hand, generated revenue of approximately RMB29.7 million, RMB59.1 million, RMB35.8 million, RMB29.7 million and RMB52.4 million, representing 5.9%, 11.7%, 6.3%, 7.4% and 11.7% of our total revenue, respectively. We have continued to enrich our intellectual property portfolio through both self-developed and licensed IPs, with new SKUs introduced each year/period to support our evolving product roadmap. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we introduced 407, 350, 528, 342, and 327 new SKUs based on our self-developed IPs, respectively. Over the same periods, we introduced 176, 164, 179, 87, and 77 new SKUs based on our licensed IPs, respectively. The number of new SKUs is calculated based on those that were newly made available for sale during the respective years/periods.

In each year/period during the Track Record Period, revenue generated from our top five IPs was RMB103.1 million, RMB101.8 million, RMB136.4 million and RMB104.8 million for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, accounting for 20.5%, 20.1%, 23.9% and 23.4% of the total revenue of each year/period, respectively. We do not rely materially on any single IP. Our IP portfolio is diverse, encompassing both self-developed and licensed IPs. This diversity mitigates the risks associated with market fluctuations and ensures that our business remains resilient in the face of changing trends or competitive pressures.

Self-Developed IPs and Original Design Capabilities

Our original IPs form the foundation of our brand identity and creative strategy. They reflect our ability to independently conceptualize, sculpt, and commercialize culturally content grounded in Chinese tradition, while adapting to the evolving preferences of modern consumers. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue generated from SKUs based on our self-developed IPs accounted for approximately 94.1%, 88.3%, 93.7%, 92.6% and 88.3% of our total revenue, respectively. These figures underscore our strategic focus on building a proprietary IP system that enhances brand identity, consumer engagement and gross profit margins.

Our IP creation capabilities lie in our ability to reinterpret Chinese heritage with originality and relevance. Rather than relying solely on aesthetic replication, we explore the symbolic and cultural value embedded in Chinese history, folk customs, and literary tradition. Our design philosophy emphasizes transformation over reproduction, fusing classical symbolism with new narrative formats, aesthetic updates, and usage scenarios that align with contemporary lifestyles and consumer psychology. For further details on our IP families and representative product series, please refer to “– Our Products – Copper-Based Cultural and Creative Products” in this section.

Strategic IP Collaborations and Licensed Partnerships

In addition to self-developed IPs, we actively collaborate with leading entertainment licensors, cultural media programs, and renowned museums to enrich our product portfolio and expand cultural accessibility. These collaborations are carefully curated to ensure alignment with our artistic philosophy and brand values. Given the high barriers to entry, these licenses are typically granted only to partners who demonstrate excellence in craftsmanship, product safety, and narrative interpretation. Our ability to obtain and retain such IPs reflects both our technical capabilities and cultural credibility. For salient terms of our licensed IP agreements, please refer to “Business — Intellectual Property — IP Licensing Arrangements” in this prospectus.

We have launched licensed product lines inspired by a range of cultural, entertainment and heritage IPs, which are provided solely as illustrative and non-exhaustive examples of our licensed IP collaborations. These examples include selected internationally recognized film, animation and entertainment franchises, which are adapted into copper ornaments through our proprietary sculptural design and craftsmanship; certain themed universes incorporating fantasy, mechanical or futuristic elements; as well as classic animated characters reinterpreted into decorative cultural products. In addition, we collaborate with cultural and heritage-based IPs, including traditional Chinese cultural themes and museum-related content, drawing inspiration from historical art, philosophy and iconography.

OUR PRICING

Pricing Policy

Our pricing strategy is based on the principle of value-driven quality, emphasizing the artistic, cultural, and material value of each product while ensuring broad consumer accessibility. Our goal is to offer products of fine craftsmanship, with prices that fairly reflect their design and quality.

We maintain a unified retail pricing policy across channels within the PRC, comprising online flagship stores, livestreaming platforms, distribution partnerships, and offline retail stores. Consumers are offered the same standard retail prices for identical products across these touchpoints, reinforcing price transparency, brand integrity, and channel discipline. For a limited portion of our overseas distribution, resale prices may differ from domestic retail prices due to variations in tariffs, logistics costs, and exchange rate fluctuations. Nevertheless, we work closely with international distributors to ensure pricing remains aligned with our global positioning and brand value.

During the Track Record Period, our online average transaction value per customer was approximately RMB958, RMB822, RMB777 and RMB598 for the years ended December 31, 2022, 2023, 2024, and the nine months ended September 30, 2025, respectively. The overall decline was primarily driven by a gradual shift in consumer preference towards lighter and more refined SKUs. These SKUs are lighter and smaller (use less material), leading to a generally lower selling price, thus catering to a wider customer base and are more affordable compared to larger, heavier items. We also introduced these new SKUs as part of its ongoing effort to expand our market reach. As our online direct sales account for around 70% of our total revenue, they offer a broad-based reflection of evolving customer tastes. During the Track Record Period, the offline average transaction value per customer from our offline self-operated stores was approximately RMB1,918, RMB1,734, RMB568 and RMB726 for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. The decrease in 2024 primarily reflected the stage of development of our offline self-operated store network and the product mix strategy we adopted during our initial offline expansion. In the years ended December 31, 2022 and 2023, we operated only one to two self-operated stores, both in middle-to-high-end commercial areas of Hangzhou with strong foot traffic and relatively strong spending power. As we expanded our offline self-operated stores in 2024 and the nine months ended September 30, 2025 by opening additional stores in multiple cities, we reached a broader and younger customer base. During this initial

expansion stage, while maintaining our principle of unified retail pricing for the same products across online and offline channels in the PRC, we deliberately increased the proportion of relatively affordable, smaller and more accessible products in our offline self-operated stores. These products were intended to drive store traffic, encourage trial purchases, improve customer acquisition and support the early-stage cultivation of offline consumption habits and brand awareness. In other words, the lower offline average transaction value per customer during this stage was primarily the result of product mix and customer acquisition strategy, rather than a broad-based reduction in retail prices for identical products. As our offline self-operated stores gradually established a local customer base and we accumulated more store operating experience, we began refining in-store assortments based on customer profiles, spending patterns and local demand. In the nine months ended September 30, 2025, our offline average transaction value per customer increased compared to the nine months ended September 30, 2024, which we believe indicates the gradual effect of these measures. Going forward, while we intend to maintain the same retail prices for the same products across our online and offline channels in the PRC, we plan to further optimize the product mix of our self-operated stores by increasing the proportion of products better suited to offline display and in-person experience, including products that are generally larger, more detailed and more refined, which may support a higher average transaction value per customer for offline direct sales over time.

Our pricing approach is supported by disciplined cost management and operational control. We maintain long-term relationships with key suppliers of copper, silver and other materials to stabilize input costs and ensure quality, and we enhance production efficiency through an integrated manufacturing model that combines traditional craftsmanship with structured processes. Centralized production further allows us to improve yield, reduce wastage and maintain consistent quality standards.

We manage pricing centrally to ensure consistency across channels. While distributors are offered standard commercial discounts, resale prices to end customers are aligned with those offered through our self-operated channels. Promotional activities, including discount campaigns and bundled offerings, are centrally coordinated and implemented consistently across participating channels. We also conduct periodic pricing reviews by assessing raw material costs, consumer behavior, product performance and competitive dynamics, and we implement price adjustments cautiously, typically together with corresponding value enhancements, to preserve long-term pricing discipline and brand equity.

OUR PRODUCTION

We operate an integrated production and procurement model that combines in-house manufacturing with limited outsourced production. Our in-house production is conducted at our Hangzhou Facility, where we leverage the region's rich artisanal heritage and advanced supply chain infrastructure. To ensure flexibility in meeting market demand and optimizing resource allocation, we also engage third-party manufacturers for certain product categories requiring standardized processes or urgent capacity expansion. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our outsourcing costs accounted for 3.7%, 4.1%, 4.8%, 5.2% and 5.1% of our cost of sales, respectively.

Our Procurement Process

Our procurement strategy emphasizes the sourcing of high-quality raw materials, particularly copper and its alloys, to maintain the integrity and artistic value of our cultural and creative craft products.

Copper is the primary raw material used in our manufacturing process, with its price volatility being a key factor influencing our procurement costs. During the Track Record Period, direct materials, which primarily comprising copper used in our copper-based cultural and creative products, accounted for approximately 51.9%, 47.1%, 47.1%, 46.9% and 47.6% of our total cost of

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sales for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. For more details, please see “Financial Information – Description of Selected Components of Statements of Profit or Loss – Cost of Sales” in this prospectus.

We procure copper-related raw materials in various processed forms, including electrolytic copper, copper sheets, copper rods, and copper granules. These materials are sourced from established suppliers, and are purchased after initial processing from smelters. Our procurement prices therefore include not only the copper content value but also processing fees and logistics costs, which vary depending on the product form and supplier arrangements. Among these materials, electrolytic copper typically meets the 99.9% copper content standard, while other materials such as brass and bronze alloys exhibit a lower copper content, generally ranging from 60% to 90%, depending on their composition and use. We apply differentiated quality testing and procurement standards based on the intended use of each material type. The price of copper is influenced by global supply and demand dynamics, macroeconomic conditions, and fluctuations in commodity markets. In industry practice, the most commonly cited benchmark for copper prices in China is the Shanghai Futures Exchange (“SHFE”) copper contract, which reflects the futures pricing of standard electrolytic copper (99.9% purity), and serves as an indicative reference for contract settlement and trend analysis.

Our procurement prices for copper were generally in line with prevailing market trends, as shown in the table below:

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
Average copper purchase price (RMB/kg) ⁽¹⁾	58.6	59.5	63.2	63.2	66.2
Market price (RMB/kg) ⁽²⁾	67.1	68.1	75.0	75.0	78.3

Notes:

- (1) Our average copper purchase price represents the average procurement cost across various copper-based raw materials with copper content ranging between approximately 60% and 99%. It also includes processing fees and transportation costs charged by our suppliers, which reflect the degree of pre-processing (such as flattening or cutting) and delivery arrangements required for different material forms.
- (2) The market price refers to the annual average futures price of electrolytic copper (99.9% purity) as quoted on the SHFE. This benchmark is based on pure copper and does not account for variations in composition or form among the actual raw materials we procure, and thus is for indicative comparison only.

During the Track Record Period, the average copper prices exhibited fluctuations, reflecting broader economic and commodity market trends. Our procurement prices for copper were generally in line with prevailing market rates. In the future, copper prices are expected to remain elevated in the near term, supported by continued demand from infrastructure and industrial applications, although short-term fluctuations may occur due to global trade dynamics and macroeconomic uncertainties.

To manage the impact of fluctuations in copper and other raw material prices, we adopt a disciplined procurement approach combined with ongoing product and pricing management. While these measures apply to raw materials generally, they are primarily directed at managing copper price volatility, as copper is our principal raw material and has the most significant impact on our cost of sales. We monitor the prices of copper on a daily basis through designated personnel, who closely track market movements and promptly report material price changes to the relevant management and procurement personnel, and generally procure copper-related raw materials in relatively small batches, with each purchase typically covering approximately five to seven days of production needs. This approach helps reduce the risk of accumulating inventory at elevated prices while maintaining operational flexibility. We also maintain long-term cooperative relationships with key suppliers to support supply stability. During the Track Record Period and up to the Latest Practicable Date, we had not adopted any hedging policy or entered into futures contracts or other hedging instruments in relation to copper or other raw materials. We do not have contractual

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arrangements with customers that automatically pass through increases in raw material costs, and we generally do not raise the prices of products already on sale solely due to increases in copper or other raw material costs. As a result, we cannot guarantee that such cost increases can be fully passed on to customers. Instead, where copper or other raw material costs rise on a sustained basis, we primarily seek to mitigate the impact through product iteration and new product launches, under which newly launched or upgraded products may be priced with reference to their overall positioning, design, size, details, quality and prevailing market conditions. However, there can be no assurance that these measures will fully offset increases in copper or other raw material costs, and if we are unable to manage such cost pressure effectively, our profitability and results of operations may be adversely affected. For risks relating to raw material price volatility and its potential impact on our profitability and competitiveness, please refer to “Risk Factors — Fluctuations in Commodity Prices, in Particular Copper, May Materially and Adversely Affect Our Business, Results of Operations or Financial Condition.”

Our Production Facility

We operate a production facility in Hangzhou, Zhejiang Province (the “**Hangzhou Facility**”), which is dedicated to the manufacturing of our cultural and creative craft products. Our facility is strategically located to leverage the region’s rich artisanal heritage, skilled workforce, and well-established supply chain infrastructure. The Hangzhou Facility spans a total gross floor area of approximately 155,626 square meters as of September 30, 2025.

Equipment and Machinery

We have deployed a range of production machinery to support and enhance key steps in our manufacturing process. These machines are designed to increase efficiency, improve consistency, and assist our skilled workforce in executing complex tasks across multiple production stages. At our Hangzhou Facility, we operate polishing lines for surface finishing, coloring lines for burnishing and tonal control, copper forming lines for base shaping, and hand-painting lines for decorative detailing. We also utilize wax model production lines for casting preparation, as well as digital printers for customized motifs and surface textures. In addition, our equipment portfolio includes precision engraving machines, CNC carving systems, and 3D modeling tools, which support our engraving and design refinement workflows. All machines are maintained according to standardized schedules to ensure stable operations and product quality across our copper-based production lines.

Production Capacity

Our production capacity reflects the artisanal nature of our copper-based cultural and creative products and is based on the annual volume of copper processed (in kilograms). Our designed capacity is derived from standardized labor assumptions, accounting for the manual processes involved. Specifically, we estimate our designed production capacity by simulating the average processing time required for representative workflows under standard annual working hours. Actual production output, on the other hand, is calculated based on the total weight of finished copper-based products recorded into inventory.

The following table sets forth the breakdown of our designed capacity, actual production output, and utilization rate during the Track Record Period:

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
Designed capacity ⁽¹⁾ (kg) . . .	1,391,500	1,268,625	1,518,750	1,227,366	953,480
Actual production output ⁽²⁾ (kg)	1,386,737	1,259,101	1,545,168	1,177,795	940,879
Utilization rate ⁽³⁾ (%)	99.7	99.3	101.7	96.0	98.7

Notes:

- (1) Calculated as the average number of production employees during the relevant period multiplied by standard annual working hours per worker multiplied by copper output per labor hour. Copper output per labor hour is derived from the standard processing time of representative workflows. Standard annual working hours are based on 250 days a year and eight working hours per day.
- (2) Based on the actual weight (kg) of finished copper-based cultural and creative products that were completed and recorded into inventory during the relevant period.
- (3) Utilization rate equals our actual production output divided by our design capacity.

During the Track Record Period, our production capacity utilization remained relatively stable at a high level. In the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our production capacity utilization rate was 99.7%, 99.3%, 101.7%, 96.0% and 98.7%, respectively. This reflects our ongoing efforts to refine process management, optimize labor deployment, and enhance production planning accuracy in response to fluctuating demand. The fact that our utilization rate slightly exceeded 100% in 2024 demonstrates our ability to meet strong consumer demand through intensified operational scheduling and temporary productivity enhancements. Our future plans of enhancing our production capacity aim to enable us to accommodate future growth in demand, mitigate delivery delays, and preserve product quality and brand reputation. The utilization rate slightly increased for the nine months ended September 30, 2025 to 98.7%. The increase in our production efficiency was directly linked to our strategy of synergistic optimization and more focused labor deployment. By outsourcing non-core, low-value processes, the internal workforce could concentrate on high-value production tasks, such as hand engraving and complex surface treatments. These improvements in labor specialization and the development of skilled craftsmanship have enabled faster production of similarly complex products, ultimately increasing the capacity utilization rate without requiring additional labor costs.

In addition, we plan to allocate approximately 24% of the net proceeds from the Global Offering (equivalent to approximately HK\$100.3 million) to enhance our in-house production capacity and improve alignment between demand forecasting and manufacturing output, thereby increasing fulfillment agility and supporting long-term product availability. Our planned additional design capacity is approximately 680,000 kg, making the total design capacity reaching 2.2 million kg after the expansion. For more details, please refer to “Future Plans and Use of Proceeds — Enhance Production Capacity and Fulfillment Agility” in this prospectus.

Our production workforce is structured into three tiers: workers, technicians, and management. Personnel at the technician level are classified as skilled craftsmen, responsible for supervising production quality, executing technically demanding processes, and mentoring junior staff through daily on-site apprenticeship. We define a “skilled craftsman” as a production-line technician who has worked continuously in the same role at our company for 12 months or longer. These individuals are typically responsible for complex and high-precision processes, including wax model sculpting, hand engraving, precision welding, patina application, and final surface finishing. Their accumulated experience and craftsmanship are essential to ensuring product consistency and the preservation of our artistic identity. To support workforce stability and facilitate skills transmission, we operate a structured apprenticeship program and internal promotion pathway. We believe this model is critical to maintaining the depth and continuity of our production capabilities.

While the cultural and creative product industry is generally characterized by structural reliance on skilled artisans, due to the high degree of manual involvement in traditional processes, we do not consider ourselves to be materially or structurally reliant on individual skilled craftsman. During the Track Record Period, we employed approximately 271, 379, 421 and 479 skilled craftsmen as of the end of 2022, 2023 and 2024 and September 30, 2025, respectively, accounting for approximately 29.6%, 38.7%, 50.8% and 54.2% of our total production workforce in each year/period. These skilled craftsmen are primarily responsible for process-intensive procedures such as engraving, polishing, and detailed hand-painting. While these techniques require dexterity and visual judgment, they have been modularised into narrowly defined, standardized process steps that enable effective task segmentation and scalable training.

Our in-house process design enables us to train and deploy entry-level workers with no prior experience in metal crafts. Under our structured apprenticeship model, new hires typically undergo one to three months of intensive hands-on training and mentorship before they are able to independently perform their assigned process segments. Each production-stage worker focuses on one or a few clearly defined steps within the production chain, which significantly reduces the skills acquisition threshold as compared to traditional end-to-end craftsmanship models. We also operate a structured evaluation and role adaptation mechanism. Each year/period, we intentionally recruit a surplus number of new production trainees, and observe their aptitude through a focused training cycle. For example, for certain burning and hand-painting positions in 2024, only approximately 20% to 30% of newly recruited workers remained in the same role by the end of the year. This outcome was in line with our internal planning and reflects a deliberate mechanism designed to assess and support new hires in adapting to specific job requirements. Through such structured training and allocation processes, we ensure effective role matching and reduce structural reliance on skilled craftsman. Once assigned to regular production, our skilled workers are compensated through a performance-based model linked to production output and quality. Experienced workers who consistently meet our standards can earn income that is above the regional average in the Yangtze River Delta area. This has contributed to our high level of employee satisfaction and operational stability.

As a result of our internal modularisation of processes, scalable training system, and regional labor supply advantages, we did not experience any material difficulty in recruiting or maintaining skilled production workers during the Track Record Period and up to the Latest Practicable Date. With the exception of short-term disruptions during the COVID-19 pandemic, we have consistently met our staffing needs through direct hiring and internal upskilling.

Our Outsourced Production

To supplement our in-house production capabilities, we engage in limited outsourced production focused on two specific areas: (i) the substantial production of our plastic toy line under the brand “Huanxi Xiaojiang (歡喜小將),” and (ii) the outsourcing of certain individual mechanical processes that rely on specialized industrial equipment. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our outsourcing costs accounted for 3.7%, 4.1%, 4.8%, 5.2% and 5.1% of our cost of sales, respectively. In particular, we selectively outsource certain intermittent or small-volume mechanical processes involving specialized industrial equipment, such as metal plating and stamping or press-forming, and in 2025 also outsourced the production of certain small entry-level copper-based cultural and creative products. We maintain stable relationships with multiple external manufacturers, and all outsourced products or processed components are subject to our quality inspection before being accepted into inventory or incorporated into our internal workflow, while final assembly and craftsmanship-intensive procedures remain strictly performed in-house.

Given the non-continuous nature of demand, we have determined that outsourcing is more cost-efficient than acquiring and maintaining dedicated machinery that would otherwise remain idle for extended periods. Outsourcing such processes allows us to maintain operational flexibility, avoid unnecessary fixed investment, and better match production with real-time demand.

Specifically, the individual mechanical processes we typically outsource include metal plating such as gold or silver electroplating, which is occasionally applied to selected products for decorative purposes, as well as stamping or press-forming (衝壓), such as shaping raw copper sheets into traditional ingot (sycee-shaped 元寶) forms, which are typically produced in batch cycles and do not require continuous production.

For our plastic toys, we are responsible for product design, prototype development and technical drawings, which are provided to qualified third-party manufacturers for production. Finished goods are delivered to us for quality inspection and accepted into inventory only if they meet our specifications. For selected metal-ware SKUs, we outsource certain discrete production steps involving specialized industrial processes that are not required on a recurring basis. These processes are performed by third-party processors in accordance with our technical specifications, and the processed components are inspected upon receipt before being incorporated into our internal workflow, while final assembly and craftsmanship-intensive procedures remain performed in-house.

OUR CRAFTSMANSHIP AND MANUFACTURING

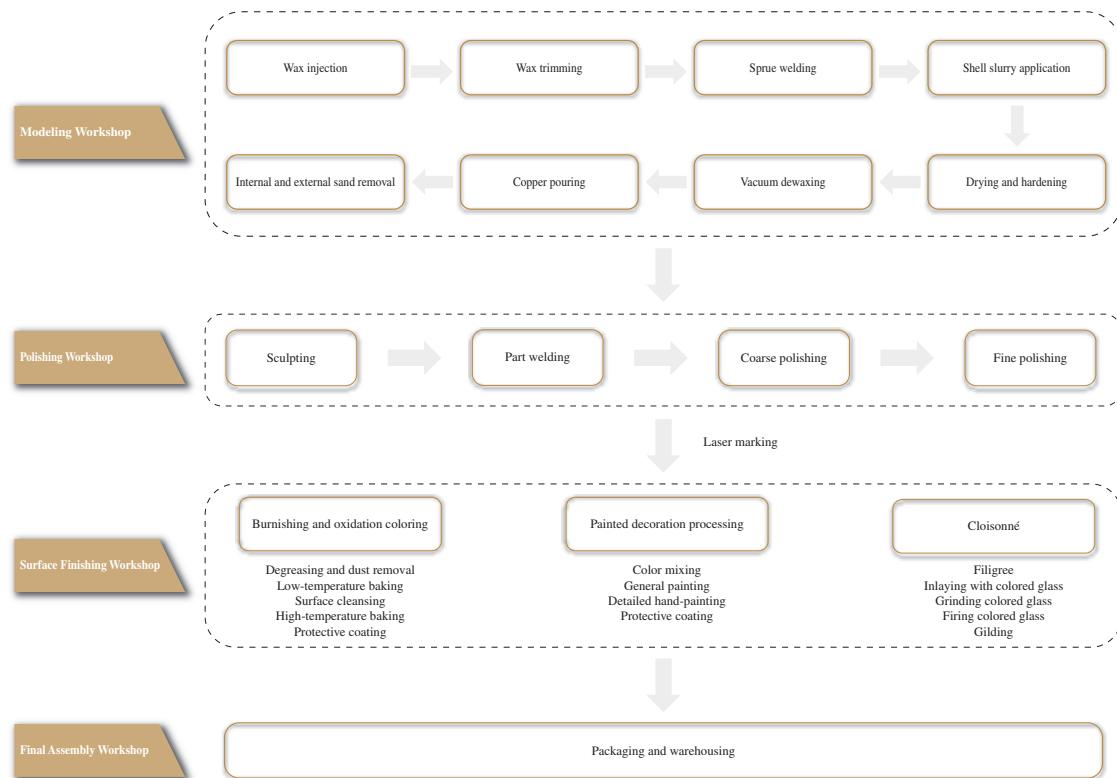
Our manufacturing process is based on the integration of traditional Chinese craftsmanship and modern process refinement, enabling us to deliver culturally meaningful and artistically intricate works at scale.

All raw materials, including copper and other metallic inputs, undergo mandatory quality inspection upon delivery but prior to warehouse entry. Each batch is subject to visual, dimensional and purity checks conducted by our quality inspection team. Only those materials that meet our internal standards are allowed to proceed into the production cycle.

Lost-Wax Casting Process

We use a traditional lost-wax casting method to produce our copper ornaments, combining centuries-old craftsmanship with modern workflow refinements. The entire process typically spans around 12 working days and involves four core workshops: modeling, polishing, surface finishing and final assembly.

The following diagram illustrates the key stages of our lost-wax casting process.



(i) Modeling workshop. The modeling workshop prepares the initial shapes of our copper-based cultural and creative products using the lost-wax casting method. The process includes wax injection (蠟模灌製) using injection equipment (射蠟機), wax model trimming (蠟模修整) and gating system welding (澆道焊接) to assemble wax models, followed by ceramic shell slurry application (蠟模黏漿) through repeated dipping. The ceramic shells then undergo vacuum dewaxing (真空脫蠟) and drying and hardening (乾燥硬化) using automated equipment, preparing the moulds for copper pouring (銅水澆鑄).

(ii) Polishing workshop. The polishing workshop focuses on post-casting cleanup and surface refinement. After copper pouring and internal and external sand removal (內外清砂), each piece undergoes staged manual processing, including part welding (配件焊接) where necessary, as well as coarse and fine polishing, to remove residues, refine shape details and achieve the required surface smoothness for subsequent decoration.

(iii) Surface finishing workshop. The surface finishing workshop completes decorative and visual effects according to the intended design, including burning and oxidation coloring (燒色), painted decoration processing (手繪相關工序) and cloisonné enamelling (景泰藍). Burning generally involves degreasing and dust removal, low- and high-temperature baking, surface cleansing and protective coating; painted decoration processing includes color mixing, general painting, detailed hand-painting and protective coating; and cloisonné includes filigree, colored glass inlay, grinding, firing and gilding. These steps are craftsmanship-intensive and require close control over color, texture and ornamentation, with inspections conducted during and after decoration.

(iv) Final assembly workshop. The final assembly workshop installs functional accessories and completes final checks, packaging and warehousing. Components are assembled manually, with necessary adjustments or reinforcements to ensure durability and alignment before final packing.

We categorize each step in our production process based on whether it is primarily manual or machine-based, taking into account the level of automation and the extent to which the final outcome depends on artisan skills. A process is considered “manual” when it involves direct operation by personnel and requires a high degree of craftsmanship, even if certain machinery is used to assist. Conversely, a process is considered “machine-based” when it is carried out by equipment that performs the task with limited reliance on human skill.

In the lost-wax casting process, machine-based procedures include wax injection, vacuum dewaxing, and drying and hardening, which are conducted using equipment designed to ensure stable output and production efficiency. The subsequent steps, such as wax model trimming, gating system welding, ceramic shell application, copper pouring, sand removal, welding of components, polishing, and final surface finishing, are primarily completed by hand and rely heavily on our artisans’ expertise in achieving the desired artistic effect and quality.

Quality control is embedded throughout the process via multiple checkpoints, including incoming material inspection and in-process inspections. For copper-based products produced through the lost-wax casting process, key inspection points include molten copper pouring, precision polishing, and surface treatment stages such as coloring, hand-painting and cloisonné.

Copper Engraved Artwork Process

Copper engraved artworks are created through a detailed process that combines traditional hand engraving with supportive modern tools. Our pieces are primarily carved by skilled artisans who work directly on copper plates. The process emphasizes precision, patience, and artistic vision, with each piece gradually developed through layers of manual sculpting.

The following diagram summarizes our standard copper engraving process, from raw copper cutting to final packaging.



Production of copper engraved artworks begins with cutting and preparing copper plates into the required size and shape. These copper panels are polished to remove oxidation and impurities, creating a clean surface for engraving. Our team then maps out the composition, determining subject matter, proportion, and line structure. The visual detail, including contours, texture, and layered depth, is carved entirely by hand. Finally, each finished piece is mounted onto a custom frame or backing board, inspected for consistency and craftsmanship, and carefully packaged for delivery.

Based on our standard workflow, the entire copper engraved artwork process involves four primary stages: the laser cutting typically takes around three days, the surface preparation around nine days, and the main engraving process approximately nine and a half days. The first three stages can be carried out concurrently, after which final assembly and warehousing require an additional two days. As a result, the total production cycle usually spans approximately 11.5 days.

As for our copper engraved artworks, while certain steps such as laser cutting and surface preparation are machine-based, the key production stages, namely composition design, hand engraving of decorative lines, mounting, and final packaging, are all carried out manually.

For copper engraved artworks, quality control is primarily performed during and after the manual engraving stage, focusing on the accuracy, depth and consistency of engraved lines.

Quality Control and Manufacturing Excellence

We place significant emphasis on quality control throughout our production process to ensure that each product meets our standards of craftsmanship, functionality and aesthetic presentation in line with our brand positioning. Given the non-standardized, design-driven nature of our products, each SKU is developed with detailed technical and quality specifications that are applied and monitored across the production lifecycle.

Quality control begins with raw material inspection using protocols differentiated by material type. For brass and bronze, we assess alloy composition ratios, with samples from each incoming batch analyzed by spectrometry against our internal specifications. For electrolytic copper, we verify purity against our procurement standards. Copper sheets are inspected for flatness, surface condition and thickness consistency, and other metal and non-metal components are subject to visual and physical checks based on applicable design requirements. Only materials that meet our standards are released for production, and deviations may result in supplier notification or batch rejection.

During production, quality control is embedded across key handcrafted and semi-automated stages, including forming, shaping, carving, polishing, surface finishing, coloring and assembly. Inspections are conducted against approved technical drawings and visual specifications, focusing on conformity with intended shape, surface detailing and overall presentation. Intermediate inspection results are recorded and traceable.

Each finished product undergoes final inspection prior to packaging, including verification against SKU-specific standards, review of engravings, inscriptions and decorative elements, functional checks where applicable, and screening for surface defects. Only products that pass all inspection stages are approved for shipment, with batch-level records traceable to the relevant production stage and workshop personnel.

We maintain a comprehensive quality documentation system, comprising inspection reports, defect logs, and feedback records. Continuous improvement is conducted based on production data, customer feedback, and updated standards, ensuring that our products reflect not only traditional artistic excellence but also disciplined quality management.

SALES AND MARKETING

We have established a comprehensive multi-channel sales network that integrates direct sales, distribution partnerships, and consignment arrangement. This diversified approach enables us to reach a broad customer base, from collectors and art enthusiasts to younger consumers.

BUSINESS

The following table sets forth our revenue by overall online sales and offline sales during the Track Record Period:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Online sales	410,780	81.7	414,994	82.0	455,070	79.7	317,100	78.9	363,447	81.2
Offline sales	92,405	18.3	91,389	18.0	116,118	20.3	85,255	21.1	84,225	18.8
Total	503,185	100.0	506,383	100.0	571,188	100.0	402,355	100.0	447,672	100.0

The following table sets forth our revenue of product sales by sales channel during the Track Record Period:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Direct sales										
Online direct sales	355,392	70.6	353,977	69.9	402,889	70.5	278,823	69.3	317,286	70.9
Offline direct sales	3,648	0.7	3,624	0.7	17,627	3.1	10,940	2.7	21,573	4.8
Other direct sales	12,805	2.5	13,354	2.6	17,761	3.1	12,556	3.1	12,279	2.7
Subtotal	371,845	73.8	370,955	73.2	438,277	76.7	302,319	75.1	351,138	78.4
Distribution partnerships										
Online distributors	51,842	10.3	47,027	9.3	37,996	6.7	30,656	7.6	25,951	5.8
Offline distributors	75,952	15.1	74,342	14.7	78,986	13.8	60,781	15.1	48,673	10.9
Subtotal	127,794	25.4	121,369	24.0	116,982	20.5	91,437	22.7	74,624	16.7
Consignment arrangement										
Consignment arrangement	3,546	0.8	14,059	2.8	15,929	2.8	8,599	2.2	21,910	4.9
Total	503,185	100.0	506,383	100.0	571,188	100.0	402,355	100.0	447,672	100.0

For further details of the trend discussion, please refer to the section headed “Financial Information – Description of Selected Components of Statements of Profit or Loss – Revenue – Sales Channel” in this prospectus.

The following table sets forth our gross profit and gross profit margin of product sales by sales channel during the Track Record Period:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Direct sales										
Online direct sales	126,525	35.6	126,598	35.8	155,167	38.5	109,827	39.4	117,637	37.1
Offline direct sales	1,422	39.0	1,291	35.6	7,477	42.4	4,636	42.4	8,927	41.4
Other direct sales	4,590	35.8	4,706	35.2	6,135	34.5	4,794	38.2	4,143	33.7

BUSINESS

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Distribution partnerships										
Sales to online distributors	13,899	26.8	12,211	26.0	10,323	27.2	8,190	26.7	6,566	25.3
Sales to offline distributors	14,472	19.1	13,484	18.1	16,169	20.5	12,262	20.2	8,980	18.4
Consignment arrangements	<u>1,320</u>	<u>37.2</u>	<u>5,919</u>	<u>42.1</u>	<u>6,814</u>	<u>42.8</u>	<u>3,688</u>	<u>42.9</u>	<u>7,354</u>	<u>33.6</u>
Total	<u>162,228</u>	<u>32.2</u>	<u>164,209</u>	<u>32.4</u>	<u>202,085</u>	<u>35.4</u>	<u>143,397</u>	<u>35.6</u>	<u>153,607</u>	<u>34.3</u>

The following table sets forth our sales volume and ASP of our products by sales channel during the Track Record Period:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	Units	RMB	Units	RMB	Units	RMB	Units	RMB	Units	RMB
Direct sales										
Online direct sales	998,770	355.8	1,016,364	348.3	1,209,487	333.1	772,790	360.8	1,077,307	294.5
Offline direct sales	7,563	482.4	9,450	383.5	65,431	269.4	43,728	250.2	66,158	326.1
Other direct sales	36,019	355.5	52,966	252.1	73,310	242.3	39,127	320.9	65,788	186.6
Distribution partnerships										
Sales to online distributors	127,141	407.8	127,462	369.0	122,046	311.3	91,551	334.9	88,726	292.5
Sales to offline distributors	209,802	362.0	206,684	359.7	201,858	391.3	143,425	423.8	144,107	337.8
Consignment arrangements	<u>12,695</u>	<u>279.3</u>	<u>38,920</u>	<u>361.2</u>	<u>70,700</u>	<u>225.3</u>	<u>43,329</u>	<u>198.4</u>	<u>90,080</u>	<u>243.2</u>
Total	<u>1,391,990</u>		<u>1,451,846</u>		<u>1,742,832</u>		<u>1,133,950</u>		<u>1,532,166</u>	

During the Track Record Period, our gross profit and gross profit margin by sales channel broadly moved in line with changes in (i) pricing actions, and (ii) sales volume and ASP dynamics driven by channel and product mix. In particular, the improvement in 2024 was partly attributable to a pricing adjustment implemented across sales channels at the beginning of the year, while the subsequent period-to-period movements mainly reflected mix shifts, including SKU miniaturization and channel expansion.

Online direct sales. Our online direct sales remained our largest channel. Gross profit increased from RMB126.5 million in 2022 to RMB155.2 million in 2024, and was RMB117.6 million for the nine months ended September 30, 2025. Gross profit margin was stable at 35.6% to 35.8% in 2022 and 2023 and increased to 38.5% in 2024, mainly due to the higher pricing structure applied to newly launched products while older inventory and clearance products were not repriced. In contrast, ASP decreased from RMB355.8 in 2022 to RMB333.1 in 2024, while sales volume increased from 998,770 units to 1,209,487 units, reflecting a gradual shift toward smaller, more affordable SKUs that increased purchase frequency but diluted ASP. As a result, in 2024 the margin

uplift from pricing and operating leverage outweighed ASP dilution, whereas in the nine months ended September 30, 2025 gross profit margin decreased to 37.1% alongside a lower ASP of RMB294.5, primarily reflecting product mix and promotional dynamics during the period.

Offline direct sales. Our offline direct sales showed a different but internally consistent pattern: as our store network expanded, sales volume increased sharply from 9,450 units in 2023 to 65,431 units in 2024, while ASP decreased from RMB383.5 in 2023 to RMB269.4 in 2024 because the expanded footprint beyond premium Hangzhou locations attracted a broader customer base and increased the proportion of smaller and more affordable SKUs sold in-store. Despite this ASP dilution, gross profit increased from RMB1.3 million in 2023 to RMB7.5 million in 2024, and gross profit margin rose to 42.4% in 2024, primarily because offline sales benefited from scale-up in store productivity and a relatively favorable margin profile for in-store sales. For the nine months ended September 30, 2025, gross profit increased to RMB8.9 million and gross profit margin remained high at 41.4%, while ASP rebounded to RMB326.1, reflecting changes in store-level sales composition as the retail network matured.

Distribution partnerships and consignment arrangements. For our sales to online distributors, both gross profit and ASP declined over time, largely in line with overall SKU miniaturization and our evolving channel mix. For sales to offline distributors, gross profit margin improved to 20.5% in 2024 mainly due to a higher proportion of Tai Tong sales with a more favorable pricing and margin profile, which also explains why ASP for offline distributors increased to RMB391.3 in 2024. For consignment arrangements, gross profit increased from RMB1.3 million in 2022 to RMB6.8 million in 2024 as the channel scaled with sales volume rising to 70,700 units in 2024, while gross profit margin remained above 40% in 2023 and 2024; however, gross profit margin decreased to 33.6% for the nine months ended September 30, 2025, primarily due to the lower margin associated with the trial operation of our Douyin consignment store, notwithstanding higher gross profit of RMB7.4 million and higher sales volume of 90,080 units during the period.

Channel Management and Risk Control

We operate through both online and offline sales channels, encompassing three sales models: direct sales, distributorship and consignment. Our direct sales channels comprise offline self-operated stores and online flagship stores on major e-commerce platforms. Our distributors comprise offline distributors and online distributors operating their own storefronts. In addition, we engage selected consignment partners. We have adopted a series of internal measures to manage potential risks of cannibalisation and channel stuffing.

We primarily follow a buyer-seller distributorship model, where the distributors purchase products from us and subsequently handle the sales on their own. Beyond pricing control and channel/territory restrictions, we do not typically impose restrictions or supervise the distributors' subsequent actions. We believe that our distributors have their own channels and capabilities to manage sales. Distributors, in turn, are generally unwilling to be under strict supervision, as they fear it may interfere with their sales channels and limit their ability to operate independently.

Measures to manage cannibalisation risk

We operate through both online and offline sales channels and have implemented measures to manage and mitigate cannibalisation risk, based on the principle that each channel serves a distinct purpose and customer base. Our online channels focus on broad reach through major e-commerce platforms, while our offline channels emphasize physical product experience and brand presentation, particularly for our core copper-based cultural and creative products and gold products.

For online channels, we diversify our presence across platforms to target different customer segments and reduce internal overlap within any single platform. We also plan to gradually reduce reliance on online distributors and place greater emphasis on self-operated online stores, which enables more consistent customer experience and reduces the potential for internal competition within our online channel mix.

For offline channels, we conduct site evaluation and market research before opening self-operated or distributor stores to assess local demand potential and avoid oversaturation. We also regularly review the proximity between existing self-operated and distributor-operated stores to reduce the risk of store-to-store competition. Looking ahead, we intend to gradually increase the proportion of self-operated stores while optimizing the distributor network to strengthen brand control and improve operational efficiency. As of the Latest Practicable Date, we operated 36 offline self-operated stores and 63 offline distributor stores across approximately 50 cities, and the maximum number of stores in any single city was seven. We generally prioritize opening new stores in cities not yet served, rather than adding multiple stores in the same city in the near term.

We also maintain regular communication with distributors to monitor channel conditions, and distributors have not raised material concerns regarding cannibalisation within their territories or between online and offline channels. In addition, we apply unified retail pricing across channels and enforce channel and territorial restrictions to prevent cross-selling into others' territories or overlapping platforms, which reduces the incentive for internal price-based competition. While some consumers may complete purchases online after visiting offline stores, unified pricing and centralized allocation mean such "showrooming" does not undercut offline economics. We also manage product allocations across our channels to ensure that no single channel is overstocked or undersupplied, which could lead to one channel negatively impacting another. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material cross-channel cannibalisation incidents, and the impact on our historical revenue and gross margin was immaterial.

Given our current scale, we do not consider cannibalisation to be a material risk at present. As we continue to expand, we expect to manage cannibalisation primarily through unified pricing and ongoing monitoring, centralized production and warehousing with channel-level quantity control, and SKU-level allocation management, supported by continued site evaluation and proximity review for new stores.

Measures to manage channel stuffing risk

We have implemented a series of internal control measures to monitor sell-in and reduce the risk of channel stuffing across our sales channels. These measures vary by channel based on their sales patterns and fulfillment needs. For our distribution channels, inventory is managed under a different model based on distributor orders and channel arrangements as illustrated below.

We sell to distributors on a straightforward buyer-seller basis: distributors place purchase orders and generally pay upfront, and thereafter manage their own downstream sell-through within our channel, pricing and platform restrictions. We do not push shipments to distributors to meet internal sales targets or "make up numbers," nor do we require distributors to accept inventory in excess of their expected sales needs. With regard to the minimum purchase amount clause, the terms of our framework agreements stipulate that if a distributor fails to meet the agreed targets, we have the right to terminate the agreement without compensation. In practice, during the Track Record Period and up to the Latest Practicable Date, we did not force any distributor to over-purchase to satisfy such targets, and such arrangements were applied flexibly rather than coercively. Furthermore, we do not encourage stockpiling.

Although we do not directly supervise distributors' downstream inventory levels, we monitor potential inventory build-up through our order and communication practices. Our products generally update and iterate relatively quickly, and distributors typically place replenishment orders with us on a monthly basis. Because ordering frequency is relatively high, we are generally able to observe changes in distributors' order cadence, replenishment needs and product selection on an ongoing basis, which provides us with a practical basis to assess sell-through conditions and identify potential signs of slow-moving inventory. If a distributor's ordering pattern indicates weaker sell-through or possible inventory accumulation, we communicate with the distributor in a timely manner and may suggest more conservative ordering quantities, adjusted product mix or appropriate promotional measures to facilitate sell-through. In addition, our sales personnel conduct routine store visits at least once per month, during which they communicate with distributors

regarding store operations, sales performance, product movement and replenishment needs. These communications generally occur in the ordinary course of business on an ongoing basis, with monthly order placement serving as a key touchpoint, supplemented by store visits, operational exchanges and follow-up communications as needed. Through these interactions, we discuss matters such as how products are selling, whether certain SKUs are moving more slowly than expected, whether there are signs of inventory pressure, and whether adjustments to future procurement volumes or promotional arrangements would be appropriate. This helps us align supply with end demand and reduce the risk of excessive stockpiling at the distributor level.

Furthermore, our product returns are limited by policy and, for distributors, are generally permitted only for defective products. By channel, return rates remained low during the Track Record Period. Specifically, for online direct sales, our return rates were approximately 3.7%, 3.8%, 5.8% and 5.8% for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025, respectively; for offline direct sales, our product return rates were approximately 0.0%, 0.1%, 0.3% and 0.0% for the same years/periods; and for sales to distributors, our product return rates were approximately 0.00%, 0.02%, 0.01% and 0.02%, respectively, for the same years/periods. We settle with consignment partners on a net-sales basis and therefore do not maintain a return-rate metric for consignment.

Taken together, the foregoing commercial terms, our relatively frequent replenishment cycle, our regular communication and store visits, and the low historical return rates support our view that we had not experienced any material channel stuffing during the Track Record Period and up to the Latest Practicable Date. In addition, based on our channel experience, our products generally do not exhibit significant prolonged stagnation at the distributor level. In certain cases, when a product has already been discontinued from our own sales channels but limited distributor inventory remains available, such products may still be marketable as older or discontinued editions rather than becoming unsaleable inventory.

In addition, we manage channel stuffing risk through disciplined commercial terms and ongoing distributor engagement. Distributors are generally required to pay in advance, and under consignment arrangements we settle solely based on actual sales, which discourages speculative ordering that is disconnected from consumer demand. Consistent with this structure, returns are generally not permitted except for defective products, helping ensure that distributor inventory reflects actual sell-through rather than inflated sell-in volumes. We also maintain regular communications and feedback mechanisms with distributors to understand their operating status and sales performance and to align product supply with end-demand, enabling us to identify and address potential signs of excessive stockpiling in a timely manner. To the best of our knowledge, as of the Latest Practicable Date, we had not encountered any material incidents of excessive stockpiling.

Direct Sales

Direct sales allow us to directly engage with consumers and maintain control over branding, pricing, and customer experience. To maintain brand integrity, pricing policies are uniformly enforced across all offline and online sales channels.

In our direct sales channels, we manage inventory in a sales-driven manner to reduce the risk of inventory build-up. For online direct sales, we typically launch new products with a limited initial inventory and determine subsequent production and replenishment based on early sales performance. If demand is weaker than expected, we generally seek to adjust production at an early stage, often while the relevant products are still in semi-finished form, so as to limit the build-up of unsold finished goods inventory. For our offline direct sales through self-operated stores, we maintain a separate inventory pool based on store operating needs and may reallocate inventory between online and offline direct sales channels based on actual sales performance and turnover. Where limited aged inventory arises, we generally seek to clear it through promotional or discounted sales, bundling or other inventory clearance measures.

Online Direct Sales

We operate online flagship stores on major e-commerce platforms such as Tmall, JD.com, and Douyin, each serving as a key digital touchpoint with our consumers. These online flagship stores are directly operated by us and offer the most comprehensive selection of our products across all categories and price ranges. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue generated through online direct sales amounted to RMB355.4 million, RMB354.0 million, RMB402.9 million, RMB278.8 million and RMB317.3 million, respectively, representing approximately 70.6%, 69.9%, 70.5%, 69.3% and 70.9% of our total revenue for the same years/periods.

We enter into standardized cooperation agreements with e-commerce platforms to operate online flagship stores under our brand. These agreements are typically entered into with platform operators and govern the operation, promotion, transaction settlement, and compliance obligations of our online storefronts. While the specific terms may vary, the salient terms generally include the following:

- *Commission arrangements:* We pay the platform operators a fixed commission based on a percentage of transaction value. Commission rates vary by product category, promotional participation, and other platform-specific metrics. Commission fees are generally deducted by the platforms on a real-time basis per transaction. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, our fixed commission fees represented approximately 3.1% to 5.9% of the relevant transaction value.
- *Marketing and traffic services:* In addition to commission fees, we purchase digital advertising and promotional services to enhance store visibility and traffic conversion. These include traffic packages, keyword bidding, and promotional campaigns. In many cases, participation requires reaching minimum spend thresholds and is structured around pay-for-performance or fixed-budget models. Marketing and traffic service fees are typically settled either in advance, upon confirmation of budget, or after completion based on performance metrics, depending on the type of service. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, our marketing and traffic services fees (including traffic packages, keyword bidding and campaign-based traffic purchases) represented approximately 3.5% to 9.9% of the relevant transaction value. These percentages are calculated from amounts actually settled by the platforms (which may vary by platform, product category, promotional participation and other platform-specific metrics).
- *Operational compliance:* We are required to comply with each platform's rules on product listings, pricing, logistics, customer service, data use, and consumer protection. The platforms may impose penalties, downgrade visibility, or suspend services in cases of non-compliance, such as delivery delays, excessive customer complaints, or violations of product authenticity and safety standards. We have established internal teams to oversee and ensure ongoing compliance.
- *Data access and privacy:* Each platform retains ownership of customer and transaction data. We are granted limited access to backend analytics for operational and marketing optimization purposes. Our use of such data is subject to each platform's privacy policies and data usage protocols.
- *Term and termination:* These agreements are generally for fixed terms and subject to renewal upon mutual consent and performance review. Either party may terminate the agreement under predefined circumstances, such as material breach or reputational harm.

We consider these arrangements to be in the ordinary course of business and on normal commercial terms. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disputes, enforcement actions, or operational disruptions in connection with these cooperation agreements.

Our in-house e-commerce operations team is responsible for store management, including product display optimization, inventory and pricing management, customer engagement, and promotional execution. We actively leverage digital tools and platform analytics to tailor our marketing and campaign strategies by channel and consumer segment.

Live-streaming commerce is an integral component of our online direct sales strategy. We rely predominantly on our in-house team of live-streamers and content creators. Our in-house live-streamers possess deep familiarity with our products, craftsmanship techniques, and brand philosophy, which enables them to effectively convey the artistic value, symbolic significance, and cultural value embedded in our offerings. Through daily live-streams and curated special sessions on Tmall, JD.com, and Douyin, we engage with customers in real time, providing detailed product demonstrations, storytelling, and personalized recommendations.

Offline Direct Sales

As of September 30, 2025, we operated 18 self-operated stores strategically located in high-traffic commercial areas across new tier-one and tier-two cities in China. These stores serve as both premium retail outlets and immersive brand experience centers, featuring interactive product displays, live craft demonstrations, and limited-time exhibitions that communicate the cultural depth and artistic value of our brand. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue generated through offline direct sales amounted to RMB3.6 million, RMB3.6 million, RMB17.6 million, RMB10.9 million and RMB21.6 million, respectively, representing approximately 0.7%, 0.7%, 3.1%, 2.7% and 4.8% of our total revenue for the same years/periods.

Self-operated store locations and movements

Our site selection process prioritizes visibility, customer traffic, and brand alignment. We target commercial complexes with high footfall, favorable brand adjacency, and proximity to affluent residential or cultural districts. Other key criteria include leasing terms, layout flexibility for experience zones, and regional economic vitality. As of the Latest Practicable Date, our self-operated stores were located in core commercial districts of cities such as Hangzhou, Suzhou, Chengdu, Wuhan and Chongqing.

In 2022, we operated only two self-operated stores, both located in Hangzhou. Our first self-operated store, situated in the Xihu District of Hangzhou, commenced operations in 2020 and was closed in December 2022 upon the expiration of its lease. In 2023, we adjusted our offline store network in Hangzhou by closing our original Hangzhou Tower store and opening a new store at a different location within Hangzhou Tower. And we opened another store in Hangzhou North MixC in November 2023. In 2024, we accelerated our offline expansion and newly opened seven self-operated stores, extending our presence to new tier-one, tier-two, and tier-three cities. These new stores are located in Chengdu, Hefei, Changzhou, Wuhan, Suzhou and Chongqing. As of the Latest Practicable Date, we had in total 36 self-operated stores in the PRC, covering 18 cities, consist of Beijing, Shanghai, Hangzhou, Nanjing, Suzhou, Changsha, Changzhou, Chengdu, Chongqing, Wuhan, Hefei, Nanchang, Ganzhou, Zhengzhou, Quanzhou, Yichang, Yantai and Shenzhen.

Our self-operated stores are generally located within high-traffic shopping malls and range in size from approximately 50 to 200 square meters. Each store is designed as an immersive experience, featuring curated product displays, thematic exhibitions, and live craft demonstrations that reflect our brand's artistic identity. Each self-operated store is designed to function as a cultural space rather than a traditional retail point. Store interiors emphasize immersive experiences through curated installations, limited-edition releases, and seasonal exhibitions inspired by traditional and contemporary cultural themes.

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As of the Latest Practicable Date, all of our self-operated stores were operated under lease arrangements, except for one self-operated store located in Hangzhou Tower, which operates under a concession agreement. We typically enter into lease agreements with shopping malls or commercial property owners, whereby we lease dedicated retail spaces within high-footfall shopping centers. The following sets forth a summary of the salient terms of our lease agreements for our self-operated stores:

Our self-operated stores are typically operated under lease agreements with shopping malls or commercial property owners, pursuant to which we lease retail spaces within shopping centers. These leases generally have terms of two to three years and are typically renewable upon mutual agreement. The rent structure usually comprises a fixed base rent and, in some cases, additional management fees or shared utility costs, with payments made monthly or quarterly in advance. We are typically required to pay a refundable deposit equivalent to approximately four to five months' base rent. Early termination rights are generally limited and are typically triggered only by circumstances such as force majeure or material breach. Under these arrangements, we are responsible for store interior decoration and maintenance in accordance with mall guidelines, and the agreements generally restrict subleasing.

In addition to the lease arrangements described above, our store located in Hangzhou Tower operates under a concession agreement. Concession agreements typically involve variable commercial terms tied to store performance and give the mall greater involvement in daily sales administration. Pursuant to the concession agreement, which has a term of one year and is subject to annual renewal, we pay the mall a monthly commission of 10.5% of actual sales, subject to a minimum monthly sales threshold of RMB2.5 million. In addition to the commission, we are also required to pay a monthly management fee equivalent to 2.5% of the higher of the actual sales or the deemed sales amount. Payment for each month is settled in the following month. Furthermore, advertising and promotional fees during the contract period are capped at an aggregate amount of RMB8,000. And we also pay a handling fee of 0.8% of the total amount of payments made via credit cards at the store to the mall as financial service charges.

Store management and operations

All self-operated stores operate under a centralized management framework administered by our headquarters and regional supervisors. Each store is staffed with a manager and at least two sales associates, depending on floor area. Sales personnel are typically young adults with demonstrated interest in Chinese culture and craftsmanship. New employees undergo a structured onboarding program, covering product knowledge, brand history, selling techniques, and in-store operations. Training materials are provided through digital learning kits, store playbooks, and peer-to-peer guidance.

In-store behavior and presentation are governed by strict operational standards. These include uniform dress codes, daily team briefings, posture protocols, and standardized greeting scripts. Employees are also assessed on their ability to articulate product narratives, including craftsmanship techniques, symbolic meaning, and collection themes. We employ customer feedback mechanisms and periodic store audits to evaluate performance.

To maintain operational discipline and efficiency, each store is equipped with a real-time digital inventory management system, covering inbound/outbound records, stock alerts, and automated replenishment. Inventory is subject to monthly physical audits. Store visuals, hygiene, display logic, and customer circulation routes are inspected regularly by the retail inspection team to ensure corporate alignment.

Retail and after-sales process

Our retail and after-sales workflows follow a standardized format across all stores. Purchases are processed through centralized POS machines with immediate sales data syncing. After-sales services include a seven-day return and exchange policy subject to quality checks and

product condition. In-store and mail-in returns are both supported. Products with confirmed quality issues are eligible for free repair or replacement. Returns due to consumer handling or secondary damage are serviced for a fee. Store staff are trained to guide consumers through maintenance instructions, handling protocols, and cultural practices relevant to specific product types (e.g., religious or symbolic pieces).

Our self-operated stores also serve as nodes for local community engagement, including private workshops, member events, and social media interaction. Each store is encouraged to build “Copper Fan” groups via WeChat and cultivate localized engagement through group raffles, auction events, and early access campaigns. These initiatives help enhance consumer stickiness, deepen cultural education, and foster brand loyalty beyond transactional interactions.

Other Direct Sales

This category comprises other direct sales conducted by the Group to both institutional and individual customers. Institutional customers comprise enterprises, governmental entities, and other organizations purchasing our products tailored for particular festivals, events, or promotional activities. For instance, one institutional client ordered approximately 1,000 copper ornaments themed for the Year of the Dragon. Another example involves an industrial manufacturing company that commissioned over 200 customized Iron Man copper ornaments engraved with its corporate name. Individual customers, on the other hand, typically place orders for relatively high-value single items or small batches. These transactions are usually completed upon the customer’s order placement and payment, as documented in the purchase order and receipts. Examples of products purchased by individual customers under such special order arrangements include copper ornaments such as “Transformers” with unit prices exceeding RMB9,999. Such transactions often involve bespoke product specifications tailored to the needs and preferences of the customer, including commemorative gifts, awards, culturally themed custom pieces, or personalized products. Revenue from other direct sales is recognized when the products are delivered to the customer’s designated location. Payment terms vary depending on the specific customer and contract terms, but generally do not exceed 30 days from the date of delivery.

Distribution Partnership

To expand our market coverage beyond self-operated retail channels and direct sales, we have developed a multi-channel distribution network comprising both online and offline distribution partners. Our distributors operate under a buyout model, whereby they purchase inventory upfront and independently manage sales within authorized channels and territories.

We primarily distribute our products through distributors under distribution agreements with typical durations of one year. Under our distribution agreements, product liability allocation is clearly defined; distributors assume responsibility for product losses, damages, or obsolescence after goods are handed over to their designated carriers. We generally receive full payments in advance from distributors prior to delivery, except for selected distributors granted a credit term of 30 to 60 days from the date of delivery. During the Track Record Period and up to the Latest Practicable Date, we did not appoint any sub-distributors, nor did we provide sales rebates, which is consistent with industry practice. During the Track Record Period, our distribution revenue amounted to RMB127.8 million, RMB121.4 million, RMB117.0 million, RMB91.4 million and RMB74.6 million for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, accounting for 25.4%, 24.0%, 20.5%, 22.7% and 16.7% of our revenue for the same years/periods.

Online Distribution

We collaborate with a select group of authorized online distributors who operate independent storefronts across major e-commerce platforms in China. As of September 30, 2025, we had six authorized online distributors operating six independent online storefronts, primarily on Taobao and JD.com. These distributors operate under a buy-out arrangement and maintain commercial and operational independence from us.

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The table below sets forth the movement of our PRC online distributors for the periods indicated. Furthermore, we did not have any international online distributors during the Track Record Period and up to the Latest Practicable Date.

	For the year ended December 31,			For the nine months ended September 30, 2025	From September 30, 2025 to the Latest Practicable Date
	2022	2023	2024		
Number of online distributors at the beginning of the year/period	7	7	7	7	6
Number of new online distributors	0	0	0	0	0
Number of withdrawn online distributors	0	0	0	(1)	0
Number of online distributors at the end of the year/period	7	7	7	6	6
	=	=	=	=	=

The single withdrawal of an online distributor during the nine months ended September 30, 2024 primarily resulted from the distributor's internal business adjustment.

The online distributors as set out above refer to our domestic distributors within the PRC during the Track Record Period. In 2025, we commenced trial cooperation with two overseas online distributors as part of our international market expansion. One was granted the right to operate online storefronts targeting customers in Europe and the United States, while the other was authorized to conduct online distribution in Singapore. These trial arrangements represent our initial step in exploring cross-border online sales through authorized distributors.

Under the online distribution model, revenue is recognized when control of goods is transferred to the distributor, either upon delivery to a designated location or the distributor's chosen carrier. Payment is generally settled through advance payment or on credit terms of up to 30 days, as specified in the distribution contract.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue generated from our online distribution model amounted to RMB51.8 million, RMB47.0 million, RMB38.0 million, RMB30.7 million and RMB26.0 million, respectively, accounting for 10.3%, 9.3%, 6.7%, 7.6% and 5.8% of our total revenue for the respective years/periods.

All online distribution agreements are non-exclusive, and distributors are contractually required to adhere to our pricing policies, visual merchandising standards, and brand positioning guidelines. Salient terms of our online distribution agreements include:

- *Scope of authorization:* Online distributors are authorized to sell approved products exclusively through designated online stores on e-commerce platforms. Cross-platform sales or resale outside the approved channels are contractually prohibited.
- *Sales pricing alignment:* Online distributors are contractually required to maintain pricing consistency with our own online self-operated stores for identical SKUs. Price dumping, unauthorized discounting, or inconsistent promotional pricing are explicitly prohibited.
- *Minimum purchase commitment:* Distributors are required to meet a minimum annual procurement target, which is negotiated and determined by the city tiers, store locations, and other relevant factors. If a distributor fails to meet the quarterly targets for two consecutive quarters, we have the right to unilaterally terminate the agreement without any obligation for compensation. During the Track Record Period and up to the Latest Practicable Date, we have never forced any distributor to over-purchase in order to meet the minimum purchase amount.

- *Purchase and payment terms:* Online distributors operate under a buyout model with upfront payment requirements. Products are supplied at a distributor price as set out in our official price lists. The distributor must pay in full before goods are dispatched.
- *Brand usage and visual identity:* The use of our trademarks, product images, and promotional materials must strictly follow our branding guidelines. Distributors are not allowed to use our IP outside the approved scope without prior written consent.
- *Termination rights:* We reserve the right to unilaterally terminate the agreement if a distributor engages in cross-platform sales, infringes our intellectual property, fails to meet minimum purchase targets for two consecutive quarters, or engages in conduct detrimental to our brand image.

Offline Distribution

We collaborate with regional offline distributors to expand our retail footprint and reach customers in areas where we do not operate self-operated stores. Our offline distribution network primarily targets new tier-one, tier-two and tier-three cities in China, as well as select overseas markets where localized expertise and logistical constraints make the distributor model more effective. Revenue from offline distributors is recognized at the point when control of goods transfers upon handover to distributors' designated carriers.

As of the Latest Practicable Date, we engaged one offline distributor in Taiwan, who operated one offline distributor store. Although the Taiwan distributor was authorized to sell both online and offline, it primarily operated through a physical retail store and is therefore classified as an offline distributor for disclosure purposes. We previously cooperated with one offline distributor in the U.S. under a distributorship arrangement that commenced in 2023 and expired prior to the Latest Practicable Date without renewal. Products sold through our Taiwan and U.S. distributors during the Track Record Period were primarily based on our self-developed IPs. In Taiwan, we also sold a limited number of licensed IP products to the extent the relevant licenses covered Taiwan, while in the U.S., licensed IP products were sold only where the relevant licenses covered the U.S. Our offline distributors in the PRC and Taiwan typically operate exclusive branded stores that sell only our products, whereas the former U.S. distributor operated a non-exclusive retail store that also carried third-party products.

Our distributor-based retail strategy is particularly suited for regions where direct store operation would be cost-prohibitive or logistically inefficient. Compared to our self-operated stores, the distributor model offers scalability, localized customer engagement, and reduced capital expenditure. In overseas markets where cross-border logistics, after-sales servicing, and product localization are more challenging, we rely exclusively on offline distributors. As our products are handcrafted, relatively heavy, and culturally specific, local distribution partnerships allow us to manage operational risks and improve delivery efficiency. In regions such as Taiwan, our products are sold exclusively through authorized offline distributors, who oversee retail operations, localized marketing, and basic after-sales support.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue generated from our offline distribution model amounted to RMB76.0 million, RMB74.3 million, RMB79.0 million, RMB60.8 million and RMB48.7 million, respectively, accounting for 15.1%, 14.7%, 13.8%, 15.1% and 10.9% of our total revenue for the respective years/periods.

Our offline distribution model is based on single-distributor authorization within defined geographic territories. As of September 30, 2025, we had 53 authorized offline distributors in the PRC operating a total of 63 stores. These distributors are located across East China, South China, and North China.

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Each distributor is required to open and operate at least one designated physical retail store situated in a high-traffic commercial location, such as a premium shopping mall or cultural landmark complex. Store openings must take place within 90 days of contract signing, subject to a pre-opening inspection to ensure compliance with our brand design blueprint and operational standards. Distributors are strictly prohibited from opening additional outlets or engaging in online sales without prior written approval. Any unauthorized expansion or online sales constitutes a material breach and may lead to immediate termination and forfeiture of the security deposit.

The table below sets forth the movement of our PRC offline distributors for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30, 2025	From September 30, 2025 to the Latest Practicable Date
	2022	2023	2024		
Number of offline distributors at the beginning of the year/period	60	68	72	54	53
Number of new offline distributors	18	12	7	3	0
Number of withdrawn offline distributors	(10)	(8)	(25)	(4)	(2)
Number of offline distributors at the end of the year/period	<u>68</u>	<u>72</u>	<u>54</u>	<u>53</u>	<u>51</u>

The table below sets forth the movement of our PRC offline distributors' stores for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30, 2025	From September 30, 2025 to the Latest Practicable Date
	2022	2023	2024		
Number of offline distributors' stores at the beginning of the year/period	80	87	77	68	63
Number of new offline distributors' stores	27	20	13	1	0
Number of closed offline distributors' stores.	(20)	(30)	(22)	(6)	(0)
Number of offline distributors' stores at the end of the year/period	<u>87</u>	<u>77</u>	<u>68</u>	<u>63</u>	<u>63</u>

During the Track Record Period, the number of PRC offline distributors declined, reflecting a gradual realignment of our channel strategy to place greater emphasis on and dedicate more resources toward the expansion of our offline self-operated store network.

In the PRC, offline distributors typically operate branded physical stores that allow end-consumers to experience our products firsthand. Given the unique material properties of our core copper-based cultural and creative products, including the sculptural weight, oxidation depth, and surface finish, physical interaction significantly enhances customer perception and appreciation. Moreover, our emerging line of gold cultural and creative products, marketed under our dedicated sub-brand, is even more suited to offline presentation due to its emphasis on craftsmanship and symbolic value. Distributor-operated offline stores have therefore supported our brand-building efforts by providing an immersive setting for product display and cultural storytelling. Each offline distributor is granted rights to operate in a specific geographical area and is strictly prohibited from selling our products online. Any such online sales by offline distributors are considered a breach of the distributor agreement. The reduction in the number of distributors during the Track Record Period resulted from a combination of voluntary exits and selective

discontinuation based on business performance and mutual agreement. In certain cases, voluntary exits occurred for commercial or operational reasons, such as where distributors reassessed the economic viability of operating dedicated branded stores or adjusted their business focus and resource allocation. In other cases, distributors may have ceased operations for personal or strategic considerations unrelated to us. We selectively discontinue distributors primarily if distributors (i) fail to achieve contractually agreed annual purchase requirement; (ii) engage in unauthorized channel crossing; or (iii) display competing brands' products within their physical retail stores, potentially diluting our brand image and sales performance. These adjustments were carried out following contractual expiration and direct communication with the distributors. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we have not been involved in any material disputes or claims with the distributors whose cooperation was discontinued.

Distributor qualification and selection

Our offline distributor network comprises both corporate entities and individual entrepreneurs. We assess prospective distributors based on a combination of financial capacity, retail operation experience, store location, and alignment with our brand values. While we accept qualified individuals, we generally require a dedicated legal entity to execute the agreement and assume operational responsibility.

Salient terms of offline distributor agreements

Each offline distributor agreement is standardized and governed by a fixed-term contract (typically one year, renewable). The salient terms include:

- *Authorized territory and store requirements:* Each offline distributor is granted rights to sell our products through at least one specified store in an authorized city district. The store must meet our minimum space and design requirements and must open within 90 days of contract execution.
- *Annual purchase requirement:* Annual and quarterly minimum purchase amounts are stipulated in the offline distribution agreement. If an offline distributor fails to meet these targets, we reserve the right to terminate the agreement without compensation. During the Track Record Period and up to the Latest Practicable Date, we never forced any offline distributor to over-purchase to meet the minimum purchase amount.
- *Pricing and sales policy:* Offline distributors must adhere to our nationwide pricing policy. Retail prices must be consistent with those on our official online self-operated store. Unauthorized discounts, markups, or participation in mall-specific promotions without prior approval are strictly prohibited.
- *Cross-region sales restrictions:* Offline distributors are prohibited from engaging in cross-regional sales or online sales through e-commerce platforms, social media, or third-party intermediaries. Violations are subject to penalty and termination.
- *Termination:* We may terminate the agreement upon expiration or earlier in the event of serious breach by the distributor, including failure to satisfy the agreed minimum purchase requirements, unauthorized cross-regional sales or online sales, sale or display of competing brands' products in the authorized store, or other material non-compliance with the agreement.
- *Security deposit:* Distributors are required to place a refundable security deposit upon contract signing. The deposit is returned upon expiry or termination only if no breaches occur and all accounts are settled.
- *Procurement and payment terms:* All product orders must be submitted by authorized personnel and confirmed in writing. Payment is required in full within three days of order confirmation. Only payments made to our designated corporate bank account are accepted.

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- *After-sales policy:* We provide after-sales support for quality-related issues within three months of delivery. Repair and replacement services are offered free of charge in cases attributable to product defects. Return or exchange for other reasons is not permitted.

Distributor Oversight and Performance Management

We maintain a centralized distributor management team responsible for approving partners, monitoring store compliance, enforcing pricing and display standards, and reviewing distributor performance. Distributors are expected to align with our national marketing calendar and participate in major sales events, such as festival promotions or product launches. Participation in mall-specific promotions must receive prior approval to ensure consistency with brand positioning and overall campaign strategy.

Consignment

We engage in consignment arrangement predominantly with major e-commerce platforms, including primarily JD.com self-operated and other online platforms. Under our online consignment arrangements, we typically ship products to the platform's designated self-operated warehouses or fulfillment facilities, and the platform is responsible for storage and fulfillment before the products are sold and delivered to end customers. For consignment arrangements, revenue is recognized when control of the goods is transferred to the end customers. We typically ship the goods to our consignment partner while retaining control until the goods are delivered to the end customers.

In addition to online platforms, approximately 8% of our consignment sales is conducted through offline partners, comprising select tourist attractions and cultural institutions. These partners typically operate retail counters on their premises, where they display and sell our products under consignment terms. Such partnerships allow us to expand physical touchpoints in high-traffic cultural destinations without establishing our own stores.

During the Track Record Period, we engaged in consignment arrangements with a total of one online consignment partner in 2022, increasing to two online consignment partners in 2023. In 2024, the number of online consignment partners grew to three, and as of September 30, 2025, the number dropped to two. In terms of offline consignment arrangements, we did not have any offline consignment partners in 2022. However, in 2023, we engaged one offline consignment partner, and this increased to five offline consignment partners in 2024. The number of offline consignment partners remained steady at five as of September 30, 2025.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue derived from consignment sales amounted to RMB3.5 million, RMB14.1 million, RMB15.9 million, RMB8.6 million and RMB21.9 million, respectively, representing approximately 0.8%, 2.8%, 2.8%, 2.2% and 4.9% of our total revenue for the respective years/periods.

The following table sets forth the breakdown of our consignment revenue by online and offline channels for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(unaudited)</i>									
Online consignment	3,546	100.0	13,990	99.5	14,185	89.1	7,621	88.6	20,210	92.2
Offline consignment	—	—	69	0.5	1,744	10.9	978	11.4	1,700	7.8
Total consignment revenue .	<u>3,546</u>	<u>100.0</u>	<u>14,059</u>	<u>100.0</u>	<u>15,929</u>	<u>100.0</u>	<u>8,599</u>	<u>100.0</u>	<u>21,910</u>	<u>100.0</u>

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The salient terms of our typical consignment arrangement are set out below:

- *Ownership and risk:* We retain ownership of the inventory and bear all inventory-related risks prior to final sale and delivery to end customers.
- *Warehousing and fulfillment:* The consignment partner is responsible for warehousing, order fulfillment, packaging and last-mile delivery. In the case of online consignment, the products are delivered to and stored in the platform's designated warehouses.
- *Sales settlement:* Sales proceeds are settled on a periodic basis, typically monthly, and are calculated based on platform-verified sales data. Settlements are made net of platform service fees, promotional expenses and any agreed deductions for returns or slow-moving inventory.
- *Pricing and promotional control:* We retain the right to determine the retail prices of our products and must approve any participation in promotional activities. However, platform partners may provide suggestions based on performance metrics or platform-wide campaigns.
- *Returns and after-sales support:* Returned products within the platform's after-sales period are restocked, discounted or written off based on pre-agreed arrangements. Return logistics costs are typically borne by us in accordance with platform policies.
- *Service fees:* Consignment partners typically charge standardized service fees for traffic placement, warehousing, and order fulfillment, generally calculated as a percentage of the gross merchandise value, ranging from approximately 10% to 12%. Additionally, service fees may also be structured as direct discounts on the product price, with the discount rate ranging from 10% to 8%. The service fees actually incurred and recognised for our consignment partners amounted to RMB0.5 million, RMB0.6 million and RMB1.2 million for the years ended December 31, 2022, 2023 and 2024, respectively, and RMB0.5 million for the nine months ended September 30, 2025.
- *Term and termination:* Agreements are typically entered into for a one-year term and are renewable upon mutual consent. Either party may terminate the agreement with prior written notice, generally between 15 and 30 days.

Internal Guidelines and Management

We have implemented internal guidelines for consignment operations to ensure pricing consistency, brand positioning, and stock accuracy. These guidelines include SKU-level pricing authorization controls, inventory reconciliation procedures between our ERP system and the relevant platform data interfaces, and the designation of account managers responsible for overseeing platform operations and coordinating product promotion schedules.

Social Media & Content Marketing

We actively leverage a diverse array of social media platforms as integral components of our brand-building and sales strategy. Beyond our established presence on Douyin, we operate official accounts on Xiaohongshu and WeChat, enabling us to engage with a wide range of consumer demographics.

Our content spans multiple formats, comprising artisan workshop footage, step-by-step craftsmanship tutorials, scripted cultural comedy skits, behind-the-scenes design stories, and livestream recaps. Since launching our official Douyin account in 2020, we have produced over

3,400 short videos, combining traditional copper craftsmanship with creative storytelling formats. Mr. Yu, our founder, continues to participate actively in content creation by occasionally starring in short videos, bringing an authentic and personal voice to our brand storytelling.

We maintain a dedicated team of in-house live-streamers, all of whom are our full-time employees under labor contracts. Their compensation consists of a base salary supplemented by sales-based commissions. We have established a structured KPI system for in-house live-streamer performance management, which includes monthly and annual sales targets, individual commission rates based on completion tiers, and additional incentives for exceeding team sales goals. Completion of key performance benchmarks is reviewed semi-annually, and bonus payouts are tied to both individual contribution and overall departmental achievement.

We primarily rely on our in-house live-streamers to drive content marketing and sales. Our in-house team receives systematic training not only in product knowledge and selling techniques, but also in conveying the cultural narratives, craftsmanship value, and symbolic value of our offerings.

To ensure high return on content investment, we rely on robust internal planning and data-driven iteration. Our social media team manages the full content lifecycle, ensuring all creative outputs are aligned with our brand tone, product strategy, and customer insight. Key performance indicators include engagement metrics, conversion-related, and follower asset growth. Performance data is collected per platform and campaign, and feeds directly into our monthly content review mechanism.

Brand Events

As part of our overall brand communication strategy, we organize brand events and related initiatives to enhance brand visibility, strengthen consumer engagement and reinforce the cultural positioning of our products. These activities integrate digital content distribution, livestream-based interaction, thematic campaigns and selective offline activation, and are designed to convey cultural narratives, craftsmanship value and product concepts in a structured and consistent manner. Brand events are primarily coordinated by our internal teams and are aligned with our broader marketing and sales strategy, supporting customer engagement across different platforms and consumption scenarios while maintaining consistency with our brand tone and long-term positioning.

Sales Seasonality

We experience seasonal fluctuations in revenue, primarily driven by major e-commerce promotional campaigns and traditional gift-giving occasions in China. In particular, online shopping festivals such as the “618 Shopping Festival” in June, the “Double 11 Shopping Festival” in November, and the “Double 12” campaign in December consistently generate large order volumes due to intensified promotional efforts, platform-wide traffic surges, and heightened consumer engagement. Traditional holidays also play a key role in shaping seasonal demand. The first quarter typically benefits from the New Year and Chinese New Year periods, which are peak occasions for personal and corporate gifting. The fourth quarter includes the National Day Golden Week and the Mid-Autumn Festival. As a result, our revenue generally peaks in the first and fourth quarters of each year. Period-to-period comparisons of revenue and profitability may therefore not be indicative of full-year trends.

CUSTOMERS

Major Customers

Across all sales channels, our online flagship stores account for the largest proportion of our total revenue. Customers in this channel are primarily individual consumers who make fragmented purchases through our online flagship stores. These consumers, despite their individual scale, collectively form the dominant revenue base of our business. In addition to direct retail

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customers, our major customers are also comprised of distributors and consignment sales partners. For the year ended December 31, 2022, revenue from our largest customer accounted for approximately 4.5% of our total revenue, while the combined revenue contribution from our five largest customers was approximately 10.2%. For the year ended December 31, 2023, our largest customer contributed approximately 3.6% of our total revenue, whereas the five largest customers, in aggregate, accounted for around 9.3%. For the year ended December 31, 2024, revenue generated from our largest customer represented approximately 2.4% of our total revenue, while the five largest customers collectively accounted for approximately 9.0%.

For the nine months ended September 30, 2025, revenue generated from our largest customer accounted to 4.1% of our total revenue, while the five largest customers, in aggregate, contributed approximately 9.6%.

Our distributors comprise both online and offline channel partners. Online distributors primarily operate stores on major e-commerce platforms such as Taobao and JD.com, where they purchase products from us for resale to end consumers. Offline distributors, on the other hand, are typically regional dealers or retail partners that resell our products through physical stores. Please refer to the section headed “– Sales and Marketing – Distribution Partnership” in this prospectus for further details. In addition, certain major e-commerce platforms operate under a consignment model, whereby the platform lists and sells our products directly to consumers, and we recognize revenue net of platform commissions and marketing fees. Please refer to the section headed “– Sales and Marketing – Consignment” in this prospectus for further details.

The following tables set forth the details of our five largest customers in each year/period during the Track Record Period:

For the year ended December 31, 2022

Customer	Customer type	Customer's background	Credit terms	Payment method	Years of relationship	Revenue <i>RMB'000</i>	% of our total revenue %
Customer A	Online distributor	Operates a branded store on the Taobao platform	Not applicable	Bank transfer	5	22,524	4.5
Customer B	Online distributor	Operates online distribution stores on the JD.com platform	Not applicable	Bank transfer	5	11,625	2.3
Customer C	Offline distributor	Engaged in offline retail distribution in Taiwan	60 days	Bank transfer	5	7,195	1.4
Customer D	Online distributor	Individual distributor operating on Taobao	Not applicable	Bank transfer	5	5,587	1.1
Customer E	Online distributor	Operates a branded store on the Taobao platform	Not applicable	Bank transfer	5	4,629	0.9
Subtotal						<u>51,560</u>	<u>10.2</u>

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For the year ended December 31, 2023

Customer	Customer type	Customer's background	Credit terms	Payment method	Years of relationship	Revenue	% of our total revenue
						RMB'000	%
Customer A	Online distributor	Operates a branded store on the Taobao platform	Not applicable	Bank transfer	5	18,385	3.6
Customer B	Online distributor	Operates online distribution stores on the JD.com platform	Not applicable	Bank transfer	5	11,135	2.2
Customer D	Online distributor	Individual distributor operating on Taobao	Not applicable	Bank transfer	5	7,289	1.4
Customer C	Offline distributor	Engaged in offline retail distribution in Taiwan	60 days	Bank transfer	5	5,868	1.2
Customer F	Offline distributor	Regional offline distributor based in Yantai and Zibo (Shandong Province)	Not applicable	Bank transfer	5	4,567	0.9
Subtotal						<u>47,244</u>	<u>9.3</u>

For the year ended December 31, 2024

Customer	Customer type	Customer's background	Credit terms	Payment method	Years of relationship	Revenue	% of our total revenue
						RMB'000	%
Customer G	Consignment	Operates under a consignment model on JD.com platform	Not applicable	Bank transfer	1	13,614	2.4
Customer A	Online distributor	Operates a branded store on the Taobao platform	Not applicable	Bank transfer	5	13,412	2.3
Customer B	Online distributor	Operates online distribution stores on the JD.com platform	Not applicable	Bank transfer	5	11,384	2.0

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Customer	Customer type	Customer's background	Credit terms	Payment method	Years of relationship	Revenue <i>RMB'000</i>	% of our total revenue %
Customer C	Offline distributor	Engaged in offline retail distribution in Taiwan	60 days	Bank transfer	5	6,624	1.2
Beijing Chengzhuo Jiye Technology Development Co., Ltd. (北京成卓基業科技發展有限公司) (“Beijing Chengzhuo”) . .	Offline distributor	Offline retail distributor operating in Beijing Chaoyang and Haidian Districts	Not applicable	Bank transfer	5	6,421	1.1
Subtotal						<u>51,455</u>	<u>9.0</u>

For the nine months ended September 30, 2025

Customer	Customer type	Customer's background	Credit terms	Payment method	Years of relationships	Revenue <i>RMB'000</i>	% of our total revenue %
Customer G	Consignment	Operates under a consignment model on JD.com platform	Not applicable	Bank transfer	1	18,507	4.1
Customer A	Online distributor	Operates a branded store on the Taobao platform	Not applicable	Bank transfer	5	9,256	2.1
Customer B	Online distributor	Operates online distribution stores on the JD.com platform	Not applicable	Bank transfer	5	5,675	1.3
Customer C	Offline distributor	Engaged in offline retail distribution in Taiwan	60 days	Bank transfer	5	4,794	1.1
Shandong Youfu Trading Co., Ltd. (山東友福商貿有限公司) .	Offline distributor	Regional offline distributor based in Jinan Lixia District (Shandong Province)	Not applicable	Bank transfer	5	4,274	1.0
Subtotal						<u>42,506</u>	<u>9.6</u>

Given that a substantial majority of our revenue is derived from our online flagship stores, the vast majority of our customers are individual end consumers. Our major customers, on the other hand, primarily comprise a limited number of distributors and consignment partners who purchase in wholesale volumes or act as retail intermediaries. Except for Customer G, who is affiliated with

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a listed e-commerce platform group, our five largest customers in each year/period during the Track Record Period are either private companies or individuals. Among our five largest customers in each year/period during the Track Record Period:

- Customer G is a consignment partner affiliated with a publicly listed e-commerce platform group, operating under a self-run model by the e-commerce platform group (電商自營). As settlement is conducted on a real-time basis via platform systems, no credit terms apply.
- Customer A, Customer B, Customer D, and Customer E are online distributors who operate branded or individual storefronts on e-commerce platforms such as Taobao or JD.com. Given the small total number of such online distributors, certain counterparties appear among our top five in each year/period during the Track Record Period based on their relative scale. All of these customers are private entities or individuals and are not granted credit terms under our standard arrangements. For our distributors, payment is generally required prior to delivery, and we only arrange shipment upon full receipt of funds.
- Customer C is our long-standing offline distributor in Taiwan. Due to its exclusive coverage of our sales in Taiwan, its purchase volume is comparatively higher than that of other offline partners. As this is a cross-border customer, we extend credit terms of 60 days under our overseas sales policy.

So far as our Directors are aware, none of our Directors, their close associates or any Shareholders holding more than 5% of the issued share capital of our Company immediately following the completion of the Global Offering, had any interests in any of our five largest customers in each year/period during the Track Record Period.

Customer Retention and Loyalty Program

We maintain a customer retention and loyalty approach centered on product experience, community engagement and responsive after-sales service. We collect and track customer feedback across key touchpoints, including major e-commerce platforms, social media channels and offline stores, and our customer service team typically responds within 24 hours with escalation for unresolved matters, which supports continuous improvement in product quality and service. We also leverage our highly engaged “Copper Fans (銅粉)” community to strengthen repeat purchases and brand advocacy. While we do not operate a formal tiered membership or points-based loyalty program, we regularly run brand-led engagement initiatives, including our annual “Copper Fans Convention (銅粉節)” and other campaign-based activities, together with ongoing communications with certain customers through dedicated WeChat groups to share new launches and event updates, reinforcing customer stickiness and long-term loyalty.

Exchange and Return Policy

We offer a clear, flexible, and customer-oriented after-sales policy to enhance consumer trust and satisfaction. While our standard written policy provides for returns or exchanges of defective products within 15 days of receipt, in practice, we maintain a significantly more accommodating approach. During the Track Record Period and up to the Latest Practicable Date, we consistently offered post-sale repair and maintenance services beyond the officially stated window, depending on the nature of the issue and repair feasibility. Most repairs are provided free of charge as a goodwill service, unless substantial material replacement is required.

To initiate a return or repair request, customers are required to submit supporting information through designated service channels. Once verified, we arrange for product collection, assessment, and service resolution. For discretionary returns not involving product defects, return shipping is generally borne by the customer.

Third-Party Payment Arrangements

Background of third-party payment arrangements

During the period from January 1, 2022 to February 14, 2023 (the “**Relevant Period**”), we received payments from third parties on behalf of a small number of our individual distributors through bank accounts not held by the contracting parties under the relevant sales and purchase agreements (the “**Third-Party Payment Arrangements**”). These arrangements were primarily initiated by our individual distributors for operational convenience, and the designated third-party payors were typically the legal representatives, spouses, or family members of such distributors.

In the year ended December 31, 2022 and 2023, we received third-party payments from four and two distributors, respectively, totaling approximately RMB11.3 million and RMB6,000, which accounted for approximately 2.3% and 0.001% of our total revenue in the respective years. We did not receive any third-party payments in the year ended December 31, 2024 or up to the Latest Practicable Date. These instances were isolated, limited in scale, and not indicative of any systemic or recurring practice within our distributor network. During the Relevant Period, we duly recorded all such payments in accordance with our internal accounting policies and the applicable tax regulations.

Rectification measures and strengthening of internal controls

Upon identification of such arrangements in 2022, we promptly took steps to rectify and prevent further occurrence of Third-Party Payment Arrangements. Specifically, in August 2022, we started rectification and had revised and re-executed distribution agreements to all existing distributors (re-execution completed in January 2023), with a revised distributor agreement template that expressly prohibits third-party payment arrangements. And since February 14, 2023, we have:

- ceased accepting payments from accounts not held by the contracting distributors;
- enhanced internal protocols by requiring our finance team to reject unmatched payments and to verify all payment instructions against registered distributor records;
- initiated internal training across relevant departments to strengthen awareness and compliance with the updated policy.

Legal and compliance assessment

According to our PRC Legal Adviser, in light of the above: (i) the aforementioned third-party payments do not breach any mandatory or prohibitive provisions of the current applicable PRC laws and regulations; (ii) the risks for us being obligated to return the payments made under the third-party payment arrangements to the relevant distributors and their designated third parties are considered remote; (iii) considering the written compliance confirmations issued by the competent authorities for us during the Relevant Period, and the fact that we were not subject to investigation or penalties from the relevant branches of the People’s Bank of China (“**PBOC**”) during the Track Record Period due to third-party payments, the risks of us being deemed to have committed the crime of money laundering are also considered remote.

Our internal control consultant conducted a general review of our internal control system in relation to the Listing, covering the period from February 2024 to January 2025. Based on the procedures performed in March 2025, our internal control consultant recommended enhancements to our “Monetary Fund Management Policy” (《貨幣資金管理制度》). A follow-up review was conducted in April 2025, and no further deficiencies were identified based on the selected samples and agreed scope of work.

According to F&S, it is common for distributors, especially those who are small-sized, to settle their corporate transactions via three-party payers for convenience and efficiency.

Based on the above, and having made all reasonable enquiries, our Directors confirm that the historical Third-Party Payment Arrangements have not had and will not have any material adverse impact on our business operations, financial condition or internal control systems.

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SUPPLIERS

Our suppliers primarily include providers of metal raw materials, auxiliary casting materials, and e-commerce platforms that offer online sales and marketing infrastructure in the PRC. We source key metal inputs such as electrolytic copper, zinc ingots, and various copper alloys from domestic suppliers for use in our lost-wax casting process. In addition, we procure auxiliary materials such as casting powder and related supplies, which are used during shell making and mold preparation. As of September 30, 2025, we maintained long-term relationships with over 400 suppliers in China.

Major Suppliers

For the year ended December 31, 2022, the purchase costs payable to our largest supplier accounted for approximately 10.0% of our total purchase costs, while the combined purchase costs attributable to our five largest suppliers amounted to approximately 29.0%. For the year ended December 31, 2023, our largest supplier represented approximately 11.6% of our total purchase costs, whereas the five largest suppliers, in aggregate, contributed around 37.6%. For the year ended December 31, 2024, payments to our largest supplier made up approximately 10.9% of total purchase costs, while the five largest suppliers collectively accounted for approximately 35.3%. For the nine months ended September 30, 2025, the purchase costs payable to our largest supplier accounted for approximately 8.8% of our total purchase cost, while the combined purchase costs attributed to our five largest suppliers accounted to approximately 33.1%.

Given that our sales are predominantly generated through online channels, and particularly through self-operated stores on major e-commerce platforms, we engage with leading platforms to support our direct-to-consumer operations. Under these arrangements, we pay commissions, marketing and traffic services fees in accordance with standardized agreements. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, our fixed commission fees from Supplier A and Supplier C (as defined below) represented approximately 4.6% to 5.6% of the relevant transaction value. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, our marketing and traffic services fees from Supplier A and Supplier C (as defined below) represented approximately 3.8% to 6.2% of the relevant transaction value. These e-commerce platforms are therefore recognized as suppliers in respect of their provision of paid marketing and platform services. For details of the salient terms of those agreements, please refer to “Business — Sales and Marketing — Direct Sales — Online Direct Sales.”

The following tables set forth the details of our five largest suppliers in each year/period during the Track Record Period:

For the year ended December 31, 2022

Supplier	Purchase type	Supplier's background	Credit terms	Payment method	Years of relationship	Purchase amount by us RMB'000	% of our total purchase %
Jiangyin Jiashijie Trading Co., Ltd. (江陰嘉世傑貿易有限公司)	Metal raw materials	PRC-based supplier of electrolytic copper and zinc ingots	Not applicable	Bank transfer	5	23,277	10.0
Supplier A	E-commerce promotion fee	Operator of the Tmall e-commerce platform	Not applicable	Bank transfer	12	18,716	8.1
Xinmao Group ¹	Metal raw materials	PRC-based supplier of electrolytic copper and zinc ingots	Not applicable	Bank transfer	3	12,345	5.3

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Supplier	Purchase type	Supplier's background	Credit terms	Payment method	Years of relationship	Purchase amount by us <i>RMB'000</i>	% of our total purchase %
Supplier B	Metal raw materials	PRC-based supplier of electrolytic copper	Not applicable	Bank transfer	3	6,814	2.9
Shanghai Tianshen Copper Group Co., Ltd. (上海天申銅業集團有限公司)	Metal raw materials	PRC-based supplier of brass plates	15 days	Bank transfer	7	6,268	2.7
Subtotal						<u>67,420</u>	<u>29.0</u>

Note (1): “Xinmao Group” refers collectively to Hangzhou Xinmao Metal Materials Co., Ltd. (杭州新茂金屬材料有限公司) and Hangzhou Linengjian Machinery Co., Ltd. (杭州力能堅機械有限公司), which are under common control and have been aggregated for disclosure purposes.

For the year ended December 31, 2023

Supplier	Purchase type	Supplier's background	Credit terms	Payment method	Years of relationship	Purchase amount by us <i>RMB'000</i>	% of our total purchase %
Xinmao Group	Metal raw materials	PRC-based supplier of electrolytic copper and zinc ingots	Not applicable	Bank transfer	3	24,462	11.6
Jiangxi Yuchi Trading Co., Ltd. (江西譽馳貿易有限公司) (“Jiangxi Yuchi”)	Metal raw materials	PRC-based supplier of brass, bronze, and red copper granules	Not applicable	Bank transfer	3	21,728	10.3
Supplier A	E-commerce promotion fee	Operator of the Tmall e-commerce platform	Not applicable	Bank transfer	12	17,249	8.2
Meizhou Xuchang Jewelry Co., Ltd. (梅州市旭昌首飾有限公司)	Metal raw materials	PRC-based supplier of brass alloys	30 days	Bank transfer	2	8,000	3.8
Guangzhou Hongjing Jewelry Casting Materials Co., Ltd. (廣州市泓景首飾鑄造材料有限公司)	Consumables (casting powder)	PRC-based supplier of casting powder	60 days	Bank transfer	4	7,871	3.7
Subtotal						<u>79,310</u>	<u>37.6</u>

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For the year ended December 31, 2024

Supplier	Purchase type	Supplier's background	Credit terms	Payment method	Years of relationship	Purchase amount by us <i>RMB'000</i>	% of our total purchase %
Xinmao Group . .	Metal raw materials	PRC-based supplier of electrolytic copper and zinc ingots	Not applicable	Bank transfer	3	28,190	10.9
Jiangxi Yuchi . . .	Metal raw materials	PRC-based supplier of brass, bronze, and red copper granules	30 days	Bank transfer	3	26,233	10.2
Supplier A	E-commerce promotion fee	Operator of the Tmall e-commerce platform	Not applicable	Bank transfer	12	18,827	7.3
Guangzhou Hongjing Jewelry Casting Materials Co., Ltd. (廣州市泓景首飾鑄造材料有限公司) .	Consumables (casting powder)	PRC-based supplier of casting powder	60 days	Bank transfer	4	10,484	4.1
Supplier C	E-commerce promotion fee	Service provider on the JD.com platform	Not applicable	Bank transfer	5	7,128	2.8
Subtotal						<u>90,862</u>	<u>35.3</u>

For the nine months ended September 30, 2025

Supplier	Purchase type	Supplier's background	Credit terms	Payment method	Years of relationships	Purchase amount by us <i>RMB'000</i>	% of our total purchase %
Jiangxi Yuchi . . .	Metal raw materials	PRC-based supplier of brass, bronze, and red copper granules	30 days	Bank transfer	3	19,301	8.8
Supplier A	E-commerce promotion fee	Operator of the Tmall e-commerce platform	Not applicable	Bank transfer	12	15,853	7.2
Xinmao Group . .	Metal raw materials	PRC-based supplier of electrolytic copper and zinc ingots	Not applicable	Bank transfer	3	15,079	6.9
Supplier D	Raw material (copper billets)	PRC-based supplier of copper billets	30 days	Bank transfer	2	11,529	5.3
Supplier E	Metal raw materials	PRC-based supplier of gold	Not applicable	Bank transfer	1	10,752	4.9
Subtotal						<u>72,514</u>	<u>33.1</u>

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Our major suppliers primarily fall into two categories: (i) e-commerce platforms, from which we procure online store operation services, and (ii) raw material and component suppliers, which provide key inputs such as electrolytic copper, brass alloys, and casting materials used in our production process.

Supplier A and Supplier C are platform service providers affiliated with two major e-commerce groups, which provide us with transaction infrastructure, promotional services, and advertising placements for our self-operated flagship stores. We operated under standardized cooperation arrangements with Supplier A and Supplier C, under which we generally incur (i) commission fees, being fixed commissions calculated as a percentage of transaction value and typically deducted by the platforms on a real-time basis per transaction, and (ii) marketing and traffic services fees, being fees for digital advertising and promotional services (such as traffic packages, keyword bidding and promotional campaigns) which are settled through the relevant platform systems based on the applicable service type and settlement rules. Due to the aforementioned arrangements, these platform operators do not offer credit periods, and the relevant charges are settled through their backend systems on an automatic or periodic reconciliation basis. For the salient terms of such standardized cooperation agreements, please refer to “Business — Sales and Marketing — Direct Sales — Online Direct Sales” in this prospectus.

The remaining major suppliers are private enterprises engaged in the supply of copper raw materials, casting powder, and jewelry-grade metal components. These suppliers are typically of small to medium operational scale, and we have maintained multi-year relationships with most of them. For these counterparties, we enter into standard framework procurement agreements which set out purchase procedures, product specifications, quality standards, delivery terms, and settlement mechanisms. Credit terms were generally granted to us by these suppliers during the Track Record Period, with typical credit periods ranging from 15 to 60 days depending on the supplier and product type.

Salient Terms of Agreements with Major Raw Material Suppliers

With respect to our raw material and component suppliers (such as Supplier B, Supplier D, and Supplier E), we typically enter into short-form framework procurement agreements that are standard in form and commercial practice. These agreements are generally non-exclusive, and the key terms include the following:

- **Scope and term:** The agreements cover designated categories of copper, alloy or other materials, with fixed terms of one to two years and renewal clauses.
- **Order mechanism:** Purchases are made through rolling purchase orders based on actual production needs, with no binding minimum purchase obligations.
- **Pricing:** Unit prices are determined through quotation or negotiation at the time of each order, and may be adjusted based on raw material market movements.
- **Payment terms:** Credit periods of 15 to 60 days are typically granted to us based on historical cooperation.
- **Delivery and inspection:** Suppliers are required to deliver to our designated facility, and we may reject or return non-conforming goods following inspection upon receipt.
- **Quality assurance:** Suppliers undertake to meet agreed product specifications and to bear liability for any quality defects identified during acceptance or usage.
- **Termination:** The agreements generally expire upon the end of their agreed term unless renewed, and may typically be terminated earlier in the event of material breach by either party or other circumstances that materially affect contractual performance.

Overlapping Customers and Suppliers

During the Track Record Period, we had one instance of overlap between a customer and a supplier that, while represented by different contractual counterparties, were ultimately under the control of the same e-commerce platform group. Supplier C was our platform service provider for our online flagship store operated on its open platform. We procured platform services such as transaction processing, store maintenance, and promotional tools from Supplier C. Separately, Customer G acted as our consignment partner within the same group, distributing our products through its self-operated e-commerce retail store. Under this consignment arrangement, Customer G listed and sold our products to end consumers and remitted proceeds to us after deducting agreed service commissions.

The transactions with Supplier C were recorded as selling and distribution expenses, while the transactions with Customer G were recognized as revenue under the consignment model. During the Track Record Period, our purchases from Supplier C amounted to approximately RMB4.7 million, RMB6.8 million, RMB7.1 million, and RMB5.6 million for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively, representing approximately 2.0%, 3.2%, 2.8% and 2.5% of our total purchase costs in the respective years/periods. Meanwhile, our revenue derived from Customer G amounted to approximately RMB3.6 million, RMB4.2 million, RMB13.6 million and RMB18.5 million for the same years/periods, representing approximately 0.7%, 0.8%, 2.4% and 4.1% of our total revenue in the respective years/periods.

The contractual counterparties involved were separate legal entities within the same group, and no conflict of interest or preferential treatment was identified in respect of such overlapping arrangements. Our Directors confirm that these transactions were entered into on normal commercial terms and in the ordinary course of business. Our Directors further confirm that there was no set-off arrangement in respect of receivables or payables between the overlapping customer and supplier, and all transactions were settled separately in accordance with their respective contractual terms.

So far as our Directors are aware, none of our Directors, their close associates or any Shareholders holding more than 5% of the issued share capital of our Company immediately following the completion of the Global Offering, had any interests in any of our five largest suppliers in each year/period during the Track Record Period.

Supplier Selection & Management

Our supplier selection process typically involves multiple stages. We prioritize suppliers based on two primary criteria: product quality and pricing competitiveness. Beyond these fundamentals, we assess their ability to meet our production requirements, responsiveness to orders, and long-term strategic fit.

For all selected suppliers, we enter into framework agreements that outline general cooperation terms. Specific product purchases are then executed through purchase orders, with quality standards typically determined by approved samples. Contractual agreements define key terms such as payment cycles, delivery schedules, and dispute resolution mechanisms. In the event of unforeseen circumstances, both parties negotiate solutions in good faith to ensure stable cooperation.

We maintain long-term relationships with key suppliers while regularly assessing their performance based on pricing, quality, and timely delivery. Our supplier database is continuously updated, and underperforming suppliers are subject to review and potential replacement. Our procurement primarily consists of raw materials and outsourced production, both of which follow distinct management protocols. This allows us to maintain flexibility while ensuring high standards.

We maintain a robust set of supplier qualification requirements, such as the “Three-in-One” certificate, which is a comprehensive regulatory certification combining the business license, organization code certificate (組織機構代碼證), and tax registration certificate (稅務登記證). This document is essential for evaluating the operational legitimacy of our suppliers and ensures their compliance with the applicable laws. The “Three-in-One” certificate acts as a foundational document for supplier onboarding and management, verifying their operational scope, legitimacy, and adherence to national regulatory standards.

Furthermore, to meet our ESG goals, we require that our suppliers demonstrate full compliance with environmental standards. Suppliers must provide relevant environmental certification, including but not limited to emissions control and resource recycling policies. For example, in the case of suppliers providing metals, we emphasize their commitment to reducing carbon emissions and adopting sustainable practices in line with our environmental targets. These criteria are incorporated into our Procurement Center Guidelines to ensure that every partner meets stringent sustainability and ethical standards. In particular, for our metal suppliers where production processes, including the casting and finishing of copper, may be environmentally intensive, we implement additional ESG audits. These audits evaluate environmental policies such as energy efficiency, water usage, waste management, and emission control. We assess how well our suppliers adhere to resource conservation practices, ensuring they align with our sustainability objectives. Suppliers located near our manufacturing facilities are prioritized in our procurement strategy to support local economic development and minimize carbon footprints associated with transportation.

In addition, we also prioritize suppliers located near our facilities, especially those in the Jiande, to reduce carbon emissions and support local economic development. This strategy, which emphasizes “nearby suppliers,” ensures that our supply chain remains both sustainable and efficient.

In addition to standard procurement regulations, we enforce strict internal controls and regular audits to monitor supplier performance. Our procurement staff regularly review the supplier base and seek opportunities to reduce costs without compromising quality. We also encourage the development of new suppliers to help optimize procurement costs. To reinforce our internal controls and prevent disruptions in our supply chain, we have established comprehensive measures, including regular performance evaluations and the development of contingency plans. These efforts contribute to minimizing supply chain risks and ensuring that our procurement activities align with both business goals and sustainability standards.

LOGISTICS AND INVENTORY MANAGEMENT

We operate our own warehouse to maintain full control over our storage, dispatch, and inventory processes. Our Hangzhou Facility spans a total of approximately 155,626 square meters, in which we owned and operated one warehouse. The warehouse serves as our primary logistics hub, supporting nationwide order fulfillment for both online and offline sales channels. In addition to our self-owned warehouse, our inventory also includes goods stored at third-party platform-operated warehouses, primarily under consignment arrangement for e-commerce platforms such as JD.com as well as products stored in small-scale storage areas attached to our self-operated offline stores. These supplementary warehouses are used primarily for last-mile distribution, daily retail replenishment, and promotional campaigns.

For accounting purposes, inventory comprises raw materials, work-in-progress, finished goods, and goods in transit that are held for sale or use in the ordinary course of business. Inventory held at third-party warehouses and retail locations is also recognized as part of our inventory balance, provided that the risks and rewards of ownership have been retained by us.

Our warehouse is managed under a standardized operating framework, which includes defined inbound and outbound procedures, categorized storage by product type, routine inventory cycle counts, and a barcode-based inventory tracking system. All inventory movements are monitored through our ERP system, enabling real-time visibility and timely replenishment. Warehouse personnel are trained in the safe handling and storage of handcrafted and fragile goods to ensure product integrity.

All logistics and transportation functions are outsourced to third-party service providers. We cooperate with a number of reputable logistics companies under annual framework agreements, which cover nationwide delivery services, return logistics, and dedicated dispatch for bulk or corporate orders. These agreements typically include performance obligations such as delivery timeliness, customer service responsiveness, and compensation for shipment loss or damage based on declared consignment value.

Inventory Management

Our inventory primarily consists of finished products, work in progress and raw materials and consumables stored at our Hangzhou warehouse. We adopt a proactive inventory planning strategy that takes into account sales seasonality, promotional cycles, and product launch schedules. Inventory planning is jointly managed by our operations, merchandising, and finance teams, with regular reviews based on historical turnover data, marketing calendars, and production capacity.

Inventory levels are actively adjusted ahead of major shopping festivals such as 618 and Double 11, as well as key cultural gifting periods including Chinese New Year and Mid-Autumn Festival. During the Track Record Period, our inventory turnover days were 107 days, 119 days, 119 days and 133 days for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively.

We implement periodic inventory counts and system reconciliation processes to maintain stock accuracy. Inventory is categorized by product type and age, and is subject to monthly physical audits with discrepancy reporting to headquarters.

WORK SAFETY

We are not subject to the requirements for a work safety permit under the Regulations on Work Safety Permits (《安全生產許可證條例》), as our principal business activities do not fall within the categories of enterprises mandated to obtain such permits, including mining, construction, and the production of hazardous chemicals or explosive materials.

We have obtained a Level Three Work Safety Standardization Certificate (安全生產標準化三級企業證書) issued by the Hangzhou Emergency Management Bureau, valid until March 2028. During the Track Record Period and up to the Latest Practicable Date, we were in compliance with applicable national and local safety production laws and regulations. We had not been subject to any administrative penalties in connection with work safety matters and no work-related incidents classified as production safety accidents occurred during the same year/period.

Safety Management System

We place significant emphasis on workplace safety and have established a comprehensive safety production management system based on the Work Safety Law of the People's Republic of China, the Fire Protection Law, and other relevant regulations. Our safety framework assigns clear safety responsibilities across departments under a tiered accountability structure, supported by routine on-site inspections and enhanced checks before holidays, as well as day-to-day operational checks covering, among others, protective equipment usage, machinery operation and the implementation of safety responsibilities. We also conduct periodic identification, assessment and registration of major hazard sources, with regular patrols and recordkeeping by responsible units. In addition, we provide structured safety training for both new hires and existing employees, including pre-job safety orientation for new staff and mandatory annual refresher training for all employees, supplemented by drills and internal communications to reinforce safety awareness.

In addition, we have established supporting safety management measures covering hazardous chemicals control, occupational health protection and incident reporting and response. We procure, store and use certain hazardous chemicals in our operations and have put in place dedicated internal arrangements to manage their procurement, inventory control and usage tracking,

with hazardous materials stored in designated facilities equipped with ventilation, spill containment and access control. We have also formulated internal emergency response procedures and contingency plans for chemical-related incidents, which provide for on-site evacuation, source control, pollution containment and notification of relevant authorities, followed by internal review in accordance with our incident reporting and investigation procedures.

We engage qualified third-party service providers to conduct regular occupational hazard assessments across key workshops and processes, focusing on exposure to dust, fumes, vapors, noise, high temperatures and other physical or chemical factors, with reference to applicable national standards. Based on assessment results, we implement corresponding protective measures and infrastructure and conduct pre-employment, on-duty and post-employment health examinations for employees in higher-risk positions. We also maintain procedures for the provision, use and management of personal protective equipment, supported by onboarding training and ongoing safety communications.

During the Track Record Period and up to the Latest Practicable Date, we maintained a clean safety record with no major workplace safety incidents or penalties. We operate a structured framework for reporting, investigating and addressing workplace safety incidents, including fires, equipment malfunctions, chemical leaks and work-related injuries, led by designated personnel and supported by regular drills. Where incidents occur, we follow standardized internal procedures to identify responsible factors, conduct root cause analysis, implement corrective actions and share lessons learned across relevant teams, with records centrally maintained to support follow-up and continuous improvement of our safety management system.

INTELLECTUAL PROPERTY

We regard our intellectual property as an essential component of our brand equity and product competitiveness. Our intellectual property portfolio includes self-developed product designs, proprietary visual motifs, unique artistic creations, production techniques, and trademarks. To safeguard our creative assets and operational rights, we have adopted a dual-track IP strategy that emphasizes original content development while selectively engaging in IP licensing arrangements.

Self-developed IP

Our self-developed IPs represent the cultural and strategic foundation of our brand. These IPs are conceived and developed in-house through a cross-functional collaboration among our product creation team, cultural researchers, and sculptural artists.

We have implemented internal protocols to document the creative process, register relevant copyright and design rights, and regularly monitor the market for potential infringements. As of September 30, 2025, we had obtained 1,776 artistic copyrights, 171 design patents, 12 utility model patents, 9 software copyrights and 3 invention patents. We plan to continue investing in the protection and development of original IPs as part of our long-term strategy.

IP Licensing Arrangements

In addition to our self-developed IPs, we collaborate with selected third-party IP licensors to broaden our product portfolio, tap into existing fan communities, and bring more diverse cultural themes to our product lines. These licensing arrangements enable us to reinterpret popular characters and stories through our unique aesthetic and craftsmanship.

We typically enter into non-exclusive license agreements with reputable IP proprietors or authorized agents. The licensed IPs may include characters, artworks, film or television properties, or historical motifs, and are applied across selected product lines under our brand. The license agreements generally cover a defined territory (typically the PRC but also the U.S and Taiwan at times), a designated product scope, and a specified term. Key terms of our licensing arrangements typically include:

- *License scope:* Non-exclusive, non-transferable rights to use the licensed IP in designated product categories and formats.
- *Territory and term:* Licensed IP products may only be sold within the scope of the relevant authorized territory. Licenses are typically granted for use in Chinese Mainland or Greater China, for fixed terms ranging from one to three years, with renewal options subject to mutual agreement. For the avoidance of doubt, in overseas markets, including Taiwan and the U.S., are not covered unless separate and explicit authorization has been obtained. In practice, we generally communicate the territorial scope for overseas markets through the relevant PRC-based IP licensor or authorized licensing agent, and only sell such products in overseas markets where the relevant separate authorization has been obtained.
- *Royalty structure:* Our licensing agreements generally require payment of royalties based on a percentage of the net sales of licensed products, subject to a minimum guaranteed payment. At the lower end, the royalty is approximately 2.0% of the net sales of licensed products with no minimum guarantee, while at the higher end, the royalty is approximately 10.0% of the net sales with a minimum guaranteed payment of RMB1.5 million. Royalties are usually settled on a quarterly basis and subject to audit rights by the licensor.
- *Approval mechanism:* All product designs and promotional materials bearing the licensed IP must be submitted to the licensor for prior review and written approval. This ensures consistency with the licensor's brand guidelines and commercial policies.
- *IP ownership and infringement:* The licensor retains all ownership rights in the licensed IP, and we are required to include appropriate ownership and trademark notices on products and packaging. In the event of third-party infringement, we are obligated to notify the licensor and may cooperate in enforcement actions as appropriate.
- *Confidentiality and termination:* Each agreement contains confidentiality provisions and conditions under which either party may terminate the agreement, including for breach or insolvency.

Trademark and Copyright Protection

As of September 30, 2025, we had registered 577 trademarks in China covering our core brand names and sub-brands. As of the Latest Practicable Date, we owned 13 registered trademarks in jurisdictions such as the United States, the United Kingdom, and the European Union. Additionally, we are currently applying for ten trademarks in jurisdictions such as Hong Kong and Canada. We have also registered copyrights for key product designs, packaging elements, and visual artworks. We engage external counsel to advise on trademark registration and copyright compliance, and we regularly monitor e-commerce platforms and social media for potential infringements.

We have established an internal protocol to manage infringement complaints, including issuing cease-and-desist letters, requesting takedowns on digital platforms, and initiating legal action when necessary. We have also adopted confidentiality agreements and restrictive covenants with key employees, contractors, and supply chain partners to mitigate the risk of unauthorized disclosure or misuse of our proprietary designs. We confirm that there have been no material intellectual property disputes or claims during the Track Record Period and up to the Latest Practicable Date.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We affirm that we have adhered to the Environmental Protection Law of the PRC and other relevant environmental regulations during the Track Record Period and up to the Latest Practicable Date. Our ESG strategy is guided by our core values of craftsmanship and cultural preservation, and value-driven quality, and is implemented through a structured governance framework and measurable sustainability practices.

ESG Governance Framework

Our ESG governance framework ensures robust oversight and systematic execution of our ESG strategies. To ensure the effective advancement of ESG work, we have established ESG management policies that define the responsibilities and roles of our Board of Directors and the ESG Work Group.

Our Board of Directors is ultimately responsible for overseeing ESG matters. They set ESG goals, approve policies and disclosures, and monitor the progress of ESG initiatives.

To support these efforts, we've formed an ESG Work Group made up of team members from key departments like Environmental and Safety Department, Production Department, and Procurement center. This group helps manage ESG risks and opportunities, tracks performance, and prepares our annual ESG report etc. Our governance framework is reinforced by internal policies and controls to ensure compliance with applicable regulations.

Environmental Management and Performance

We adhere to the Environmental Protection Law of the PRC and other relevant environmental regulations. Our production processes generate industrial emissions, wastewater, solid waste. We have implemented an Environmental Management policy that addresses pollution control, waste management, and resource efficiency. To mitigate environmental impact, we have adopted pollution prevention technologies, energy-efficient equipment, and water-saving systems. We also conduct periodic environmental impact assessments and maintain emergency response mechanisms for environmental incidents.

We are mindful of both transition and physical risks associated with climate change, and have incorporated climate considerations into our environmental risk management framework. Transition risks may arise from future regulatory changes, market shifts and reputational concerns, including (i) stricter national and local emissions regulations, which may necessitate additional investments in equipment upgrades or process optimization; (ii) intensified carbon emissions regulations, which may raise our operating costs; and (iii) rising consumer preference for low-carbon products, which may require changes in production process. Physical risks include extreme weather events and long-term climate shifts that may impact our supply chain and production operations. For instance, higher frequency of typhoons and rainstorms may disrupt raw material transportation, while increased summer temperatures may elevate energy use for climate control in workshops.

We regularly assess these risks as part of our ESG Work Group's risk evaluation process and have developed response strategies, including diversification of suppliers, improved equipment resilience, and enhanced water and energy usage monitoring.

Compliance with ESG-Related Laws

We have complied with all applicable environmental, occupational safety, and employee protection laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date. These include, among others, the Environmental Protection Law, the Law on the Prevention and Control of Atmospheric Pollution, the Work Safety Law, and relevant labor and employment legislation concerning equal opportunity, occupational health, and workplace standards.

BUSINESS

To support compliance, we have established internal management policies and operational protocols that align with regulatory requirements. These policies cover pollutant discharge monitoring, emergency response planning, hazardous waste classification and disposal, employee safety procedures, and regular environmental impact assessments. Our ESG Work Group conducts periodic internal reviews and coordinates with functional departments to ensure proper execution of these policies. During the Track Record Period, our ESG-related compliance costs primarily comprised expenses for safety equipment upgrades and waste disposal, and professional services related to ESG data collection and disclosure. Our estimated total ESG compliance costs amounted to approximately RMB5.2 million, RMB3.7 million, RMB2.9 million and RMB3.1 million for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively.

GHG Emissions and Pollution Management

We are committed to minimizing our environmental footprint through the effective management of greenhouse gas (“GHG”) emissions, air and water pollutants, and solid waste. In compliance with the PRC’s laws and regulations such as the Law on the Prevention and Control of Atmospheric Pollution, the Law on the Prevention and Control of Water Pollution, and the Law on the Prevention and Control of Environmental Pollution by Solid Waste, we have established a comprehensive environmental management framework to ensure that all emission indicators meet national and local discharge standards.

Our operations generate Scope 1 (direct), Scope 2 (energy indirect), and Scope 3 (other indirect) GHG emissions. We have implemented energy-saving initiatives and efficiency upgrades that helped us moderate our emission intensity despite business growth. The following table summarizes our GHG emissions during the Track Record Period:

Emission Type	KPI	For the year ended December 31,			For the nine months ended September 30,
		2022	2023	2024	2025
Greenhouse gas	Scope 1 emissions (tons CO ₂)	1,444	1,188	1,263	844.88
	Scope 2 emissions (tons CO ₂)	10,210	10,974	14,491 ⁽²⁾	9,200.81
	Scope 3 emissions (tons CO ₂) ⁽¹⁾	30	26	28	25.11
	Total emission (tons CO ₂)	11,684	12,188	15,782 ⁽²⁾	10,070.80
	Greenhouse gas emission intensity (tons/RMB million revenue)	22.8	23.8	27.2 ⁽²⁾	22.50

Notes:

- (1) Scope 3 greenhouse gas emissions include waste generated in operations, and business travel.
- (2) In the second half of 2023, our new production line commenced operations, which requires substantial water consumption for rinsing and casting procedures, along with large electricity usage to power furnaces for calcination.

BUSINESS

In support of our 2025 quantitative ESG goals, we aim to reduce our air pollutant emissions per RMB million revenue by 1% from the 2024 baseline.

Our major air pollutants include nitrogen oxides (NOx), sulfur oxides (SOx), and particulate matter (PM), primarily generated during grinding, sandblasting, painting, and coloring. The following table summarizes our air pollutants during the Track Record Period.

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
NOx (kg)	271.0	592.7 ⁽¹⁾	541.2	298.53
SOx (kg)	0.8	1.0 ⁽¹⁾	1.2 ⁽¹⁾	1.11
PM (kg)	21.9	29.5 ⁽¹⁾	32.5	23.64

Note:

- (1) Due to product line expansion requiring the implementation of electroplating processes, we must transport products via freight trucks to third-party processing facilities for electroplating. This has led to heightened consumption of diesel and gasoline fuels, thereby contributing to elevated exhaust emissions.

We manage air emissions through a combination of engineering controls, monitoring mechanisms and operational management measures. Our facilities are equipped with exhaust and gas treatment systems, which are periodically upgraded, including the replacement of UV photocatalytic systems with activated carbon absorption units to improve pollutant removal efficiency. We conduct annual third-party monitoring of air pollutant emissions to assess compliance with applicable standards and provide regular training to production employees on emission-reduction and environmental compliance practices. In addition, we operate in-house wastewater treatment stations and sedimentation tanks to treat production wastewater, including plaster rinsing water, with treated wastewater reused or discharged in compliance with municipal standards. We also manage hazardous and non-hazardous solid waste in accordance with applicable PRC regulations through classification, labeling and designated storage, with disposal handled by licensed third-party service providers, and certain industrial by-products reused where feasible.

The tables below present our performance data in terms of solid waste management during the Track Record Period.

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Hazardous waste (tons)	76.9	121.9 ⁽¹⁾	210.0 ⁽¹⁾	200.57
Hazardous waste density (tons/RMB million revenue)	0.2	0.2	0.4	0.45
Non-hazardous waste (tons) ⁽¹⁾	4,046	6,794 ⁽¹⁾	6,092	4,884
Non-hazardous waste density (tons/RMB million revenue)	7.9	13.3	10.5	10.91

Note:

- (1) In the second half of 2023, our color painting process commenced operations, which generates both hazardous waste (such as waste paint) and non-hazardous waste.

In line with our ESG objectives, we have established measurable reduction targets for waste intensity. Specifically, we aim to reduce the generation of hazardous waste and non-hazardous waste per RMB million revenue by 1% from the 2024 baseline by the end of 2025.

BUSINESS

Energy and Resource Efficiency

We are committed to improving energy and resource efficiency across our operations by implementing advanced technologies, optimizing production processes, and fostering sustainable practices. Our initiatives focus on reducing fossil fuel dependency, enhancing electricity and water conservation, and minimizing resource waste, in compliance with the Energy Conservation Law, the Renewable Energy Law, and the Water Law of the PRC.

Our direct energy consumption consists of fossil fuels, including gasoline, diesel, and natural gas, while indirect energy use is primarily attributed to purchased electricity.

The table below sets forth our total direct and indirect energy consumption as well as intensity metrics for the Track Record Period:

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Gasoline (liters)	2,304	4,832 ⁽¹⁾	7,339 ⁽¹⁾	28,278
Diesel (liters)	49,779	56,233	66,562	42,980
Natural Gas (m ³)	597,031	469,321	488,122	304,175
Purchased Electricity (MWh)	16,455	17,238	23,353 ⁽²⁾	15,927
Total Direct Energy (MWh) .	6,799	5,557	5,889	3,915
Total Indirect Energy (MWh)	16,455	17,238	23,353	15,927
Total Energy Consumption (MWh)	23,254	22,795	29,242	19,842
Energy Intensity (MWh/RMB million revenue)	45.4	44.6	50.5	44.3

Notes:

- (1) Due to product line expansion requiring the implementation of electroplating processes, we must transport products via freight trucks to third-party processing facilities for electroplating. This has led to heightened consumption of diesel and gasoline fuels, thereby contributing to elevated exhaust emissions.
- (2) In the second half of 2023, our new production line commenced operations. The new production line requires substantial water consumption for rinsing and casting procedures, along with significant electricity usage to power furnaces for calcination. This has resulted in a notable increase in our overall electricity and water consumption.

To reduce energy usage, we have implemented a series of operational and equipment-related measures across our production and office facilities. These include the phased disposal of underutilized gasoline and diesel vehicles to reduce fuel consumption, as well as the deployment of advanced gas leakage detection systems to prevent natural gas wastage. We have also invested in upgrading production equipment, including replacing outdated balers with higher-efficiency models, which reduced power consumption from 6.5kW to 2.2kW per unit. In addition, we shifted from silicone molds to plaster molds in certain processes, thereby reducing reliance on high-energy equipment, including 23 resting tanks and six dehumidifiers with a combined capacity of approximately 550kW. Following process optimization, the usage frequency of such equipment decreased by approximately 50%, with certain dehumidifiers partially phased out. We further conduct routine inspections of power lines and equipment to identify and rectify inefficiencies, and have comprehensively adopted LED lighting across our offices and production facilities, supported by daily patrols to reinforce basic energy management practices, such as switching off lighting when areas are unattended.

BUSINESS

The following table outlines our total water consumption and water intensity over the Track Record Period:

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Total Water Usage (tons) . . .	136,510	195,109 ⁽¹⁾	260,196 ⁽¹⁾	178,100
Water Consumption Intensity (Tons/RMB million revenue)	266.6	381.4 ⁽¹⁾	449.6 ⁽¹⁾	397.84

Note:

- (1) In the second half of 2023, our new production line commenced operations. The new production line requires substantial water consumption for rinsing and casting procedures, along with significant electricity usage to power furnaces for calcination. This has resulted in a notable increase in our overall electricity and water consumption.

We continuously improve water efficiency through technology upgrades, process optimization, and behavioral guidance:

- In our plaster cleaning process, rinse water is treated in sedimentation tanks and filtered for reuse.
- Dedicated staff inspect water fixtures daily and operate main valves according to scheduled protocols.
- Abnormal water usage incidents are promptly investigated and controlled.

We have established quantitative energy and water use reduction targets. By the end of 2025, we aim to reduce energy and water intensity per RMB million revenue by 1% compared to 2024 levels. These goals support our broader strategy of embedding sustainability into operational performance and long-term planning.

Social Responsibility

Employee Welfare and Development

We are committed to creating a respectful, inclusive, and equitable workplace, and strictly adhere to relevant PRC labor laws and international standards. We explicitly prohibit child labor, forced labor, and all forms of harassment or discrimination.

To that end, we have implemented comprehensive employment practices through internal policies such as the Employee Handbook and Human Resources Internal Control Guidelines. Our management practices encompass recruitment, performance evaluation, promotion, compensation, and resignation procedures, ensuring fair treatment and development opportunities for all employees regardless of age, gender, nationality, religion, disability, or marital status.

We offer a broad range of statutory and non-statutory leave, including annual leave, sick leave, marriage and maternity leave, and ensure work-life balance through regulated working hours and wellness initiatives. Employees are provided with non-salary benefits such as child education support, and access to recreational facilities including a dedicated staff activity center.

BUSINESS

We conduct regular performance appraisals and tie bonus allocations to monthly performance outcomes. Promotion pathways are transparent and merit-based, and we provide customized career development support including job-specific training, skill-based learning, and continuing education opportunities. All new hires receive onboarding that includes ESG awareness training.

Our employee feedback mechanism enables staff to report needs or suggestions via multiple channels. Each submission is investigated and responded to by management. The Chairman personally oversees resolution strategies to ensure employee satisfaction is continuously improved.

To enhance transparency and employee engagement, we track and analyze key workforce metrics including employee turnover and gender diversity. As of September 30, 2025, we had a total of 1,258 employees, of whom approximately 61.9% were male (779 employees) and 38.1% were female (479 employees). During the Track Record Period, our overall employee turnover rates were approximately 47.1%, 32.9%, 36.1% and 22.8% for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively.

As of December 31, 2022, 2023, 2024 and September 30, 2025, our employees engaged in production-related roles accounted for approximately 79.8%, 75.3%, 72.9% and 65% of our total employee headcount, respectively. These roles typically involve shopfloor tasks (車間工作) such as hand-painting, polishing, engraving and related processes. In view of the structure of our production workforce, we also tracked an alternative turnover rate that excludes employees who departed within the three-month probationary period, which is a core part of our apprentice-based onboarding model. Based on this alternative calculation, our adjusted employee turnover rates for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, were approximately 28.7%, 22.0%, 26.0% and 13.4%, respectively. Under our internal management system, new production hires undergo a structured one-to-three-month training and evaluation period. During this time, they are formally employed, but their suitability for role-specific tasks (e.g. precision polishing, hand-painting) is actively assessed. For example, in 2024, only 20% to 30% of newly recruited workers in certain production roles remained in the same role by year-end, which was in line with our internal planning. This is a deliberate mechanism designed to ensure job-role matching and quality assurance. Please refer to “Business – Our Production” in this prospectus for further details on our recruitment and onboarding mechanisms. As a result, the original turnover rates include a substantial number of short-term exits that were part of our planned assessment-and-adaptation cycle. We believe that the adjusted turnover rate provides a more accurate reflection of workforce stability from an operational perspective.

For the year ended December 31, 2024, the average turnover rate among male employees was approximately 37.3%, while the average turnover rate among female employees was approximately 33.8%. For the nine months ended September 30, 2025, the average turnover rate among male employees declined to approximately 21.8%, and the average turnover rate among female employees also declined to approximately 24.3%. Most of the turnover occurred among younger and lower-ranked frontline workers, particularly within production roles, which are more physically demanding and seasonal in nature. Turnover rates among management and skilled positions remained stable and low throughout the Track Record Period. We have also adopted targeted measures to improve retention, including competitive compensation packages and cultural activities designed to foster long-term affiliation and team cohesion.

Product Responsibility

We have established a comprehensive quality assurance framework guided by laws such as the PRC Product Quality Law and Consumer Protection Law. We oversee the entire product lifecycle, from design and development through procurement, manufacturing, and post-sale service. Our multi-stage inspection process ensures consistency, reliability, and compliance with product standards. We proactively manage product safety and consumer rights. No major product recall or health-related incidents have occurred during the Track Record Period and up to the Latest Practicable Date. We maintain high customer satisfaction ratings across all major platforms. For

example, our Douyin flagship stores consistently score 4.9/5 to 5/5, with similar results on JD.com, Tmall, and Xiaohongshu. We protect consumer privacy through data encryption and adhere to the principles of data minimization and lawful use.

Governance and Ethics

We uphold a strong culture of integrity, guided by a Code of Conduct and governed by our Anti-Fraud, Anti-Bribery, and Anti-Corruption Policy. We maintain whistleblower protection protocols and multiple anonymous reporting channels. The HR department investigates all submissions and reports directly to the Board and management. The Board's Audit Committee leads anti-corruption oversight, while our internal audit team conducts periodic compliance checks. Procurement staff are strictly prohibited from accepting gifts or kickbacks. We offer mandatory ethics training across all staff levels, supplemented by regular audits and risk assessments. During the Track Record Period and up to the Latest Practicable Date, no ethics-related disputes or legal violations were reported.

Community Engagement

We actively contribute to social welfare and local development. Through financial donations and volunteering, we have supported underprivileged households, seniors, orphans, individuals with disabilities, and rural revitalization programs in Jiande and neighboring areas. We view social investment as integral to our long-term development and corporate purpose.

ESG Performance Monitoring

We have established ESG performance metrics such as carbon emissions, resource efficiency, waste reduction, employee satisfaction, and supplier ESG compliance. Our board of Directors and the ESG Work Group review these metrics annually and oversees progress toward 2025 reduction targets. We aim to align our disclosures with international standards such as the HKEX ESG Reporting Guide.

Supply Chain Management

Our procurement protocols are governed by the Procurement Center Guidelines and gradually include ESG compliance checkpoints in supplier onboarding. We require environmental permits from suppliers and restrict the business volume of those failing to meet basic sustainability criteria. Approved suppliers are documented in a central registry and monitored through evaluations on quality, delivery, pricing, and service.

We place a strong emphasis on working with suppliers located near our production facilities in Jiande to foster local economic development and reduce carbon emissions. These “nearby suppliers” are strategically prioritized to further align with our sustainability goals. Suppliers failing to meet our basic sustainability criteria are subject to reduced order volumes or termination. In addition to environmental compliance, we enforce strict oversight in our supplier selection and management processes, ensuring that ESG factors are a key criterion under our Procurement Center Guidelines. For further details on our supplier management, please refer to the section headed “– Suppliers – Supplier Selection & Management” in this prospectus.

DATA PRIVACY AND CYBERSECURITY COMPLIANCE

We have engaged JunHe LLP as our legal adviser as to PRC data compliance laws. During the Track Record Period and up to the Latest Practicable Date, we collected and processed certain personal information of our customers, job applicants, employees and business contacts primarily for operational, marketing, customer service, recruitment, human resource management and business management purposes, through our online flagship stores on e-commerce platforms, WeChat mini programs, CRM systems, and internal IT infrastructure. The types of personal information collected depend on the types of data subjects and processing purposes, all of which are strictly subject to the “minimum and necessary” principle. To specify, we mainly collect name, phone number, profile photo, delivery address, membership data, order data, device data from our customers. We collect name, gender, date of birth, phone number, educational background, working

experiences, professional certificates, etc. from our job applicants and employees. We collect name, contact information, company and position, etc. from our business contacts. We have not engaged in any cross-border transfer of personal information or important data from China to overseas jurisdictions.

We have adopted internal rules and technical safeguards to ensure that personal information is collected, stored, used, shared and destroyed in accordance with applicable PRC laws and regulations, including the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), the Data Security Law of the PRC (《中華人民共和國數據安全法》), the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), and the Regulations on the Management of Network Data Security (《網絡數據安全管理條例》). For instance, we have implemented Data Security and Personal Information Protection Policy, Personal Information Rights Response Policy, Data Security Incident Response Policy, Data Retention Policy, Personal Information Protection Impact Assessment Policy, data processing agreement to be signed with third-party vendors and different versions of privacy policies for different data subjects. Besides, we have obtained informed consent from data subjects or relied on other non-consent lawful bases for processing personal data prior to data collection, restrict access to authorized personnel, and apply tiered data protection measures based on data sensitivity.

On December 28, 2021, the Cyberspace Administration of China (the “CAC”) and other PRC regulatory authorities published Cybersecurity Review Measures (《網絡安全審查辦法》). Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators (the “CIIO”) that purchase network products/services and network platform operators engaging in data processing activities that affect or may affect national security must be subject to the cybersecurity review. As of the Latest Practicable Date, considering that we have not received any notification from any government authority that identifies or may identify us as a CIIO, it is unlikely that we will be identified as a CIIO or need to apply for the cybersecurity review according to Article two of the Cybersecurity Review Measures, pursuant to our PRC Data Compliance Legal Adviser’s opinion.

According to Article seven of the Cybersecurity Review Measures, a network platform operator that has personal information of more than one million users must apply for a cybersecurity review when it seeks an overseas listing. Based on our PRC Data Compliance Legal Adviser’s phone consultation with China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心) (the “CCRC”), the department responsible for accepting applications for cybersecurity review and conducting formality review under the guidance of Cybersecurity Review Office, which is a competent authority, a listing in Hong Kong is not treated as an overseas listing within the meaning of the Cybersecurity Review Measures. Therefore, we are not required to conduct cybersecurity review according to Article seven of Cybersecurity Review Measures, pursuant to our PRC Data Compliance Legal Adviser’s opinion.

Further, the Cybersecurity Review Measures grants the cybersecurity review working mechanism member the discretion to initiate a cybersecurity review against any entity, if it considers such entity’s data processing activities affect or may affect national security. As of the Latest Practicable Date, we have not received any investigation, notice, warning, or sanction from government authorities in relation to national security.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data breach, leakage, or unauthorized use or access of personal information. As advised by our PRC Data Compliance Legal Adviser, we have complied with all material aspects of cybersecurity, data security and personal information protection related laws and regulations, including but not limited to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), the Data Security Law of the PRC (《中華人民共和國數據安全法》), and the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》). We will continue to monitor regulatory developments and ensure compliance with data protection laws in all applicable jurisdictions, and our Directors are committed to strengthening internal controls and adopting best practices in cybersecurity and data governance.

BUSINESS

IMPACT OF THE COVID-19 OUTBREAK

The COVID-19 pandemic led to temporary supply chain and logistics disruptions. However, our vertically integrated operations and strong e-commerce presence enabled us to maintain business continuity. Unlike companies reliant on third-party manufacturing, our in-house production minimized external dependencies and mitigated operational risks. Logistics delays were the most notable challenge during the pandemic, but digital channels remained resilient, allowing us to sustain sales momentum. Government support measures also facilitated supply chain recovery. While the pandemic had limited direct impact on our business, it accelerated our investment in digital infrastructure, manufacturing automation, and supply chain diversification. We complied fully with health regulations to ensure workplace safety and operational stability. Overall, COVID-19 did not have a material adverse effect on our business or financial performance.

EMPLOYEES

As of September 30, 2025, we had 1,258 full-time employees. The following table shows a breakdown of our employees by function as of September 30, 2025:

Function	Number
Production	884
Marketing	169
Research and development	142
Administration	23
Procurement	20
Senior management	11
Finance	9
Total	<u>1,258</u>

We offer competitive remuneration packages to our directly employed staff, which include basic salaries and performance-based bonuses. Our recruitment strategy targets both the open market and college campuses, with compensation determined based on an employee's qualifications, experience, position, and seniority.

We enter into labor contracts with all employees in compliance with the Labor Contract Law of the PRC, ensuring that no forced labor is involved. These contracts are structured to safeguard employees' rights and comply with the statutory requirements concerning working conditions, compensation, and other benefits under applicable PRC laws.

INSURANCE

We maintain property insurance coverage for our production facilities, primarily covering losses arising from fire, explosion, natural disasters, and other accidental events. The insured properties are located at our primary production site in Hangzhou. Our Directors will continue to evaluate our insurance coverage and may procure additional property insurance or other types of insurance as they consider necessary to support our business operations. In addition, we provide social welfare insurance to our employees in compliance with applicable PRC laws and regulations. This includes contributions to basic pension insurance, medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance under the PRC social security system. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material insurance claims that had a significant impact on our business or financial position.

PROPERTIES

As of the Latest Practicable Date, we own and lease properties across the PRC primarily to support production, office operations, and other business activities. This portfolio of properties includes both land use rights for self-owned sites and a variety of leased spaces critical to our operations.

Owned Properties

As of the Latest Practicable Date, the carrying amount of our property interests exceeded 15% of our total assets. Pursuant to Rule 5.01 of the Listing Rules, we are therefore required to include a valuation report of such property interests in this prospectus. We have appointed Cushman & Wakefield Limited, an independent property valuer, to assess the market value of our property interests as of February 28, 2026. The text of the valuer's letter and the valuation certificate prepared by Cushman & Wakefield Limited are set out in "Appendix III – Property Valuation Report" to this prospectus. According to Chapter 5 of the Listing Rules and Section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), our other property interests are exempted from compliance with the requirements under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the same ordinance, which would otherwise require a valuation report for such property interests.

As of the Latest Practicable Date, we held land use rights for two parcels of land located in Yangxi Subdistrict, Jiande City, Zhejiang Province, with an aggregate site area of approximately 117,987 sq.m. These parcels are designated for industrial use and have land use terms valid until October 17, 2056 and January 18, 2075, respectively. These sites serve as our main production base and support key manufacturing and operational functions. In addition, we owned a total of approximately 155,626 sq.m. of constructed gross floor area as evidenced by valid title certificates, located at No. 777 Yading Road, Yangxi Subdistrict, Jiande City, Zhejiang Province. These buildings are designated for non-residential use and are primarily used for production, office, and warehousing purposes.

Leased Properties

These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are not held for investment purposes. We believe that there is sufficient supply of commercial properties in the PRC, and that our operations do not depend on any particular lease. As such, we are able to secure suitable replacement properties on commercially reasonable terms without material disruption to our business.

As of September 30, 2025, we leased a total of 31 properties in the PRC with an aggregate gross floor area of approximately 2,827 square meters. These leased properties are located across 17 cities nationwide, including tier-one, new tier-one and tier-two cities such as Hangzhou, Beijing, Shanghai, Chengdu, and Nanjing. They are primarily used for self-operated retail stores and warehousing operations.

NON-COMPLIANCE INCIDENTS

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material administrative penalties for non-compliance with applicable PRC laws and regulations. Set out below are several isolated, non-systemic and incidental non-compliance incidents identified during the Track Record Period, each of which arose under specific circumstances. Based on the nature, scale and regulatory context of these matters, as well as the views of our PRC Legal Adviser, we believe that none of these incidents has had, or is reasonably likely to have, any material adverse effect on our business operations, financial condition or results of operations.

Social Insurance and Housing Provident Fund Contributions

During the Track Record Period, certain branches of our Group, including those located in Chengdu, Chongqing, Suzhou, Changzhou, Hefei and Wuhan, did not fully contribute to social insurance and housing provident funds for certain employees in accordance with relevant statutory requirements. The total shortfall amount of social insurance fund was approximately RMB13.5 million, RMB13.8 million, RMB17.1 million, and RMB13.4 million for the years ended December 31, 2022, 2023, 2024, and the nine months ended September 30, 2025, respectively. On the other hand, the total shortfall amount of housing provident fund was approximately RMB3.5 million, RMB3.5 million, RMB4.4 million, and RMB3.5 million for the years ended December 31, 2022, 2023, 2024, and the nine months ended September 30, 2025, respectively. The under-contributions were primarily attributable to our insufficient understanding, at the time, of certain detailed distinctions between mandatory statutory requirements and locally administered contribution practices, which resulted in implementation errors in specific branches. In certain cases, individual employees also expressed preferences regarding their contribution arrangements. These matters arose from compliance misinterpretation rather than any intentional non-compliance.

According to our PRC Legal Adviser, the maximum penalties for underpayment of social insurance contributions under PRC law include (i) an order by the competent authority to make up the shortfall within a specified period, (ii) a late payment surcharge at the rate of 0.05% per day from the date of the shortfall, and (iii) a fine ranging from one to three times the underpaid amount, under the circumstance that the relevant entity did not make up the shortfall within the specified period. For housing provident fund contributions, the competent authority may order rectification within a prescribed period and, in case of non-compliance, may apply to the court for enforcement. We undertake that, if requested by the relevant authorities, we will make up any outstanding shortfall in full and pay any late payment surcharges or administrative fines imposed in accordance with applicable laws and regulations.

Pursuant to the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law 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)》) enacted by the Supreme People's Court on July 31, 2025, and implemented on September 1, 2025, any agreement between an employer and an employee for the non-payment of social insurance or any employee undertaking to waive such payment shall be deemed void by the people's court. However, the Judicial Interpretation does not repeal the social insurance laws and regulations currently in force in the PRC. Given that the relevant employees and us have not entered into any agreement exempting us from paying social insurance, our Directors believe that the implementation of the Judicial Interpretation will not have a material adverse effect on our business or financial results.

According to our PRC Legal Adviser, no administrative penalties have been imposed on us in respect of such matters during the Track Record Period or up to the Latest Practicable Date. The relevant authorities have not initiated any enforcement actions, and no complaints or disputes have been filed against us. Based on official confirmations of compliance (合規函) issued by the competent authorities in the relevant jurisdictions and interviews with local regulatory officials, our PRC Legal Adviser is of the view that the risk of future penalties or enforcement actions in connection with such historical under-contributions is remote. Accordingly, we consider that these matters do not and will not have any material adverse effect on our business operations, financial condition or results of operations.

We have not made any provision for the above-mentioned shortfalls in our financial statements. This determination was made by our Directors after considering the opinion of our PRC Legal Adviser that the likelihood of penalties or enforcement is remote. After reviewing the legal opinion and management's assessment, our Reporting Accountants concurred that no provision is required under applicable accounting standards.

To enhance compliance, we have implemented internal control measures, including periodic reviews of contribution bases against payroll records, strengthened coordination between our human resources and finance functions, and updated internal guidelines to align contribution calculations with regulatory requirements. We will continue to monitor regulatory developments and refine our compliance procedures as appropriate.

Self-owned Properties Without Title Certificates

As of the Latest Practicable Date, we occupied two self-owned properties located at No. 777 Yading Road, Yangxi Subdistrict, Jiande City, Zhejiang Province, with a combined gross floor area of approximately 480 sq.m., which are used as paint storage and cleaning workshops. While we have obtained the land use rights certificates for the underlying land parcels, we have not obtained the building ownership certificates for these premises.

These buildings were constructed on our self-owned industrial land but outside the approved construction planning boundary. During our early stage of development, the personnel responsible for site development had limited experience and did not fully understand certain detailed local planning requirements, which generally restrict above-ground construction to designated zones and treat the remaining area as a buffer zone. Coupled with limited land availability and a relatively tight timeline at the time, this resulted in historical non-compliance and, consequently, the premises are not eligible for the required planning approvals or building ownership certificates. The premises are used only for ancillary and non-core supporting functions (paint storage and cleaning workshops) and have limited operational significance, and such non-compliance arose from historical oversight rather than any intentional circumvention of applicable laws or regulations. We have since strengthened our internal compliance procedures and coordination with external professional advisers to ensure a more comprehensive review of land use and planning requirements for future construction or expansion activities.

Under applicable PRC laws and regulations, industrial land granted for self-use purposes may not be used to construct above-ground structures without obtaining the necessary planning and construction permits. Buildings constructed in violation of such requirements are generally considered non-compliant and are ineligible for obtaining formal property ownership certificates.

In November 2022, after our application and consultation with the local government, the Yangxi Subdistrict Office of Jiande City (建德市) formally requested the Jiande Municipal “Three Reforms and One Demolition” Office (the “**authority**”) to consider allowing us to retain and continue using the above properties. Taking into account the small scale of the buildings, their non-core auxiliary function (e.g., cleaning and material storage rather than production), our overall regulatory compliance record, and the circumstances communicated by us, the authority issued a formal notice on November 28, 2022, confirming that the buildings did not present significant safety or structural risks, did not constitute serious violations, and may be retained in their current condition. Our PRC Legal Adviser has advised that the above notice remains valid and effective as of the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any administrative penalties for land use or construction-related violations. Based on the above, our PRC Legal Adviser is of the view that the risk of being required to demolish or vacate the relevant buildings is remote. We therefore believe that the lack of title certificates for these properties is unlikely to have any material adverse effect on our business operations or financial condition.

To strengthen compliance and mitigate future risks, we have implemented internal control measures, including centralizing oversight of property planning and construction matters, requiring internal review and appropriate external consultation before commencing any construction or renovation on our land, and maintaining regular communication with relevant local authorities to monitor compliance requirements and address any regulatory developments in a timely manner.

Leased Properties Without Ownership Certificates and Unregistered Leases

As of the Latest Practicable Date, we leased ten properties, including eight offline self-operated store, one warehouse and one consignment store, for which the landlords provided land ownership certificates but failed to provide valid property ownership certificates. Based on explanations provided by the landlords, such certificates were either under application or not made available due to their unwillingness to cooperate. These properties contributed an aggregate revenue of approximately RMB5.2 million for the nine months ended September 30, 2025, representing approximately 1.2% of our total revenue for the same period.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any disputes, investigations or penalties in relation to the use of such properties, nor any interruption in our operations. We consider that suitable replacement premises could be secured with minimal operational impact if required. In case we are forced to relocate due to the lack of ownership certificates, we are entitled to seek compensation for losses from the lessor. In view of the above, we and our PRC Legal Adviser believe that this issue does not and will not have any material adverse impact on our business operations or financial condition.

As of the Latest Practicable Date, we had completed the lease registration and filing for one of our 40 leased properties. Our PRC Legal Adviser has advised that under applicable PRC laws, including the Administrative Measures for Commodity Housing Tenancy (《商品房屋租賃管理辦法》), failure to complete lease registration does not affect the legal validity of the lease. However, local housing authorities may impose a maximum penalty of RMB390,000 in the aggregate, being RMB10,000 for each of our 39 unregistered leased properties. As of the Latest Practicable Date, we had not received any such penalties. If required by the relevant authorities, we will pay any administrative fines imposed in accordance with applicable laws and regulations. Our failure to register the leases was primarily due to the unwillingness of certain landlords to cooperate, and is not expected to give rise to any material legal or operational risks. To enhance compliance, we have strengthened internal oversight over lease documentation and registration procedures, centralized coordination with landlords on property compliance matters, and implemented periodic reviews to ensure timely filing and regulatory alignment.

LICENSES, PERMITS AND APPROVALS

We hold a limited number of material licenses, permits and registrations that are required for our operations and regulatory compliance. These primarily relate to (i) our qualification as a high and new technology enterprise, (ii) environmental protection and pollutant discharge, including wastewater discharge and emissions control, and (iii) customs and inspection-related filings for import and export activities. Such licenses and permits are issued by the relevant provincial and municipal authorities in the PRC and are subject to periodic renewal or ongoing regulatory oversight, as applicable. We maintain internal compliance procedures to monitor the status of these licenses and permits and ensure timely renewal where required. All material licenses, permits and registrations required have been obtained by us during the Track Record Period and up to the Latest Practicable Date.

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, no litigation, arbitration, or administrative proceeding has occurred that would have a material adverse effect on us. As of the Latest Practicable Date, we act as the plaintiff in three pending litigation cases. This includes (i) a design patent infringement case with a claim amount of RMB0.3 million; (ii) an unfair competition and trademark infringement case with a claim amount of RMB1 million; and (iii) a copyright infringement case with a claim amount of RMB5.1 million. None of them is expected to materially adversely affect our financial condition or operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established an integrated risk management and internal control system designed to identify, assess and mitigate risks that may affect our operations, financial reporting and regulatory compliance. Our Board of Directors has overall responsibility for risk oversight, and risk considerations are incorporated into our decision-making and day-to-day management processes.

We maintain internal policies and procedures covering key operational and financial areas, supported by regular risk assessments, internal reporting mechanisms and periodic internal audits, to safeguard assets, enhance financial reporting reliability and promote compliance with applicable laws and regulations. Our management actively monitors key financial risks, including credit, liquidity and market risks, through prudent financial controls and cash flow management. We also implement compliance measures such as employee training, internal reporting and whistleblowing channels to facilitate the early identification and handling of potential legal or regulatory issues.

BUSINESS

In May 2025, our internal control consultant conducted a general review of our major business processes and did not identify any material internal control deficiencies requiring further action. Based on the observations of the internal control consultant and management's ongoing monitoring, our Directors consider that our risk management and internal control systems were effective and that we were in compliance with the relevant requirements during the Track Record Period and up to the Latest Practicable Date.

AWARDS, RECOGNITIONS AND MEMBERSHIPS

The table below sets forth some of our major awards and recognitions at the Latest Practicable Date, which were awarded to us in recognition of our business development and our provision of quality services.

Year	Award of recognition	Accrediting/Issuing institution/authority
2025 . . .	Selected for the Zhejiang Province Key Trademark Protection List (浙江省重點商標保護名錄)	Zhejiang Provincial Market Supervision and Administration Bureau (浙江省市場監督管理局)
2025 . . .	2025 Municipal Key Manufacturing Companies (2025年度市級重點製造業企業)	The People's Government of Jiande City (建德市人民政府)
2024 . . .	Key Cultural Enterprises in Zhejiang Province (浙江省重點文化企業)	The Publicity Department of the Zhejiang Provincial Committee of the Communist Party of China (中共浙江省委宣傳部)
2024 . . .	Lost Wax Casting Method – Intangible Cultural Heritage Workshops of Zhejiang Province (浙江省非遺工坊-“失蠟鑄銅”省級非遺工坊)	Zhejiang Provincial Department of Culture and Tourism (浙江省文化和旅游廳)
2024 . . .	2024 the second batch of Zhejiang province digital culture gradient cultivation enterprise leader type (2024年第二批浙江省數字文化梯度培育企業領軍型)	Zhejiang Provincial Department of Culture and Tourism & Economy and Information Technology Department of Zhejiang (浙江省文化和旅游廳、浙江省經濟和信息化廳)

RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

OVERVIEW

As at the Latest Practicable Date, Mr. Yu held approximately 26.27% of the voting rights in our Company. Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), Mr. Yu will directly hold approximately 23.24% Shares in our Company. Accordingly, Mr. Yu will be entitled to exercise and control the exercise of an aggregate of approximately 23.24% of the voting rights at our general meetings upon Listing and will be regarded as our single largest shareholder.

Apart from the above, Mr. Yu is also the chairman of our Board, an executive Director and the general manager of our Company. For further background details of Mr. Yu, please see the section headed “Directors and Senior Management – Executive Directors” in this prospectus.

EXCLUDED BUSINESS

As at the Latest Practicable Date, Mr. Yu (an executive Director, chairman of the Board, the general manager of the Company and the Single Largest Shareholder) had material interest in certain companies outside of our Group, details of which are set out below:

Company name	Place of incorporation	Date of incorporation	Ownership
Shejiguo (Hangzhou) Technology Co., Ltd.* (設計國(杭州)科技有限 公司) (“Shejiguo”)	Hangzhou, the PRC	October 25, 2018	96%, 2% and 2% by Mr. Yu, Zhang Huifang (張慧芳) and Pan Yu (潘育), each an independent third party
Tongmu Zhuyi	Hangzhou, the PRC	December 17, 2020	Approximately 29.10% by Mr. Yu, 14.00% by Shunwei Ventures III (Hong Kong) Limited (“Shunwei”), 0.90% by Yang Ke (楊軻) (supervisor of our Company), 0.11% by Hu Wenping (胡文萍) (supervisor of our Company), 0.08% by Yu Qing (俞清) (brother of Mr. Yu) and the remaining 55.81% by 47 shareholders, of whom no shareholders hold more than 15% of the shares of Tongmu Zhuyi. Save as to Mr. Yu (our Director and our substantial Shareholder), Shunwei (our substantial Shareholder), Mr. Yang Ke and Ms. Hu Wenping (supervisors of our Company) and Mr. Yu Qing (an associate of Mr. Yu), all the remaining 47 shareholders of Tongmu Zhuyi (43 of whom hold minority shareholding in our Company due to the Demerger. For details, please refer to the section headed “History, Development and Corporate Structure – (v) Demerger of the Company in December 2020”) are independent third parties.

RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

Company name	Place of incorporation	Date of incorporation	Ownership
Xijiang Technology (Hangzhou) Co., Ltd.* (璽匠科技(杭州)有限公司) (“ Xijiang Technology ”)	Jiande, the PRC	July 17, 2001	Approximately 98.39% by Tongmu Zhuyi and the remaining approximately 1.61% by four shareholders, of whom no shareholders hold more than 1% of the registered capital of Xijiang Technology. Save for Mr. Luo Renxiang, our Director, who holds 0.0083% of the equity interests in Xijiang Technology, each of the remaining three shareholders is an independent third party
Hangzhou Yige Intelligent Home Furnishing Co., Ltd.* (杭州亦格智造家居有限公司) (“ Hangzhou Yige ”) . . .	Jiande, the PRC	September 10, 2010	Wholly owned by Xijiang Technology
Hangzhou Xijiang Copper and Wood Home Furnishing Co., Ltd.* (杭州璽匠銅木主義家居股份有限公司) (“ Copper and Wood Home Furnishing ”) . . .	Jiande, the PRC	December 17, 2019	99% and 1% by Tongmu Zhuyi and Mr. Yu

As at the Latest Practicable Date, Mr. Yu was the chairman of the board in each of Tongmu Zhuyi and Copper and Wood Home Furnishing, and a director in each of Hangzhou Yige and Shejiguo. Mr. Yu did not hold any directorship or management position at Xijiang Technology as at the Latest Practicable Date.

Since its establishment and up to the Latest Practicable Date, Shejiguo had no actual business operations. Xijiang Technology and its wholly-owned subsidiary Hangzhou Yige are principally engaged in the design, production and sales of bathroom products. As at the Latest Practicable Date, Xijiang Technology and Hangzhou Yige had ceased business operations. Accordingly, Mr. Yu had no intention to inject his interests in the aforesaid companies into our Group after the Listing.

By way of Demerger, Tongmu Zhuyi was demerged from our Group in December 2020. For details, please refer to the section headed “History, Development and Corporate Structure – (v) Demerger of the Company in December 2020.” Tongmu Zhuyi and its subsidiary, Copper and Wood Home Furnishing are mainly engaged in the production and sale of solid wood furniture, whose business model is clearly delineated from our Group’s business.

Mr. Yu confirmed that none of his respective close associates had any interest in a business that competes or is likely to compete, either directly or indirectly, with our business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we can function, operate and carry on our business independently from our Single Largest Shareholder upon Listing.

RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

Operational Independence

We have full rights to make business decisions and to carry out our business independent of our Single Largest Shareholder and his close associates. On the basis of the following reasons, our Directors consider that the Company will continue to be operationally independent of our Single Largest Shareholder and his close associates after Listing:

- (a) we are not reliant on trademarks owned by our Single Largest Shareholder, or by other companies controlled by our Single Largest Shareholder;
- (b) we are the holder of all relevant licenses material to the operation of our business and has sufficient capital, equipment and employees to operate our business independently;
- (c) we primarily make our own procurement purchases and conduct our own sales and marketing. The Group has independent access to suppliers and customers and our major customers and suppliers are unrelated to our Single Largest Shareholder and his close associates;
- (d) as at the Latest Practicable Date, we leased factory and office space from independent third parties. All the properties and facilities necessary to our business operations are independent from our Single Largest Shareholder and his close associates;
- (e) we have our own administrative and corporate governance infrastructure, including our own accounting and human resources departments;
- (f) as at the Latest Practicable Date, all of our full-time employees were recruited independently from our Single Largest Shareholder and his close associates and primarily through job market recruiting, and internal referrals;
- (g) our Directors do not expect that there will be any other transactions between our Group and our Single Largest Shareholder or his close associates upon or shortly after Listing; and
- (h) none of our Single Largest Shareholder and his close associates has any interest which competes or is likely to compete with the business of our Group.

Management Independence

Our management and operational decisions are made by the Board in a collective manner. The Board comprises five executive Directors, one non-executive Director and three independent non-executive Directors. Please see the section headed “Directors and Senior Management” in this prospectus for further details.

As at the Latest Practicable Date, save for Mr. Yu, none of our Directors or the members of our senior management team hold any position at Mr. Yu’s companies outside of our Group.

Our Directors are of the view that our Directors (except Mr. Yu) have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors (except Mr. Yu) and members of the senior management are able to perform their roles in our Company in managing our business independently from our Single Largest Shareholder for the following reasons:

- (i) as a part of our preparation for the Global Offering, we have promulgated the Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provides that any Director and senior management member should not place himself or herself in a position where his or her duty and his or her own interests may conflict. In the event of a conflict of interest arising out of any transactions to be entered into by our Group, all Directors with conflicting interest shall abstain from voting in respect of such transactions and shall not be counted in forming a quorum at the relevant Board meetings;

RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

- (ii) our independent non-executive Directors constitute more than one-third of our Board and none of them has any relationship with our Single Largest Shareholder. Our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;
- (iii) each of our Directors is aware of his or her fiduciary duties as a director, which require, among other things, that he or she acts for our Company's best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests; and
- (iv) where a Shareholders' meeting is held to consider a proposed transaction in which our Single Largest Shareholder has a material interest, our Single Largest Shareholder shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting.

Financial Independence

We have our own financial management system and we make financial decisions according to our own business needs. We have internal control and accounting systems and an independent finance department in charge of our treasury function. We do not expect to rely on our Single Largest Shareholder and his respective close associates for financing after the Listing as we expect that our working capital will be funded by the cash, cash equivalent on hand as well as the proceeds from the Global Offering. Our Directors confirm that the only guarantee of RMB128,500,000 provided by Mr. Yu for borrowings by our Company during the year ended December 31, 2022 was fully released in the same year. As of the Latest Practicable Date, there was no outstanding loan or guarantee provided by our Single Largest Shareholder and his respective close associates. Based on the above, our Directors believe that we are able to maintain financial independence from our Single Largest Shareholder and his close associates after Listing.

Corporate Governance Measures

Our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance.

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Single Largest Shareholder and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- (i) in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and the Single Largest Shareholder and/or the Directors on the other hand, the Single Largest Shareholder and/or the Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through its annual report or by way of announcements;
- (ii) our Company has established internal control mechanisms to identify connected transactions. Upon Listing, if our Company enters into connected transactions with our Single Largest Shareholder and his respective close associates, our Company will comply with the applicable Listing Rules;

RELATIONSHIP WITH THE SINGLE LARGEST SHAREHOLDER

- (iii) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. For details of the independent non-executive Directors, see the section headed “Directors and Senior Management” in this prospectus;
- (iv) any transaction that is proposed between our Group and our Directors, including Mr. Yu and/or his respective associates will be required to comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders’ approval requirements; and
- (v) we have appointed Innovax Capital Limited as our compliance adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance. Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Company and our Single Largest Shareholder, and to protect our minority Shareholders’ interests after the Listing.

Further, any transaction that is proposed between our Company and the Single Largest Shareholder and/or our Directors and their respective associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the annual reporting, announcement, circular and independent Shareholders’ approval requirements.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our board currently consists of nine Directors, comprising five executive Directors, one non-executive Director, and three independent non-executive Directors. The following table sets forth general information regarding our Directors:

Name	Position	Age	Date of appointment as Director	Date of joining our Group	Role and responsibilities
Mr. Yu Guang (俞光)	Chairman of the Board, executive Director and general manager	53	March 2013	March 2013	Overall management of our Group, overall strategic planning, business direction, product development and operational management
Mr. Luo Renxiang (羅仁祥).	Executive Director, deputy general manager and financial director	50	June 2021	April 2014	Overall financial management of our Group
Mr. He Yun (何贇)	Executive Director, deputy general manager and marketing director of offline marketing centre	53	October 2014	January 2014	Overall production management of our Group
Ms. Wang Xiaoxia (汪小霞).	Executive Director, deputy general manager and marketing director of online marketing centre	38	July 2024	October 2019	Overall marketing of our Group
Mr. Chen Ruiguang (陳銳廣).	Executive Director, employee representative Director and video director	37	July 2024	July 2014	Responsible for the image management of our Group's products and marketing promotions
Mr. Xiao Feng (肖峰)	Non-executive Director	50	April 2015	April 2015	Participating in decision-making in respect of major matters such as corporate and business strategies
Mr. Tu Bisheng (涂必勝).	Independent Non-executive Director	61	December 2021	December 2021	Supervising and providing independent judgment to our Board
Dr. Huang Wenli (黃文禮).	Independent Non-executive Director	44	July 2024	July 2024	Supervising and providing independent judgment to our Board
Mr. Fong Chun Fai (方俊輝).	Independent Non-executive Director	47	April 2025	April 2025	Supervising and providing independent judgment to our Board

None of the Directors and senior management of the Company is related to other Directors or senior management of the Company. The following sets forth the biographies of our Directors:

Executive Directors

Mr. Yu Guang (俞光), aged 53, is our chairman of the Board, executive Director and the general manager of our Company. He is primarily responsible for the overall management of the Group, overall strategic planning, business direction, product development and operational management. Mr. Yu served as the chairman of the Board, a Director of our Company since March 2013 and he was redesignated as an executive Director in April 2025. Mr. Yu was the general manager of our Company since December 2021.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yu has nearly 25 years of working experience in corporate management. From July 2001 to November 2019, Mr. Yu was chairman of the Board and general manager of Yading Creative Home Furnishing Co., Ltd (雅鼎創意家居股份有限公司), now known as Xijiang Technology (Hangzhou) Co., Ltd.* (璽匠科技(杭州)有限公司) (“**Xijiang Technology**”), which is principally engaged in the design, production and sales of bathroom products where he was responsible for managing the overall operations of the company.

Mr. Yu graduated from the 87th Arts and Crafts Class (87屆工藝美術班) of Shaoxing Secondary Vocational School (紹興市中等專業學校) in June 1991. Mr. Yu graduated from the Shanghai Jiao Tong University China CEO (President) Innovation Management Advanced Training Program (上海交通大學中國CEO (總裁)創新管理高級研修班) in July 2012.

Mr. Yu was previously a director of the following company which was dissolved:

Name of company	Place of incorporation	Position held	Date of dissolution	Principal business activity	Status
Hong Kong Yatin (International) Group Corporation Limited (香港雅鼎(國際)集團有限公司).	Hong Kong	Director	September 14, 2007	No actual business operations	Dissolved by Striking Off

Mr. Yu confirmed that (i) there is no wrongful act on his part leading to the dissolution; (ii) he is not aware of any outstanding or potential claim that has been or will be made against him as a result of the dissolution; and (iii) no misconduct or misfeasance had been involved in the dissolution.

Mr. Luo Renxiang (羅仁祥), aged 50, is our executive Director, deputy general manager and financial director. He is primarily responsible for the overall financial management of the Group. Mr. Luo was appointed a Director from April 2014 to August 2017 and was reappointed as a Director in June 2021 and redesignated as an executive Director in April 2025. Mr. Luo was appointed as a deputy general manager and financial director of the Company in December 2021 and April 2019 respectively. Mr. Luo was appointed as a secretary to the Board from December 2021 to March 2025.

From June 2008 to April 2019, Mr. Luo held positions including a finance department manager, financial director, secretary to the board of Xijiang Technology, where he was responsible for the company’s financial accounting, financial management, investment and financing decisions.

Mr. Luo graduated from Zhongnan University of Economics and Law (中南財經政法大學) with a bachelor’s degree in accounting through distant learning in December 2006. Mr. Luo graduated jointly from Zhejiang Gongshang University (浙江工商大學) and Université du Québec à Chicoutimi with a master’s degree in project management in September 2018. Mr. Luo has been a certified public accountant by Hubei Institute of Certified Public Accountants (湖北省註冊會計師協會) in the PRC since September 2004. In September 2022, Mr. Luo was awarded the Intermediate Accountant Certificate.

Mr. He Yun (何贊), aged 53, is our executive Director, deputy general manager and marketing director of offline marketing centre. He is primarily responsible for the overall production management of the Group. Mr. He served as a Director since October 2014 and was redesignated as an executive Director in April 2025. Mr. He served as the production director from January 2025 to July 2025. Mr. He was appointed as the deputy general manager and marketing director of offline marketing centre since December 2021 and July 2025, respectively. Mr. He joined our Company since January 2014 and had held positions including general manager, manager of business department, procurement director.

DIRECTORS AND SENIOR MANAGEMENT

Mr. He has over 20 years of working experience. From January 2003 to January 2014, Mr. He was a manager of business department and a manager of procurement department (採購部經理) of Xijiang Technology, where he was mainly responsible for the company's raw material procurement, production workshop management and other matters.

Mr. He graduated from Zhejiang Xinchang Chengguan Middle School (浙江省新昌縣城關中學) with a vocational high school diploma in June 1990.

Ms. Wang Xiaoxia (汪小霞), aged 38, is our executive Director, deputy general manager and marketing director of online marketing centre. She is primarily responsible for the overall marketing of the Group. Ms. Wang was appointed as a Director since July 2024 and was redesignated as an executive Director in April 2025. In addition, Ms. Wang joined our Company in October 2019 and was appointed as the deputy general manager since December 2021. Ms. Wang was appointed as the marketing director since July 2020 and was redesignated as the marketing director of online marketing centre of our Company since July 2025.

Ms. Wang has over 13 years of working experience. From November 2011 to June 2015, she worked at Hangzhou Rock Color Advertising Planning Co., Ltd.* (杭州岩色廣告策劃有限公司). From July 2015 to December 2016, Ms. Wang worked at Hangzhou Particle Culture Technology Co., Ltd.* (杭州粒子文化科技有限公司). From January 2017 to December 2018, Ms. Wang worked at Zhejiang Yanhua Culture Media Co., Ltd.* (浙江岩華文化傳媒有限公司), now known as Zhejiang Yanhua Culture Technology Co., Ltd.* (浙江岩華文化科技有限公司). From January 2019 to September 2019, Ms. Wang worked at Hangzhou Tangerine Meow Cultural and Creative Co., Ltd.* (杭州橘喵文化創意有限公司).

Ms. Wang graduated from Zhejiang University of Technology (浙江工業大學) with a bachelor's degree in business administration for junior college graduates through part-time study in June 2020.

Mr. Chen Ruiguang (陳銳廣), aged 37, is our executive Director, employee representative Director and video director. He is primarily responsible for the image management of the Group's products and marketing promotions. Mr. Chen joined our Company in July 2014 and has been appointed as a Director in July 2024. He was redesignated as an executive Director and served as an employee representative Director in April 2025. Mr. Chen was appointed as the video director of our Company since January 2025.

Mr. Chen has over 15 years of working experience. From July 2008 to July 2014, Mr. Chen also served as a manager of photographing department of Xijiang Technology where he was mainly responsible for taking photos of the company's products for marketing and promotion.

In July 2006, Mr. Chen was awarded the Graphics and Image Processing (圖形圖像處理) Vocational Qualification Certificate by Chaozhou Vocational Skills Appraisal and Guidance Center (潮州市職業技能鑒定指導中心).

Non-executive Director

Mr. Xiao Feng (肖峰), aged 50, is our non-executive Director. He is primarily responsible for participating in decision-making in respect of major matters such as corporate and business strategies. Mr. Xiao was appointed as a director in April 2015 and was redesignated as a non-executive Director in April 2025.

From June 2001 to August 2012, Mr. Xiao has been the project manager of the Zhejiang Prospect Landscaping Engineering Co., Ltd.* (浙江前景園林綠化工程有限公司). From November 2013 to July 2020, Mr. Xiao has served as a secretary in Tanger Village, Lizhu Town, Keqiao District, Shaoxing City (紹興市柯橋區灘渚鎮棠二村).

Mr. Xiao graduated from Correspondence College of the Party School of Zhejiang Provincial Party Committee (浙江省委黨校函授學院) with a diploma in economics and management in June 2004.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. Tu Bisheng (涂必勝), aged 61, is our independent non-executive Director. He is primarily responsible for supervising and providing independent judgment to our Board. Mr. Tu was appointed as an independent director on December 2021 and was redesignated as an independent non-executive Director in April 2025.

From September 1987 to August 1993, Mr. Tu was a teaching assistant of Hangzhou Business School (杭州商學院) (now Zhejiang Gongshang University (浙江工商大學)). From September 1993 to November 2001, Mr. Tu was a lecturer of Hangzhou Business School (杭州商學院) (now Zhejiang Gongshang University (浙江工商大學)). From December 2001 to October 2024, Mr. Tu was an associate professor of Zhejiang Gongshang University (浙江工商大學). From December 2022 to May 2025, Mr. Tu was an independent director of Hangzhou Yugu Technology Co., Ltd* (杭州宇谷科技股份有限公司). Since May 2019 to present, Mr. Tu is an independent director of Yuancheng Environment Co., Ltd.* (元成環境股份有限公司) (stock code: 603388, a company listed on the Shanghai Stock Exchange). Since December 2019 to present, Mr. Tu is an independent director of Zhejiang Songyuan Automotive Safety Systems Co., Ltd.* (浙江松原汽車安全系統股份有限公司) (stock code: 300893, a company listed on the Shenzhen Stock Exchange).

Mr. Tu graduated from Hangzhou Business School (杭州商學院) (now Zhejiang Gongshang University (浙江工商大學)) with a bachelor's degree in business financial accounting (商業財務會計) in July 1986. Mr. Tu graduated from Xiamen University (廈門大學) with a master's degree in national economy (國民經濟) in December 2001.

Dr. Huang Wenli (黃文禮), aged 44, is our independent non-executive Director. He is primarily responsible for supervising and providing independent judgment to our Board. Dr. Huang was appointed as an independent director in July 2024 and was redesignated as an independent non-executive Director in April 2025.

From June 2016 to December 2023, Dr. Huang was employed by the school of China Institute of Financial Research, Zhejiang University of Finance and Economics (浙江財經大學中國金融研究院) and held positions of Vice-President and Executive Dean. From July 2016 to May 2022, Dr. Huang has been an independent director of Zhejiang Jinghua Laser Technology Co., Ltd. (浙江京華激光科技股份有限公司) (stock code: 603607, a company listed on the Shanghai Stock Exchange). From December 2021 to June 2024, Dr. Huang was an independent non-executive director of Zhejiang Leapmotor Technology Co., Ltd. (浙江零跑科技股份有限公司) (stock code: 9863, a company listed on the Stock Exchange). From December 2017 to December 2023, Dr. Huang served as an independent director of Zhejiang Lin'an Rural Commercial Bank Co., Ltd. (浙江臨安農村商業銀行股份有限公司) And his current position is the Secretary of the Party Committee in School of Finance, Zhejiang University of Finance and Economics (浙江財經大學金融學院) since January 2024.

Dr. Huang graduated from Ningbo University (寧波大學) with a bachelor degree in mathematics and applied mathematics (數學與應用數學) in June 2005, a master's degree in fundamental mathematics (基礎數學) in the same university in June 2008. Dr. Huang graduated from Zhejiang University (浙江大學) with a doctorate degree in mathematics in June 2011. Dr. Huang received a post-doctoral degree in management science and engineering (管理科學與工程) from University of Science and Technology of China (中國科學技術大學) in April 2016.

He was the on-campus tutor to his graduate students who published *ZUFE quantitative trading system* (ZUFE量化交易體系) that won the Outstanding Achievement Award of Zhejiang Graduate Education Society (浙江省研究生教育學會) in December 2023.

Mr. Fong Chun Fai (方俊輝), aged 47, is our independent non-executive Director. He is primarily responsible for supervising and providing independent judgment to our Board. Mr. Fong was appointed as an independent non-executive Director in April 2025.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Fong has over twenty years of investment, financing and corporate management experience from listed companies, start-ups, investment banks and funds. He has led numerous financial projects, including direct investments, IPOs, mergers and acquisitions, corporate and debt restructuring, equity and bond issuance and financial advisory works. Mr. Fong has been serving as the president of Mango Financial Limited since October 2024, an independent and non executive director of KeXing Biopharm Co., Ltd. (stock code: 688136.SH) since August 2025, an independent director of Living Homeopathy International Ltd. (stock code: LHI.US) since May 2025 and an independent director of Beta Fintech Holdings Limited (stock code: BTFT.US) since June 2025. From September 2023 to September 2024, he served as adviser and chief financial officer of 91360 Med Tech (Nanjing) Co., Ltd, where he successfully facilitated the completion of its round B fund-raising. From October 2021 to September 2023, he served as head of corporate finance and healthcare of Ping An of China Capital (Hong Kong) Company Limited (a member of Ping An Insurance (Group) Company of China, Ltd. (stock code 2318.HK)). From November 2019 to December 2020, he served as head of corporate finance and managing director of China Industrial Securities International Capital Limited (a member of China Industrial Securities International Financial Group Limited (stock code 6058.HK)). From August 2018 to October 2019, he served in Orient Capital (Hong Kong) Limited (a member of Orient Securities Co., Ltd (stock code 3958.HK)) as the executive director of its investment banking department. From July 2010 to August 2017, he served in BOCI Asia Limited (a member of Bank of China Limited (stock code 3988.HK)) with the last position being the executive director of its investment banking department. From May 2005 to January 2009, he served in BNP Paribas Peregrine (Asia Pacific) Capital Limited (法國巴黎百富勤融資(亞太)有限公司) with the last position as senior manager. From May 2004 to May 2005, he served in ICEA Capital Limited (a member of Industrial and Commercial Bank of China Limited (stock code 1398.HK)). From September 2001 to February 2003, he served as an auditor of Ernst & Young Hong Kong.

Mr. Fong obtained a bachelor's degree of Actuarial Sciences from the University of Hong Kong in 2001 and was awarded with HSBC Hong Kong Bank Foundation Bursary. He obtained membership of Hong Kong Institute of Certified Public Accountants in July 2006 and has been a member of corporate finance committee of Hong Kong Institute of Certified Public Accountants since 2018. He is currently the vice chairman of Angel Investment Foundation Limited and a member of Chinese Academy of Governance (HK) Industrial and Commercial Professionals Alumni Association Ltd. He has been a part time lecturer of HKU School of Professional and Continuing Education. Mr. Fong is a co-founder of Hong Kong Precision Pathology Laboratory Limited, where he is responsible for business establishment, strategic planning and financing.

Save as disclosed in this prospectus, each of our Directors confirms with respect to himself or herself, to the best of his or her knowledge, information and belief, that he or she (1) did not hold other long positions or short positions in the Shares, underlying Shares, debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) as at the Latest Practicable Date; (2) had no other relationship with any Directors, senior management or substantial shareholders of our Company; (3) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; and (4) there are no other matters concerning our Director's appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below sets out certain information in respect of the senior management of our Group:

Name	Position	Age	Date of appointment	Date of joining our Group	Role and responsibilities
Mr. Yu Guang (俞光)	General manager	53	March 2013	March 2013	Overall management, overall strategic planning, business direction, product development and operational management of our Group
Mr. Luo Renxiang (羅仁祥).	Deputy general manager and financial director	50	April 2019	April 2019	Overall financial management of our Group
Mr. He Yun (何贊)	Deputy general manager and marketing director of offline marketing centre	53	January 2014	January 2014	Overall production management of our Group
Ms. Wang Xiaoxia (汪小霞).	Deputy general manager and marketing director of online marketing centre	38	October 2019	October 2019	Overall marketing of our Group
Ms. Xu Jiaying (徐佳穎)	Secretary of the Board, manager of international department	28	March 2025	February 2025	Managing daily affairs of our Board and the development of international business

For the biographical details of Mr. Yu, Mr. Luo, Mr. He and Ms. Wang, see “– Board of Directors – Executive Directors” for details.

Ms. Xu Jiaying (徐佳穎), aged 28, is our secretary of the Board and manager of international department. She is primarily responsible for managing daily affairs of our Board and the development of international business. Ms. Xu has been appointed as manager of international department since February 2025, as well as the secretary of the Board since March 2025.

From July 2021 to January 2025, She served as analyst and then associate in Investment Banking Department of China International Capital Corporation Limited (中國國際金融股份有限公司投資銀行部).

Ms. Xu graduated from Peking University (北京大學) with a bachelor’s degree in Finance in July 2020, and obtained a master’s degree in Science in Financial Analysis in London Business School (倫敦商學院) in September 2021.

JOINT COMPANY SECRETARIES

Ms. Xu Jiaying (徐佳穎), has been appointed as a joint company secretary of our Company with effect from the Listing Date. see “– Senior Management” for details.

Ms. Leung Hoi Yan (梁熾欣), was appointed as a joint company secretary with effect from the Listing Date.

Ms. Leung has over 14 years of experience in company secretarial and corporate governance matters of listed companies in Hong Kong. She currently serves as an assistant manager, Entity Solutions of Computershare Hong Kong Investor Services Limited (香港中央證券登記有限公司).

DIRECTORS AND SENIOR MANAGEMENT

Ms. Leung holds a degree of Bachelor of Commerce (Honours) in Accounting from Hong Kong Shue Yan University (香港樹仁大學). She is an associate member of the Hong Kong Chartered Governance Institute (香港公司治理公會) and the Chartered Governance Institute.

SUPERVISORY COMMITTEE

Pursuant to our first extraordinary general meeting on April 30, 2025, our Shareholders approved a resolution that our Company would no longer set up the supervisory committee from the date of Listing, and the powers of the supervisory committee will be exercised by the Audit Committee. Accordingly, the term of our current supervisors and the supervisory committee would be terminated immediately before our Listing. Our PRC Legal Adviser has confirmed that such arrangements comply with the relevant PRC laws and regulations.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various Board committees. In accordance with the relevant PRC laws and regulations, the Articles and the Listing Rules, we have established our Audit Committee, Remuneration and Appraisal Committee, Nomination Committee, Strategy Committee.

Audit Committee

We have established an audit committee with terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code on April 30, 2025 with effect from the Listing Date. The audit committee consists of Mr. Tu Bisheng, Mr. Fong Chun Fai and Mr. Xiao Feng, with Mr. Fong Chun Fai, who holds the appropriate accounting or related financial management expertise as required under Rules 3.10(2) of the Listing Rules, being the chairman of the committee. The primary function of the audit committee is to assist our Board in evaluating and perfecting our financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by our Board.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code on April 30, 2025 with effect from the Listing Date. The Remuneration and Appraisal Committee consists of Dr. Huang Wenli, Mr. Tu Bisheng and Mr. Luo Renxiang, with Dr. Huang Wenli being the chairman of the committee. The primary function of the Remuneration and Appraisal Committee is formulating and reviewing remuneration policies of our Directors and senior management and formulating and conducting assessment standards for the company's directors and senior management personnel.

Nomination Committee

We have established a nomination committee with terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code on April 30, 2025 with effect from the Listing Date. The nomination committee consists of Dr. Huang Wenli, Ms. Wang Xiaoxia and Mr. Fong Chun Fai, with Dr. Huang Wenli being the chairman of the committee. The primary function of the nomination committee is to make recommendations to our Board in relation to the appointment and removal of Directors.

Strategy Committee

We have established a strategy committee whose primary functions are for researching and making recommendations on our Company's long-term development strategy and major investment decisions. The strategy committee consists Mr. Yu Guang, Mr. Luo Renxiang and Dr. Huang Wenli, with Mr. Yu Guang being the chairman of the committee.

DIRECTORS AND SENIOR MANAGEMENT

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as at the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on April 30, 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he had no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as at the Latest Practicable Date, and (iii) that there are no other factors that may affect his independence at the time of his appointment.

CORPORATE GOVERNANCE

Code Provision C.2.1 of the Corporate Governance Code

Under paragraph C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yu is our chairman of the Board and the general manager of our Company. With extensive experience in the cultural and creative crafts industry and having served in our Company since its establishment, Mr. Yu is in charge of overall management, business, strategic development and scientific research and development of our Group. Despite the fact that the roles of our chairman of the Board and our general manager are both performed by Mr. Yu which constitutes a deviation from paragraph C.2.1 of the Corporate Governance Code, our Board considers that vesting the roles of chairman and general manager in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of our Board, our senior management, which comprises experienced and diverse individuals. Our Board currently comprises five executive Directors (including Mr. Yu), one non-executive Director and three independent non-executive Directors, and therefore has a strong independence element in its composition.

Save as disclosed above, our Company intends to comply with all code provisions under the Corporate Governance Code after the Listing.

Board Diversity

The Board has adopted a board and all employees diversity policy (the “**Board and Employees Diversity Policy**”) prior to the Listing in order to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Our Company recognizes and embraces the benefits of having a diverse Board. Pursuant to the Board and Employees Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director of the Company, the Company will consider a range of diversity perspectives from different aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional qualifications, skills, knowledge and length of service. All board appointments will be based on the candidate's professional capabilities and the contribution he or she can make to the Board or position, taking into account the overall benefits of membership diversity and organizational needs.

DIRECTORS AND SENIOR MANAGEMENT

As at the Latest Practicable Date, our Board consists of eight male members and one female member with ages ranging from 37 years old to 61 years old. Our Directors have a balanced portfolio of knowledge and skills, including investment, financing, corporate management, accounting, mathematics etc. They obtained degrees in various fields such as mathematics, accountancy, actuarial sciences, business administration. Our Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable our Company to maintain high standard of operation.

Upon the Listing, the nomination committee will from time to time review the Board and Employees Diversity Policy, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives in order to ensure that the policy remains effective. Our Company will (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board and Employees Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report.

EMOLUMENT OF DIRECTORS AND SENIOR MANAGEMENT

We offer our Directors and senior management members, who are also employees of our Company, emolument in the form of salaries, allowances, bonuses and benefits in kind. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or chairman of Board committees).

The aggregate amount of remuneration which was paid to our Directors for the three years ended December 31, 2022, 2023 and 2024 and nine months ended September 30, 2025 were RMB1.5 million, RMB1.8 million, RMB2.6 million and RMB1.6 million, respectively.

It is estimated that the aggregate amount of remuneration payable to Directors for the year ended December 31, 2026 will be approximately RMB3.8 million under arrangements in force at the date of this prospectus.

During the Track Record Period, our Group's five highest paid individuals included one, two, two and one Director(s), respectively. The emoluments of the remaining 4, 3, 3 and 4 individuals throughout the Track Record Period, were approximately RMB2.3 million, RMB1.7 million, RMB1.7 million and RMB1.5 million, respectively.

None of our Directors or any past directors of any member of the Group has been paid any sum of money for the three years ended December 31, 2022, 2023 and 2024 and nine months ended September 30, 2025 as (a) an inducement to join or upon joining the Company; or (b) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the three years ended December 31, 2022, 2023 and 2024 and nine months ended September 30, 2025.

Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals of our Group during the Track Record Period.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

We have appointed Innovax Capital Limited (“**Innovax**”) as our compliance adviser pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- (a) before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws;
- (b) where a transaction, which might constitute a notifiable or connected transaction under the Listing Rules, is contemplated, including share issues and securities repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the Listing Date and end on the date on which we distribute the annual report of the first full financial year commencing after the Listing pursuant to the Rule 13.46 of the Listing Rules.

SHARE CAPITAL

SHARE CAPITAL

Immediately before the Global Offering

As at the Latest Practicable Date, the registered share capital of the Company was RMB57,000,000, comprising of 57,000,000 Domestic Unlisted Shares with a nominal value of RMB1.00.

Upon the Completion of the Global Offering

Immediately after the Global Offering and conversion of Domestic Unlisted Shares into H Shares (for details, see – “Conversion of our Domestic Unlisted Shares into H Shares” in this section below) (assuming that the Over-allotment Option is not exercised), the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the Global Offering
Domestic Unlisted Shares in issue	2,179,599	3.38%
H Shares to be converted from Domestic Unlisted Shares	54,820,401	85.12%
H Shares to be issued pursuant to the Global Offering	7,406,800	11.50%
Total	64,406,800	100%

Immediately after the Global Offering (assuming that the Over-allotment Option exercised in full), the share capital of the Company will be as follows.

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the Global Offering
Domestic Unlisted Shares in issue	2,179,599	3.33%
H Shares to be converted from Domestic Unlisted Shares	54,820,401	83.67%
H Shares to be issued pursuant to the Global Offering	8,517,800	13.00%
Total	65,517,800	100%

CLASS OF SHARES

The H Shares in issue following the completion of the Global Offering and the Domestic Unlisted Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares. However, H Shares may only be subscribed for and traded in Hong Kong dollars (except for H Shares under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, if applicable, and can be traded in Renminbi) between qualified domestic institutional investors of the PRC, legal and natural persons of Hong Kong, Macau, Taiwan or any country or jurisdiction other than the PRC. Apart from certain qualified domestic institutional investors in the PRC, as well as certain PRC qualified investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, if applicable, H Shares generally cannot be subscribed by or traded among legal and natural persons of the PRC. Domestic Unlisted Shares, on the other hand, may be purchased or transferred between legal and natural persons of the PRC, qualified foreign institutional investors or qualified foreign strategic investors.

SHARE CAPITAL

RANKING

Domestic Unlisted Shares and H Shares are regarded as one class of Shares under the Articles of Association and will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. However, the transfer of the Domestic Unlisted Shares is subject to such restrictions as PRC laws may impose from time to time.

CONVERSION OF OUR DOMESTIC UNLISTED SHARES INTO H SHARES

After the completion of the Global Offering, our Shares will consist of Domestic Unlisted Shares and H Shares, which are all ordinary Shares in the share capital of our company. Our Domestic Unlisted Shares are Shares which are currently not listed or traded on any stock exchange. According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, the holders of our Domestic Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Shares to H Shares. After the conversion of Domestic Unlisted Shares, such converted Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares any requisite internal approval processes shall have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Approval of the Stock Exchange is required for the listing of such converted shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our Domestic Unlisted Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our Domestic Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. As any listing of additional Shares after our Listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our Listing in Hong Kong.

After the completion of filing and all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Domestic Unlisted Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be conditional on (a) the H Share Registrar lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates and (b) the admission of the H Shares to trade on the Stock Exchange in compliance with the Listing Rules, the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

No Shareholder voting by class is required for the listing and trading of the converted Shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

Pursuant to the filing notice of the CSRC dated February 4, 2026, a total of 54,820,401 Domestic Unlisted Shares will be converted into H Shares on a one-for-one basis and listed on Stock Exchange for trading upon completion of the Global Offering.

SHARE CAPITAL

LISTING APPROVAL BY THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option), and the H Shares to be converted from 54,820,401 Domestic Unlisted Shares on the Stock Exchange, which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the conversion of Domestic Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (1) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which Shareholders' general meeting is required, please refer to "Appendix V – Summary of Principal Laws and Regulations" and "Appendix VI – Summary of Articles of Association" to this prospectus.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) issued by CSRC, an overseas listed company is required to centrally register its shares that are not listed on any overseas stock exchange with domestic securities registration and settlement institution.

TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the Listing Date.

SHAREHOLDERS' APPROVAL FOR THE GLOBAL OFFERING

Approval from our Shareholders is required for our Company to issue H Shares and apply the listing of H Shares on the Stock Exchange. Our Company has obtained such approval at the Shareholders' general meeting held on April 30, 2025.

SUBSTANTIAL SHAREHOLDERS

To the best of the knowledge of our Directors, the following persons will, immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have an interest or short position in our Shares or underlying Shares which are required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company:

Shareholder/ Ultimate Shareholder	Nature of Interest	Class of Shares	Number of Shares ⁽²⁾	Approximate percentage of interest	
				In the relevant class of Shares upon the completion of the Global Offering ⁽¹⁾	In the total share capital of our Company upon the completion of the Global Offering ⁽¹⁾
Mr. Yu	Beneficial Interest	H Shares	14,971,100 (L)	24.06%	23.24%
Shunwei ⁽³⁾	Beneficial Interest	H Shares	7,631,981 (L)	12.26%	11.85%
Shunwei China ⁽³⁾	Interest in controlled corporation	H Shares	7,631,981 (L)	12.26%	11.85%
Shunwei Capital LP ⁽³⁾	Interest in controlled corporation	H Shares	7,631,981 (L)	12.26%	11.85%
Shunwei Capital Ltd ⁽³⁾	Interest in controlled corporation	H Shares	7,631,981 (L)	12.26%	11.85%
Silver Unicorn ⁽³⁾	Interest in controlled corporation	H Shares	7,631,981 (L)	12.26%	11.85%
Koh Tuck Lye ⁽³⁾	Interest in controlled corporation	H Shares	7,631,981 (L)	12.26%	11.85%
Tianjin Jinmi ⁽⁴⁾	Beneficial Interest	H Shares	5,451,418 (L)	8.76%	8.46%
Xiaomi Inc. ⁽⁴⁾	Interest in controlled corporation	H Shares	5,451,418 (L)	8.76%	8.46%
Xiaomi Communications ⁽⁴⁾	Interest in controlled corporation	H Shares	5,451,418 (L)	8.76%	8.46%
Xiaomi HK ⁽⁴⁾	Interest in controlled corporation	H Shares	5,451,418 (L)	8.76%	8.46%
Xiaomi Corporation ⁽⁴⁾	Interest in controlled corporation	H Shares	5,451,418 (L)	8.76%	8.46%
Beijing Hezhong ⁽⁵⁾	Beneficial Interest	Domestic Unlisted Shares	2,008,599 (L)	92.15%	3.12%
Baiquan Nahai ⁽⁵⁾	Interest in controlled corporation	Domestic Unlisted Shares	2,008,599 (L)	92.15%	3.12%
Wang Wenzhong ⁽⁵⁾	Interest in controlled corporation	Domestic Unlisted Shares	2,008,599 (L)	92.15%	3.12%
Shanghai Ruma ⁽⁶⁾	Beneficial Interest	Domestic Unlisted Shares	171,000 (L)	7.85%	0.27%

SUBSTANTIAL SHAREHOLDERS

Shareholder/ Ultimate Shareholder	Nature of Interest	Class of Shares	Number of Shares ⁽²⁾	Approximate percentage of interest	
				In the relevant class of Shares upon the completion of the Global Offering ⁽¹⁾	In the total share capital of our Company upon the completion of the Global Offering ⁽¹⁾
Ruma Management ⁽⁶⁾ . . .	Interest in controlled corporation	Domestic Unlisted Shares	171,000 (L)	7.85%	0.27%
Shanghai Oujie ⁽⁶⁾	Interest in controlled corporation	Domestic Unlisted Shares	171,000 (L)	7.85%	0.27%
Wang Changlin ⁽⁶⁾	Interest in controlled corporation	Domestic Unlisted Shares	171,000 (L)	7.85%	0.27%
Zhang Haiyun ⁽⁶⁾	Interest in controlled corporation	Domestic Unlisted Shares	171,000 (L)	7.85%	0.27%

Notes:

- (1) The calculation is based on the total number of 64,406,800 Shares, consisting of 2,179,599 Domestic Unlisted Shares and 62,227,201 H Shares) in issue immediately after completion of the Global Offering (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option).
- (2) “L” denotes long position.
- (3) Shunwei Ventures III (Hong Kong) Limited (“**Shunwei**”) is wholly owned by Shunwei China Internet Fund III, L.P. (“**Shunwei China**”). The general partner of Shunwei China is Shunwei Capital Partners III GP, L.P. (“**Shunwei Capital LP**”), and the general partner of Shunwei Capital LP is Shunwei Capital Partners III GP Limited (“**Shunwei Capital Ltd**”). Silver Unicorn Ventures Limited (“**Silver Unicorn**”) holds more than 50% of the issued and outstanding shares of Shunwei Capital Ltd, and Mr. Koh Tuck Lye is the sole shareholder of Silver Unicorn. Therefore, in accordance with the SFO, Shunwei China, Shunwei Capital LP, Shunwei Capital Ltd, Silver Unicorn and Koh Tuck Lye are deemed to be interested in all the shares directly held by Shunwei.
- (4) The general partner of Tianjin Jinmi Investment Partnership (Limited Partnership) (“**Tianjin Jinmi**”) is Tianjin Venus Venture Capital Co., Ltd.* (天津金星創業投資有限公司) (“**Tianjin Venus**”), which is wholly owned by Xiaomi Inc.* (小米科技有限責任公司) (“**Xiaomi Inc.**”), a consolidated affiliated entity controlled by Xiaomi Communications Co., Ltd. (“**Xiaomi Communications**”) through, among others, contractual arrangements entered into between Xiaomi Inc. and Xiaomi Communications. Both Xiaomi Software and Xiaomi Communications are wholly owned by Xiaomi H.K. Limited (“**Xiaomi HK**”), which in turn is wholly owned by Xiaomi Corporation (stock code: 1810.HK) (“**Xiaomi Corporation**”). Therefore, in accordance with the SFO, Tianjin Venus, Xiaomi Inc., Xiaomi Communications, Xiaomi HK and Xiaomi Corporation are deemed to be interested in all the shares directly held by Tianjin Jinmi.
- (5) Beijing Hezhong Venture Capital Equity Investment Center (Limited Partnership)* (北京合眾創投股權投資中心(有限合夥)) (“**Beijing Hezhong**”) was owned as to approximately 3.63% by Beijing Baiquan Nahai Investment Management Co., Ltd.* (北京百泉納海投資管理有限公司) (“**Baiquan Nahai**”) as its general partner, which in turn was owned as to approximately 35% by Wang Wenzhong (汪文忠). Therefore, in accordance with the SFO, Baiquan Nahai and Wang Wenzhong are deemed to be interested in all the shares directly held by Beijing Hezhong.
- (6) Shanghai Ruma Youhua Enterprise Management Partnership (Limited Partnership)* (上海如碼有花企業管理合夥企業(有限合夥)) (“**Shanghai Ruma**”) was owned as to approximately 1.96% by Shanghai Ruma Enterprise Management Consulting Co., Ltd. (上海如碼企業管理諮詢有限公司) (“**Ruma Management**”) as its general partner, which in turn was owned as to 99% by Shanghai Oujie Cultural Communication Co., Ltd. (上海歐捷文化傳播有限公司) (“**Shanghai Oujie**”), which in turn was owned as to 50% and 50% by Wang Changlin (王長林) and Zhang Haiyun (張海雲). Therefore, in accordance with the SFO, Ruma Management, Shanghai Oujie, Wang Changlin and Zhang Haiyun are deemed to be interested in all the shares directly held by Shanghai Ruma.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the Global Offering, have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

CORNERSTONE INVESTOR

THE CORNERSTONE PLACING

We have entered into a cornerstone investment agreement (the “**Cornerstone Investment Agreement**”) with the cornerstone investor set out below (the “**Cornerstone Investor**”), pursuant to which the Cornerstone Investor has agreed to, subject to certain conditions, subscribe, or cause its designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) that may be purchased for an aggregate amount of HK\$30 million (the “**Cornerstone Placing**”). The calculations in this section, which are based on the exchange rates as disclosed in the section headed “Information about this Prospectus and the Global Offering”, are for illustration purpose.

Pursuant to paragraph 3.2 of Practice Note 18 to the Listing Rules, at least 40% of the total number of Offer Shares initially offered in the Global Offering must be allocated to investors in the placing tranche (other than the Cornerstone Investor). As the Company is initially offering approximately 10% of the total number of Offer Shares in the Hong Kong Public Offering, no more than 50% of the total number of the Offer Shares initially offered in the Global Offering can be allocated to the Cornerstone Investor (the “**Cornerstone Placing Allocation Limit**”). The Cornerstone Investor has agreed in the Cornerstone Investment Agreement that the Company, the Sole Sponsor and the Sole Sponsor-Overall Coordinator shall have the right to, in their sole and absolute discretion, adjust the allocation of the number of Offer Shares to be subscribed for by the Cornerstone Investor to ensure compliance with the Listing Rules, including the Cornerstone Placing Allocation Limit. Accordingly, the Company, the Sole Sponsor and the Sole Sponsor-Overall Coordinator will adjust the allocation of the number of Offer Shares to be subscribed for by the Cornerstone Investor in proportion to its initial subscription amount set out in the Cornerstone Investment Agreement to ensure compliance with the Cornerstone Placing Allocation Limit and will disclose the number of the Offer Shares finally allocated to the Cornerstone Investor in the allotment results announcement of the Company to be published on or around March 30, 2026.

Based on an Offer Price of HK\$60.00, being the minimum Offer Price set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investor would be 500,000 Offer Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering assuming there is no other change made to the issued share capital of our Company between the Latest Practicable Date and the Listing Date (or the date of exercise of Over-allotment Option (where applicable)).

Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the Shares in issue	Approximate % of the Offer Shares	Approximate % of the Shares in issue
6.75%	0.78%	5.87%	0.76%

Based on an Offer Price of HK\$64.00, being the mid-point of the Offer Price set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investor would be 468,700 Offer Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering assuming there is no other change made to the issued share capital of our Company between the Latest Practicable Date and the Listing Date (or the date of exercise of Over-allotment Option (where applicable)).

Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the Shares in issue	Approximate % of the Offer Shares	Approximate % of the Shares in issue
6.33%	0.73%	5.50%	0.72%

CORNERSTONE INVESTOR

Based on an Offer Price of HK\$68.00, being the maximum Offer Price set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investor would be 441,100 Offer Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering assuming there is no other change made to the issued share capital of our Company between the Latest Practicable Date and the Listing Date (or the date of exercise of Over-allotment Option (where applicable)).

Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the Shares in issue	Approximate % of the Offer Shares	Approximate % of the Shares in issue
5.96%	0.68%	5.18%	0.67%

We believe that the Cornerstone Placing signifies our Cornerstone Investor's confidence in our Company and its business prospect, and that the Cornerstone Placing will help to raise the profile of our Company. Our Company became acquainted with the Cornerstone Investor during its ordinary course of operations.

To the best knowledge of our Company, (i) the Cornerstone Investor is independent of our Group, our connected persons and their respective associates, and is not an existing Shareholder or a close associate; (ii) the Cornerstone Investor is not accustomed to taking instructions from our Company, the Directors, our chief executive, our Single Largest Shareholder, our substantial Shareholders, our existing Shareholders, the directors, supervisors, chief executive or substantial shareholders of any of our subsidiaries, or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; (iii) none of the subscription of the relevant Offer Shares by the Cornerstone Investor is financed by our Company, the Directors, our chief executive, our Single Largest Shareholder, our substantial Shareholders, our existing Shareholders, the directors, supervisors, chief executive or substantial shareholders of any of our subsidiaries, or any of their respective close associates; and (iv) none of the Cornerstone Investor or its shareholders are listed on any stock exchanges.

The Cornerstone Placing will form part of the International Offering, and save as otherwise consented from the Stock Exchange, the Cornerstone Investor and its close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreement). The Offer Shares to be subscribed by the Cornerstone Investor will rank *pari passu* in all respects with the fully paid Shares in issue and all the Shares to be subscribed by the Cornerstone Investor will be counted towards the public float for the purpose of Rule 19A.13C(1) of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investor will not have any Board representation in our Company; and the Cornerstone Investor will not become a substantial shareholder of our Company. Other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, the Cornerstone Investor does not have any preferential rights in the Cornerstone Investment Agreement compared with other public Shareholders. There are no side agreement or arrangements between our Company and the Cornerstone Investor or any benefit, direct or indirect, conferred on the Cornerstone Investor by virtue of or in relation to the Listing.

The Cornerstone Investor has agreed to pay in full for the relevant Offer Shares that it has subscribed before dealings in the H Shares commence on the Stock Exchange. The Offer Shares to be subscribed by the Cornerstone Investor, in whole or in part, are subject to delayed delivery, at the Company's, the Sole Sponsor's and the Sole Sponsor-Overall Coordinator's sole discretion. Where delayed delivery takes place, the Cornerstone Investor that may be affected by such delayed delivery arrangement has agreed that it shall nevertheless pay for the relevant Offer Shares in full before the Listing. Delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. There will be no delayed delivery if there is no over-allocation in the International Offering.

CORNERSTONE INVESTOR

The total number of Offer Shares to be subscribed by the Cornerstone Investor may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering as described in the paragraph headed “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” in this Prospectus. The number of Offer Shares to be acquired by the Cornerstone Investor may be reduced on a pro rata basis in accordance with the terms of the Cornerstone Investment Agreement to satisfy the public demand, after taking into account the requirements under the Listing Rules and the Guide as well as the discretion of the Overall Coordinators on behalf of the International Underwriters to exercise the Over-allotment Option.

To the best knowledge of our Company, the Cornerstone Investor (i) makes independent investment decisions, (ii) its subscription under the Cornerstone Investment Agreement would be financed by its own internal resources, and (iii) it has sufficient funds to settle its investments under the Cornerstone Placing. The Cornerstone Investor has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investor will be disclosed in the allotment results announcement of our Company to be published on or around March 30, 2026.

THE CORNERSTONE INVESTOR

The information about the Cornerstone Investor set forth below has been provided by the Cornerstone Investor in connection with the Cornerstone Placing.

Jiantou International

Jiantou International (Hong Kong) Co., Limited (“**Jiantou International**”) is a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of Jiande State-owned Assets Management Co., Ltd.* (建德市國有資產經營有限公司) and ultimately controlled by Jiande State-owned Assets Management Service Center* (建德市國有資產管理服務中心).

The tables below set forth the aggregate number of Offer Shares, and the corresponding percentages to the Offer Shares and our Company’s total issued share capital under the Cornerstone Placing:

Based on the Offer Price of HK\$60.00 as the indicative offer price (being the minimum Offer Price)

Cornerstone Investor	Investment amount ⁽²⁾	Number of Offer Shares ⁽¹⁾	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
			Approximate % of the Offer Share	Approximate % of the Share in issue	Approximate % of the Offer Share	Approximate % of the Share in issue
			<i>(in millions)</i>			

Based on the Offer Price of HK\$64.00 as the indicative offer price (being the mid-point of the Offer Price)

Cornerstone Investor	Investment amount ⁽²⁾	Number of Offer Shares ⁽¹⁾	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
			Approximate % of the Offer Share	Approximate % of the Share in issue	Approximate % of the Offer Share	Approximate % of the Share in issue
			<i>(in millions)</i>			
Jiantou International . . .	HK\$30	468,700	6.33%	0.73%	5.50%	0.72%

CORNERSTONE INVESTOR

Based on the Offer Price of HK\$68.00 as the indicative offer price (being the maximum Offer Price)

Cornerstone Investor	Investment amount ⁽²⁾ <i>(in millions)</i>	Number of Offer Shares ⁽¹⁾	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
			Approximate % of the Offer Share	Approximate % of the Share in issue	Approximate % of the Offer Share	Approximate % of the Share in issue
Jiantou International . . .	HK\$30	441,100	5.96%	0.68%	5.18%	0.67%

Notes:

- (1) Rounded down to the nearest whole board lot of 100 H Shares, and is calculated based on the exchange rate set out in the section headed “Information about this Prospectus and the Global Offering — Currency Translations” in this Prospectus.
- (2) The investment amount excludes brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, and is calculated based on the exchange rate set out in the section headed “Information about this Prospectus and the Global Offering — Currency Translations” in this Prospectus.

CLOSING CONDITIONS

The obligation of the Cornerstone Investor to subscribe for the Offer Shares under the Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their 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 Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;
- (ii) the Offer Price having been agreed between the Company and the Overall Coordinators (on behalf of the Underwriters);
- (iii) the Listing Committee having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares subscribed under the Cornerstone Placing) 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 H Shares on the Stock Exchange;
- (iv) no laws having been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreement, and there being no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (v) the respective representations, warranties, acknowledgements, undertakings, and confirmations of the Cornerstone Investor under the 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 the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTOR

The Cornerstone Investor has agreed that it will not, whether directly or indirectly, at any time during the period of six months from and including the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares it has purchased pursuant to the Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of the Cornerstone Investor, including the Lock-up Period restriction, as the case may be.

FINANCIAL INFORMATION

You should read the following discussion and analysis with our consolidated financial information, including the notes thereto, included in the Accountants' Report as set out in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.

For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We, TONGSHIFU (銅師傅), have focused on developing copper-based cultural and creative products by integrating traditional techniques with modern design and usage scenarios since our inception. According to the F&S Report, we ranked No. 1 in China's copper-based cultural and creative crafts market in terms of overall revenue for the year ended December 31, 2024, with a market share of 35.0%. The PRC copper-based cultural and creative crafts market accounted for approximately 6.3% of the PRC metal cultural and creative craft market in 2024 and is a narrow sub-segment of the broader PRC cultural and creative craft market, in which we held an approximately 0.2% market share in 2024.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our revenue was RMB503.2 million, RMB506.4 million, RMB571.2 million, RMB402.4 million and RMB447.7 million, respectively. Gross margins for the same periods were 32.2%, 32.4%, 35.4%, 35.6% and 34.3%, respectively, demonstrating our steady performance in business expansion and operational efficiency.

BASIS OF PREPARATION

Our Company, Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd., is a joint stock company incorporated under the laws of the PRC. The consolidated financial statements of the Group for the Track Record Period have been prepared in accordance with the accounting policies set out in Note 2 to the Accountants' Report in Appendix I to this prospectus. These accounting policies conform to all applicable IFRS Accounting Standards.

The consolidated financial statements have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in accordance with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Unless otherwise indicated, the consolidated financial information is presented in RMB, the functional and presentation currency of the Group.

FINANCIAL INFORMATION

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

A number of external and internal factors have influenced, and are expected to continue to influence, our financial performance during the Track Record Period and going forward. Key considerations are set out as below.

Consumer Sentiment, Macroeconomic Conditions, and Cultural Consumption Trends

Our results are sensitive to macroeconomic conditions and consumer sentiment in the PRC because our products are discretionary purchases. Changes in income expectations, purchasing confidence and broader sentiment toward economic prospects can affect demand and, in turn, our revenue growth and operating leverage. Global headwinds such as geopolitical tensions, inflation and softer external demand may also create volatility in consumer confidence and spending. We also see consumer preferences shifting from purely functional attributes toward symbolic and cultural relevance, with greater emphasis on cultural identity, self-expression and personalized aesthetics. According to the F&S Report, the urban penetration rate was 2.34% in 2024 and is projected to increase to 2.58% by 2029, while rural penetration remains below 1.4%, indicating further room for market expansion as cultural awareness deepens and e-commerce access broadens.

Channel mix also influences our financial performance. During the Track Record Period, online direct sales contributed the majority of our revenue, benefiting from platform traffic and scalable customer reach. More recently, our offline expansion has complemented our online presence by strengthening brand engagement and conversion; our offline revenue increased following the opening of new self-operated stores in 2024. We expect our omni-channel approach to continue supporting revenue growth and customer engagement, consistent with the channel strategy described in the “Business” section.

Product Capabilities, Development and Portfolio Expansion

Our business is fundamentally driven by product strength, which is based on our creative capabilities, artisanal craftsmanship, and ability to translate cultural meaning into tangible forms. Our growth is built on a design-first philosophy that integrates original aesthetic expression with refined production execution. Anchored in copper, which remains the cultural and material foundation of our brand, we have gradually expanded our product matrix to include gold, silver, and plastic-based cultural and creative products. Each material category reflects a strategic response to different consumer preferences, usage scenarios, and pricing expectations. Our gold cultural and creative products, in particular, emphasize symbolic richness and commemorative value, and have demonstrated growing market appeal.

In parallel with material diversification, we have continued to deepen and broaden our IP portfolio. Our product development is primarily led by self-developed IPs which allow us to build lasting connections with consumers. We selectively complement these with licensed IPs, including collaborations with museums and global franchises, to enrich our offering and extend reach across different consumer segments. All of our IPs, whether self-created or externally licensed, are developed and commercialized through an integrated in-house process that combines cultural research, design, modeling, prototyping, and production.

Our Product Positioning and Pricing Strategy

Our brand philosophy is deeply connected in the pursuit of value-driven quality, where high artistry and cultural meaning are delivered through accessible pricing. This approach underpins our ability to reach a broad consumer base while maintaining high standards of craftsmanship. Our pricing is a key advantage. It carefully balances product complexity, cultural meaning, and customer value. This strategy allows us to build trust and encourage long-term relationships with our customers.

FINANCIAL INFORMATION

In the PRC market, we implement a unified retail pricing mechanism across both online and offline channels to ensure transparency and consistency. Through vertically integrated production, disciplined cost management, and scalable product design, we are able to deliver high-quality, culturally grounded products across multiple price points. This enables us to serve consumers while reinforcing our market leadership in the copper-based cultural and creative crafts market. Our consistent performance further validates the effectiveness of this strategy. For more information, please refer to “Business – Our Pricing” in this prospectus.

Our Relationship with Third-Party E-Commerce Platforms

A large portion of our revenue generated from online direct sales through major third-party e-commerce platforms in the PRC, comprising Tmall, JD.com and Douyin, represented 70.6%, 69.9%, 70.5%, 69.3% and 70.9% of total revenue for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025 respectively. These platforms serve as our primary consumer touchpoints and have played a pivotal role in building brand awareness, consumer engagement, and transaction volume. Our flagship stores on these platforms are operated by us directly, allowing us to manage pricing, content, and customer service while leveraging each platform’s user base, logistics infrastructure, and marketing ecosystem. In addition, our long-standing and positive relationships with the major e-commerce platforms have enabled us to secure prominent promotional placements, participate in high-traffic campaign events, and access real-time consumer insights to refine product strategy.

Raw Material Costs and Procurement Strategy

Copper is the primary raw material used in our production process, and fluctuations in copper prices have a direct impact on our cost of sales and gross margin. During the Track Record Period, copper prices in the PRC exhibited a generally upward yet volatile trend. According to the F&S Report, the average annual price of copper increased from RMB47,621.8 per ton in 2019 to RMB74,958.3 per ton in 2024, reaching a historical peak of RMB88,600.0 per ton in May 2024. As of September 30, 2025, the copper price has reached RMB83,110.0 per ton. This trajectory reflects a combination of industrial demand growth, supply chain disruptions, and broader global commodity market dynamics. In the PRC market, domestic prices are typically higher than international benchmarks due to import costs, warehousing, tax policies, and foreign exchange factors. Our cost structure is therefore exposed to changes in copper prices. A sharp rise in copper prices without corresponding product pricing adjustments could result in margin compression, particularly for mass-market or lower-ticket SKUs with limited pricing elasticity. Conversely, declining copper costs may enhance our gross margin. We currently do not include raw material price fluctuation clauses in our supplier contracts and rely on our procurement scheduling and design planning to mitigate this risk.

Sensitivity Analysis

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of raw material costs on our total cost of sales for the periods indicated. The hypothetical rate for material costs is set at 5.0%.

	Impact on total cost of sales			
	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Increased/(decreased) by				
+5.0%	338,895	338,482	365,248	290,715
-5.0%	327,374	329,602	355,160	282,701

We will continue to refine our procurement and production planning mechanisms to better respond to market fluctuations and ensure that our product quality, pricing, and profitability remain aligned with business objectives.

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Labor Costs and Skilled Workforce

Our products are labor-intensive and craftsmanship-driven. As a result, the availability, stability and productivity of skilled craftsman directly affect our cost structure, production capacity and ability to maintain consistent product quality. We may continue to face upward labor cost pressure due to wage inflation and competition for experienced technicians, which could increase our cost of sales and affect margins if not offset by productivity improvements and mix optimization. For details of our production processes and workforce arrangements, please refer to “Business — Our Production — Our Production Facility — Production Capacity” in this prospectus.

SEASONALITY

We experience seasonal fluctuations in revenue, primarily driven by major e-commerce promotional campaigns and traditional gift-giving occasions in China. In particular, online shopping festivals such as the “618 Shopping Festival” in June, the “Double 11 Shopping Festival” in November, and the “Double 12” campaign in December consistently generate large order volumes due to intensified promotional efforts, platform-wide traffic surges, and heightened consumer engagement.

Traditional holidays also play a key role in shaping seasonal demand. The first quarter typically benefits from the New Year and Chinese New Year periods, which are peak occasions for personal and corporate gifting. The fourth quarter includes the National Day Golden Week and the Mid-Autumn Festival.

As a result, our revenue generally peaks in the first and fourth quarters of each year. Period-to-period comparisons of revenue and profitability may therefore not be indicative of full-year trends.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our financial statements. Our material accounting policies and estimates, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Notes 2 and 3 to the Accountants’ Report as set out in Appendix I to this prospectus. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Actual results could differ from those estimates. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and other factors that we believe to be relevant under the circumstances.

Our management has discussed the development, selection and disclosure of these estimates with our Board of Directors. Since our financial reporting process inherently relies on the use of estimates and assumptions, actual results may differ from these estimates under different assumptions or conditions. When reviewing our financial statements, you should consider (i) our selection of key accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

FINANCIAL INFORMATION

DESCRIPTION OF SELECTED COMPONENTS OF STATEMENTS OF PROFIT OR LOSS

The table below sets forth our consolidated statements of profit or loss with line items in absolute amounts and as percentages of our revenue for the periods indicated, which are derived from our consolidated statements of profit or loss included in the Accountants' Report as set out in Appendix I to this prospectus:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Revenue	503,185	100.0	506,383	100.0	571,188	100.0	402,355	100	447,672	100
Cost of sales	(340,957)	67.8	(342,174)	67.6	(369,103)	64.6	(258,958)	64.4	(294,065)	65.7
Gross profit	162,228	32.2	164,209	32.4	202,085	35.4	143,397	35.6	153,607	34.3
Other income	13,747	2.7	15,620	3.1	14,370	2.5	10,034	2.5	7,974	1.8
Other gains and losses	42	0.0	105	0.0	260	0.0	(140)	0.0	1,093	0.3
Impairment losses under expected credit loss model, net of reversal	(756)	0.1	715	0.1	(190)	0.0	(80)	0.0	39	0.0
Selling and marketing expenses	(62,667)	12.4	(72,448)	14.3	(71,590)	12.5	(53,502)	13.3	(59,623)	13.3
Administrative expenses . . .	(27,972)	5.6	(30,426)	6.0	(26,923)	4.7	(18,675)	4.6	(20,108)	4.5
Other operating expenses . .	(2,479)	0.5	(2,291)	0.4	(1,637)	0.3	(1,232)	0.3	(1,205)	0.3
Listing expenses	–	–	–	–	–	–	–	–	(12,821)	2.9
Research and development expenses	(18,802)	3.7	(28,638)	5.7	(28,212)	5.0	(20,714)	5.2	(24,703)	5.5
Finance costs	(896)	0.2	(5)	0.0	(97)	0.0	(69)	0.0	(83)	0.0
Profit before tax	62,445	12.4	46,841	9.2	88,066	15.4	59,019	14.7	44,170	9.9
Income tax expenses	(5,507)	1.1	(2,710)	0.5	(9,084)	1.6	(5,751)	1.4	(2,617)	0.6
Profit and total comprehensive income for the year/period	56,938	11.3	44,131	8.7	78,982	13.8	53,268	13.3	41,553	9.3

NON-IFRS MEASURES

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

Adjusted Net Profit (Non-IFRS Measure)

We define adjusted net profit (non-IFRS measure) as profit and total comprehensive income for the year/period comprising listing expenses, as they are expenses relating to the Global Offering.

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The following table provides the reconciliation from profit and total comprehensive income for the year/period to adjusted net profit (non-IFRS measure) for the year/periods indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Reconciliation of profit and total comprehensive income for the year/period to adjusted net profit (non-IFRS measure)					
Profit and total comprehensive income for the year/period	56,938	44,131	78,982	53,268	41,553
Add:					
Listing expenses	—	—	—	—	12,821
Adjusted net profit (non-IFRS measure)	<u>56,938</u>	<u>44,131</u>	<u>78,982</u>	<u>53,268</u>	<u>54,374</u>

Revenue

We primarily recognize revenue from the sale of products at the point in time when control of the asset is transferred to the customer, which typically occurs upon delivery and acceptance for online orders, and at the time of payment and handover for retail and distributor sales.

Product Category

The following table sets forth the breakdown of our revenue by product categories during the Track Record Period.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Copper-based cultural and creative products	479,645	95.4	488,005	96.3	551,251	96.6	389,196	96.7	424,600	94.8
– Copper ornaments	428,004	85.1	434,161	85.7	497,831	87.2	351,260	87.3	390,203	87.2
– Copper engraved artworks	51,641	10.3	53,844	10.6	53,420	9.4	37,936	9.4	34,397	7.6
Plastic figures and toys	3,286	0.7	13,304	2.6	14,252	2.5	11,089	2.8	6,959	1.6
Silver cultural and creative products	4,771	0.9	3,320	0.7	4,232	0.7	1,086	0.3	6,538	1.5
Gold cultural and creative products	—	—	—	—	1,274	0.2	820	0.2	9,496	2.1
Wooden cultural and creative products	15,483	3.0	1,754	0.4	179	0.0	164	0.0	79	0.0
Total	<u>503,185</u>	<u>100.0</u>	<u>506,383</u>	<u>100.0</u>	<u>571,188</u>	<u>100.0</u>	<u>402,355</u>	<u>100.0</u>	<u>447,672</u>	<u>100.0</u>

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Copper-based cultural and creative products remained our dominant revenue contributor, accounting for 95.4%, 96.3%, 96.6%, 96.7% and 94.8% of total revenue during the Track Record Period, respectively, and increased mainly due to stronger sales of copper ornaments driven by newly launched smaller-scale, entry-level SKUs. Within this category, revenue from copper engraved artworks decreased from RMB37.9 million for the nine months ended September 30, 2024 to RMB34.4 million for the same period in 2025, mainly due to fewer launches as we allocated more research and development resources to copper ornaments.

Plastic figures and toys increased from RMB3.3 million in 2022 to RMB13.3 million in 2023 and RMB14.3 million in 2024 due to new SKUs, but declined to RMB7.0 million for the nine months ended September 30, 2025 (nine months ended September 30, 2024: RMB11.1 million) due to fewer launches and reduced promotional efforts.

Silver cultural and creative products remained small in 2022 to 2024 but increased to RMB6.5 million for the nine months ended September 30, 2025 driven by new SKUs and improved consumer recognition, while gold cultural and creative products, launched in 2024, increased to RMB9.5 million for the nine months ended September 30, 2025 (nine months ended September 30, 2024: RMB0.8 million) as the offering expanded. Wooden cultural and creative products declined after we ceased production starting in 2022, with subsequent revenue mainly from remaining inventory sales.

Sales Channel

The following table sets forth our revenue of product sales by sales channel during the Track Record Period:

	For the year ended December 31,						For the nine months ended September 30,					
	2022		2023		2024		2024		2025			
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited)	
Direct sales												
Online direct sales	355,392	70.6	353,977	69.9	402,889	70.5	278,823	69.3	317,286	70.9		
Retail stores sales	3,648	0.7	3,624	0.7	17,627	3.1	10,940	2.7	21,573	4.8		
Other direct sales	12,805	2.5	13,354	2.6	17,761	3.1	12,556	3.1	12,279	2.7		
Subtotal	371,845	73.8	370,955	73.2	438,277	76.7	302,319	75.1	351,138	78.4		
Distribution partnerships												
Online distributors	51,842	10.3	47,027	9.3	37,996	6.7	30,656	7.6	25,951	5.8		
Offline distributors	75,952	15.1	74,342	14.7	78,986	13.8	60,781	15.1	48,673	10.9		
Subtotal	127,794	25.4	121,369	24.0	116,982	20.5	91,437	22.7	74,624	16.7		
Consignment arrangement	3,546	0.8	14,059	2.8	15,929	2.8	8,599	2.2	21,910	4.9		
Total	503,185	100.0	506,383	100.0	571,188	100.0	402,355	100.0	447,672	100.0		

Our revenue remained centered on direct sales, accounting for 73.8%, 73.2%, 76.7%, 75.1% and 78.4% of total revenue for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, with online direct sales consistently contributing around 70% of total revenue. Offline direct sales increased materially (RMB3.6 million in 2023 to RMB17.6 million in 2024; and RMB10.9 million in the nine months ended September 30, 2024 to RMB21.6 million in the same period of 2025) primarily due to the expansion of our self-operated store network. Other direct sales decreased slightly in the nine months ended September 30, 2025 to RMB12.3 million due to lower customized order volume.

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Distribution partnerships declined as a percentage of revenue over time as we increased our focus on self-operated channels, while consignment revenue increased to RMB21.9 million for the nine months ended September 30, 2025 (nine months ended September 30, 2024: RMB8.6 million), mainly driven by stronger performance of managed online store channels supported by livestreaming and trending SKUs.

Geographical Region

The following table sets forth a breakdown of our revenue by geographical market for the period indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Chinese Mainland	495,990	98.6	500,514	98.8	564,147	98.8	396,700	98.6	442,847	98.9
Taiwan	7,195	1.4	5,869	1.2	6,624	1.1	5,238	1.3	4,794	1.1
United States	–	–	–	–	417	0.1	417	0.1	31	0.0
Total	503,185	100.0	506,383	100.0	571,188	100.0	402,355	100.0	447,672	100.0

We generate the vast majority of our revenue from the PRC, accounting for over 98% of our total revenue throughout the Track Record Period. Revenue from the PRC increased by 11.6% from RMB396.7 million for the nine months ended September 30, 2024 to RMB442.8 million for the nine months ended September 30, 2025. This growth was mainly attributable to the continued expansion of online flagship stores and stronger contribution from our self-operated retail stores, accounted for an improvement of RMB10.7 million from RMB10.9 million for the nine months ended September 30, 2024, to RMB21.6 million for the nine months ended September 30, 2025. Revenue from Taiwan remained stable during the Track Record Period. Our United States business began in 2024 with a trial shipment of RMB417,000 for the year ended December 31, 2024 and RMB31,000 for the nine months ended September 30, 2025. In the future, we expect domestic sales to continue growing at a steady pace, driven by channel diversification and enhanced product-market alignment. Meanwhile, our overseas sales are at an early stage and subject to further exploration.

Cost of Sales

Our cost of sales primarily consists of direct material costs, direct labor costs, and manufacturing overhead. During the Track Record Period, our cost of sales amounted to RMB341.0 million, RMB342.2 million, RMB369.1 million, RMB259.0 million and RMB294.1 million for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Direct materials	176,932	51.9	161,176	47.1	173,682	47.1	121,452	46.9	139,842	47.6
Direct labor	103,683	30.4	106,453	31.1	108,586	29.4	77,012	29.7	83,508	28.4
Manufacturing overhead . . .	60,342	17.7	74,545	21.8	86,835	23.5	60,494	23.4	70,715	24.0
Total	340,957	100.0	342,174	100.0	369,103	100.0	258,958	100.0	294,065	100.0

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Direct materials consistently represented the largest component of our cost of sales, primarily comprising copper used in our core copper-based cultural and creative products, alongside packaging materials and select materials for plastic and silver product lines. Direct materials cost decreased from RMB176.9 million for the year ended December 31, 2022, to RMB161.2 million for the year ended December 31, 2023, reflecting a reduction in raw material consumption as a result of upgraded production techniques in 2023, which led to a more efficient utilization of copper. These upgrades temporarily constrained production output for approximately three months during the year. Our direct materials cost continued to growth for the nine months ended September 30, 2025, mainly as a result of increased sales volume and a rise in raw material prices, particularly copper, which remains the dominant input for our cultural and creative products.

Direct labor mainly includes the wages and performance-based compensation of production personnel under both piece-rate and time-based compensation systems. Direct labor costs remained relatively stable during the Track Record Period.

Manufacturing overhead includes utility expenses (electricity, water, and gas), depreciation of machinery and equipment, and indirect production-related expenses such as management salaries allocated to workshop operations and personal protective equipment. Manufacturing overhead increased from RMB60.3 million in 2022 to RMB74.5 million in 2023 and RMB86.8 million in 2024, accounting for 17.7%, 21.8% and 23.5% of total cost of sales, respectively. For the nine months ended September 30, 2025, manufacturing overhead increased to RMB70.7 million, from RMB60.5 million for the same period in 2024. Manufacturing overhead increased steadily throughout the Track Record Period, mainly driven by increased utility expenses, which reflected intensified production activities to meet growing demand.

The following table sets forth a breakdown of our cost of sales by product categories for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Copper-based cultural and creative products	323,991	95.0	332,103	97.1	357,227	96.8	251,818	97.2	277,550	94.4
Plastic figures and toys . . .	1,795	0.5	6,498	1.9	8,037	2.2	5,932	2.3	4,797	1.6
Silver cultural and creative products	2,888	0.8	1,981	0.6	2,674	0.7	469	0.2	3,731	1.3
Gold cultural and creative products	–	–	–	–	1,069	0.3	670	0.3	7,911	2.7
Wooden cultural and creative products	12,283	3.7	1,592	0.4	96	–	69	0.0	76	0.0
Total	340,957	100.0	342,174	100.0	369,103	100.0	258,958	100.0	294,065	100.0

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Gross Profit and Gross Profit Margin

Gross profit represents the difference between our revenue and cost of sales, reflecting the profitability of our core operations. The following table sets forth the breakdown of our gross profit and gross profit margin by product categories during the Track Record Period.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Copper-based cultural and creative products	155,654	32.5	155,902	31.9	194,024	35.2	137,378	35.3	147,050	34.6
Plastic figures and toys	1,491	45.4	6,806	51.2	6,215	43.6	5,157	46.5	2,162	31.1
Silver cultural and creative products	1,883	39.5	1,339	40.3	1,558	36.8	617	56.8	2,807	42.9
Gold cultural and creative products	–	–	–	–	205	16.1	150	18.3	1,585	16.7
Wooden cultural and creative products	3,200	20.7	162	9.2	83	46.4	95	57.9	3	3.8
Total	162,228	32.2	164,209	32.4	202,085	35.4	143,397	35.6	153,607	34.3

Copper-based cultural and creative products were our primary contributor to gross profit. During the Track Record Period, the gross profit and gross profit margin of this category experienced fluctuations primarily due to changes in production efficiency, retail pricing adjustments and movements in copper prices. In 2023, our gross profit remained broadly stable year-on-year, while gross profit margin declined slightly as we implemented a major production process reform starting from June 2023, which was aimed at improving overall production efficiency and standardizing workflow management, but temporarily constrained output and increased unit production costs due to fixed cost absorption during the transition. In 2024, both gross profit and gross profit margin improved meaningfully as the new process progressively stabilized, resulting in higher production efficiency and lower unit costs, and we also implemented an upward retail price adjustment for selected copper-based SKUs in February 2024. For the nine months ended September 30, 2025, gross profit continued to increase, but gross profit margin declined slightly, primarily due to a higher contribution from lower-margin entry-level and outsourced products, together with higher copper costs during the period, which exerted some pressure on profit margins. For plastic figures and toys, our gross profit and gross profit margin decreased to RMB2.2 million and 31.1% for the nine months ended September 30, 2025 (nine months ended September 30, 2024: RMB5.2 million and 46.5%), primarily due to promotional and clearance-driven mix, which compressed margins and was not fully proportional to the revenue movement for this category discussed above.

Other Income

Other income primarily comprises revenue from the sale of production scrap, rental income, government-related incentives, interest income, and compensation income.

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The table below sets forth a breakdown of our other income for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Other Income										
Sales of scrap and others . . .	4,009	29.2	3,391	21.7	4,242	29.5	2,698	26.9	2,837	35.6
Sales of accessories	206	1.5	58	0.4	28	0.2	24	0.2	17	0.2
Rental income	5,143	37.4	5,143	32.9	3,656	25.4	2,742	27.3	2,788	35.0
Government grants	2,430	17.7	3,003	19.2	2,621	18.2	2,198	21.9	816	10.2
Super deduction of value added tax	358	2.6	2,418	15.5	2,414	16.8	1,272	12.7	631	7.9
Interest income on bank deposits	759	5.5	1,042	6.7	1,077	7.5	843	8.4	652	8.2
Compensation from third parties	842	6.1	565	3.6	332	2.4	257	2.6	233	2.9
Total	13,747	100.0	15,620	100.0	14,370	100.0	10,034	100.0	7,974	100.0

Sale of scrap and others primarily comprised proceeds from the disposal of reusable production materials such as metal offcuts and packaging.

Sales of accessories were incidental in nature and consisted mainly of small components sold separately from our principal products.

Rental income was derived from the leasing of unused land and facilities at our Yading Road site to a related party. The decrease in 2024 reflected the reduction in the leased area and rent adjustments.

Government grants represented discretionary subsidies received from government authorities for purposes such as supporting cultural development, employment stabilization, and equipment upgrades.

Value-added tax benefits comprised tax benefits granted to us as a qualified high and new technology enterprise under relevant PRC policies.

Interest income on bank deposits reflected the return from our cash management activities, including placements in time and structured deposits.

Compensation from third parties included indemnities received through settlement of disputes. These items are non-recurring and vary by case.

Other gains and losses

Other gains and losses primarily represent non-recurring items that are incidental to our core operations. For the years ended December 31, 2022, 2023 and 2024, we recorded net other gains of RMB42,000, RMB105,000 and RMB260,000, respectively. For the nine months ended September 30, 2024 and 2025, we recorded net other losses of RMB140,000 and net other gains of RMB1.1 million respectively.

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The table below sets forth a breakdown of our other gains and losses for the periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
(Loss) gain on disposal of property, plant and equipment	(352)	(838.1)	79	75.2	(247)	(95.0)	(247)	176.4	(211)	(19.3)
Net foreign exchange gains (losses)	394	938.1	26	24.8	157	60.4	66	(47.1)	(19)	(1.7)
Fair value gain of financial assets at FVTPL	-	-	-	-	345	132.7	36	(25.7)	1,323	121.0
Gain on disposal of interest in an associate.	-	-	-	-	5	1.9	5	(3.6)	-	-
Total.	42	100.0	105	100.0	260	100.0	(140)	100.0	1,093	100.0

In the years ended December 31, 2022 and 2024, we recorded losses from the disposal of certain aged production equipment during fixed asset upgrades, while in the year ended December 31, 2023, a small net gain was recognized.

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

Impairment losses under the ECL model, net of reversal primarily represent provisions and reversals related to trade and other receivables in accordance with IFRS 9. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we recorded net impairment losses of RMB0.8 million, a net reversal of RMB0.7 million, a net impairment loss of RMB0.2 million, a net impairment losses of RMB0.1 million and a net reversal of RMB39,000, respectively.

Selling and Marketing Expenses

Selling and marketing expenses primarily consist of costs associated with supporting our sales activities, executing promotional campaigns, and maintaining ongoing customer engagement. These expenses typically include salaries and benefits for sales and marketing personnel, expenditures related to advertising and promotional placements, customer relationship management, as well as office utilities and consumables incurred by the sales department.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our selling and marketing expenses amounted to RMB62.7 million, RMB72.4 million, RMB71.6 million, RMB53.5 million and RMB59.6 million, respectively, representing 12.4%, 14.3%, 12.5%, 13.3% and 13.3% of our total revenue in the respective years/periods.

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The table below sets forth a breakdown of our selling and marketing expenses by nature for the Track Record Period:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Platform services and promotion	47,800	76.3	55,658	76.8	49,378	69.0	38,146	71.4	38,546	64.6
Employee salaries and benefits	10,485	16.7	10,871	15.1	14,544	20.3	10,068	18.8	13,550	22.7
Rental and related costs . . .	2,090	3.3	886	1.2	1,796	2.5	1,046	2.0	1,621	2.7
Office expenses and consumables	1,103	1.8	753	1.0	1,951	2.7	1,346	2.5	2,213	3.7
IP and licensing fees	988	1.6	3,657	5.0	1,972	2.8	1,575	2.9	1,775	3.0
Store operation and travel . .	137	0.2	539	0.8	1,489	2.1	1,042	1.9	1,408	2.4
Others	64	0.1	84	0.1	460	0.6	279	0.5	510	0.9
Total	62,667	100.0	72,448	100.0	71,590	100.0	53,502	100.0	59,623	100.0

Platform services and promotion costs, comprising advertising expenses and platform service fees, accounted for the largest portion of our total selling and marketing expenses in each of the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, representing approximately 76.3%, 76.8%, 69.0%, 71.4% and 64.6% of selling and marketing expenses, respectively. The platform service fees described above comprise the commission fees together with marketing and traffic services fees paid to e-commerce platforms in the “Business” section. The commission fees paid to e-commerce platforms refer to the same expenses in the “Business” section, representing fees paid to online direct sales channels based on transaction values as well as payments to consignment platforms for facilitating online sales. Commission fees are generally deducted by the platforms on a real-time basis per transaction. For details of our platform service and promotion costs, please refer to “Business — Sales and Marketing — Direct Sales — Online Direct Sales” and “Business — Sales and Marketing — Consignment.”

Employee salaries and benefits constituted our second-largest expense item, accounting for approximately 16.7%, 15.1%, 20.3%, 18.8% and 22.7% of selling and marketing expenses in the same years. This primarily reflects the size and structure of our in-house sales and promotion team increased in 2024 as we expanded our offline presence.

Other components included rental and related costs (including store leases and renovations), office consumables and depreciation, and IP and licensing fees.

Administrative Expenses

Administrative expenses primarily represent costs incurred in connection with our general management functions, administrative support, and corporate operations. These expenses typically include employee salaries and benefits for administrative staff, professional service fees, depreciation of administrative-use assets, and various office-related costs.

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For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our administrative expenses amounted to RMB28.0 million, RMB30.4 million, RMB26.9 million, RMB18.7 million and RMB20.1 million, respectively, representing 5.6%, 6.0%, 4.7%, 4.6% and 4.5% of our total revenue for the respective years/periods.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Employee salaries and benefits	12,023	43.0	15,214	50.0	15,741	58.5	11,745	63.0	11,893	59.1
Professional and consulting fees	8,539	30.5	7,043	23.1	2,589	9.6	2,134	11.4	800	4.0
Office and utility expenses. .	4,534	16.2	4,818	15.8	4,478	16.6	2,614	14.0	3,214	16.0
Depreciation and amortization	1,899	6.8	1,812	6.0	2,521	9.4	1,594	8.5	2,064	10.3
Others	977	3.5	1,539	5.1	1,594	5.9	588	3.1	2,137	10.6
Total.	27,972	100.0	30,426	100.0	26,923	100.0	18,675	100.0	20,108	100.0

Our administrative expenses primarily consist of employee compensation, depreciation and amortization, professional service fees, and general administrative and office-related costs. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, employee salaries and benefits consistently represented the largest component of administrative expenses, accounting for approximately 43.0%, 50.0%, 58.5%, 63.0% and 59.1% of total administrative expenses, respectively.

Professional service fees, primarily comprising legal, audit and financial advisory costs, accounted for 30.5%, 23.1%, 9.6%, 11.4% and 4.0% in the respective years and periods. The decrease in the year ended December 31, 2024 was following the completion of several financial and internal control checks in 2023. We initiated the internal control checks as a preparation to the Listing, and to ensure the effective and efficient management of our operations, financial reporting, and compliance with relevant regulations.

Depreciation and amortization accounted for approximately 6.8%, 6.0%, 9.4%, 8.5% and 10.3% of administrative expenses for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, primarily relating to our administrative-use properties and equipment.

Others mainly include office utilities, travel, maintenance, leasing, and related consumables.

Other Operating Expenses

Other operating expenses primarily consist of miscellaneous costs incurred in the ordinary course of business that are not classified under cost of sales, selling and marketing expenses, or administrative expenses. Our other operating expenses primarily relate to (i) the cost of component processing performed on behalf of our related party, and (ii) depreciation and amortization of properties leased to third parties, which are recognized on an ongoing basis during the relevant lease period.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our other operating expenses amounted to RMB2.5 million, RMB2.3 million, RMB1.6 million, RMB1.2 million and RMB1.2 million, respectively, representing 0.5%, 0.4%, 0.3%, 0.3% and 0.3% of our total revenue for the respective years/periods.

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Research and Development Expenses

Our research and development expenses primarily represent expenditures incurred in connection with the creative development, design iteration, and refinement of our cultural and creative products. Our research and development efforts are artistic and design-driven in nature, encompassing activities such as original IP development, sculptural modeling, sample prototyping, and iterative material and process testing. These activities are carried out by our in-house creative team under a project-based structure and form a core part of our product development cycle.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our R&D expenses amounted to RMB18.8 million, RMB28.6 million, RMB28.2 million, RMB20.7 million and RMB24.7 million, respectively, representing 3.7%, 5.7%, 5.0%, 5.2% and 5.5% of our total revenue for the respective years/periods.

The table below sets forth a breakdown of our research and development expenses by nature for the Track Record Period:

	For the year ended December 31,						For the nine months ended September 30,					
	2022		2023		2024		2024		2025			
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	(unaudited)	
Employee salaries and benefits	16,195	86.1	22,573	78.7	23,230	82.4	17,675	85.4	18,855	76.3		
Material consumption	539	2.9	2,021	7.1	1,210	4.3	914	4.4	859	3.5		
Depreciation	354	1.9	646	2.3	825	2.9	607	2.9	687	2.8		
R&D stage IP	691	3.7	1,260	4.4	940	3.3	375	1.8	2,738	11.1		
Others	1,023	5.4	2,138	7.5	2,007	7.1	1,143	5.5	1,564	6.3		
Total	18,802	100.0	28,638	100.0	28,212	100.0	20,714	100.0	24,703	100.0		

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, employee salaries and benefits represented the dominant component, accounting for 86.1%, 78.7%, 82.4%, 85.4% and 76.3% of total research and development expenses, respectively. This reflects our continued investment in maintaining an internally driven design and product development system.

R&D-stage IP costs primarily represented licensing fees for authorized IPs, which support the enrichment of our product portfolio during the design phase.

Others captures ancillary expenditures related to research and development activities, primarily including electricity and utilities as well as 3D printing costs.

Finance Costs

Finance costs primarily represent interest expenses incurred on bank borrowings and lease liabilities. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our finance costs amounted to RMB896,000, RMB5,000, RMB97,000, RMB69,000 and RMB83,000, respectively. The significant decrease in 2023 was due to the full repayment of short-term bank borrowings in the year ended December 31, 2022. In the year ended December 31, 2024, finance costs slightly increased, primarily due to the interest expenses recognized under lease liabilities following the expansion of our self-operated retail network and related lease arrangements.

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Income Tax Expenses

Our income tax expenses primarily comprise current tax charges under the PRC EIT, as well as movements in deferred tax arising from temporary differences. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we incurred income tax expenses of RMB5.5 million, RMB2.7 million, RMB9.1 million, RMB5.8 million and RMB2.6 million, respectively, representing effective tax rates of approximately 8.8%, 5.8%, 10.3%, 9.7% and 5.9% for the respective years/periods. The decrease in income tax expenses for the year ended December 31, 2023 was mainly due to a decline in taxable income and enhanced research and development deductions. The subsequent increase in 2024 reflected a higher profit before tax.

Under the PRC Enterprise Income Tax Law (the “**EIT Law**”) and its implementation regulations, the standard EIT rate applicable to PRC enterprises is 25%. However, certain of our PRC subsidiaries qualified as “High and New Technology Enterprises” or “Micro and Small Enterprises” during the Track Record Period and were entitled to preferential tax rates of 15% or other tax concessions. As a result, our effective tax rates were below the statutory rate, primarily due to preferential rates and enhanced deductions including research and development super deductions and other qualifying deductions and, where applicable, utilization of tax losses.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2025

Revenue and Gross Profit

For the nine months ended September 30, 2025, our revenue was RMB447.7 million, representing an increase of 11.3% compared to RMB402.4 million for the nine months ended September 30, 2024. This increase was primarily driven by higher sales of our copper-based cultural and creative products, primarily driven by our stronger sales of newly launched small entry-level copper-based ornament products.

Our gross profit for the nine months ended September 30, 2025, was RMB153.6 million, an increase of 7.1% from RMB143.4 million in the corresponding period in 2024. Our gross profit margin decreased slightly to 34.3% for the nine months ended September 30, 2025, mainly due to promotional activities to clear accumulated inventory of our plastic figures and copper engraved artworks, which were associated with relatively lower margins as well as an increase in copper price.

Cost of Sales

Cost of sales for the nine months ended September 30, 2025, increased by 13.6% to RMB294.1 million, compared to RMB259.0 million in the same period in 2024 which is in line with the increase in revenue.

Other Income

Other income for the nine months ended September 30, 2025, was RMB8.0 million, representing a decrease of 20.5% compared to RMB10.0 million in the corresponding period in 2024. The decrease was primarily due to lower government subsidies recognized.

Other Gains and Losses

Other gains and losses amounted to RMB1.1 million in gains for the nine months ended September 30, 2025, compared to a loss of RMB0.1 million for the same period in 2024, primarily attributable to a fair value gain of RMB1.3 million on financial assets at FVTPL.

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Impairment Losses under Expected Credit Loss Model, Net of Reversal

We recorded a net reversal of impairment losses of less than RMB39,000 for the nine months ended September 30, 2025, compared to a net impairment loss of RMB0.1 million for the same period in 2024. This improvement was mainly attributable to improved foreign exchange differences.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 11.4%, from RMB53.5 million for the nine months ended September 30, 2024 to RMB59.6 million for the same period in 2025, primarily due to higher platform service fees in line with revenue growth, as well as higher sales staff compensation with the expansion of our offline presence.

Administrative Expenses

Administrative expenses remained relatively stable at RMB20.1 million for the nine months ended September 30, 2025 and RMB18.7 million in the same period in 2024.

Other Operating Expenses

Other operating expenses remained the same, from RMB1.2 million for the nine months ended September 30, 2024 to RMB1.2 million for the same period in 2025, which consisted of depreciation of leased properties not used in production.

Listing Expenses

Our listing expenses fee in the nine months ended September 30, 2025 was RMB12.8 million, compared with nil for the nine months ended September 30, 2024.

Research and Development Expenses

Research and development expenses for the nine months ended September 30, 2025 were RMB24.7 million, an increase of 19.3% from RMB20.7 million in the same period in 2024. This increase was primarily due to higher licensing fees incurred for new IPs, comprising domestic animation and overseas IPs.

Finance Costs

Finance costs for the nine months ended September 30, 2025, were RMB83,000, representing an increase of 20.3% compared to RMB69,000 for the same period in 2024. The increase was mainly due to our higher lease liabilities due to our store expansion.

Income Tax Expenses

Income tax expenses for the nine months ended September 30, 2025, were RMB2.6 million, representing a decrease of 54.5% compared to RMB5.8 million for the same period in 2024. This decrease was primarily due to a decrease in taxable income, which was primarily attributable to the listing expenses incurred during the period.

Profit and Total Comprehensive Income for the Period

Our profit and total comprehensive income for the nine months ended September 30, 2025, was RMB41.6 million, representing a decrease of 22.0% compared to RMB53.3 million in the corresponding period in 2024. This decrease was primarily due to the listing expenses incurred.

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Year Ended December 31, 2023 Compared to Year Ended December 31, 2024

Revenue and Gross Profit

Our revenue increased by 12.8% from RMB506.4 million for the year ended December 31, 2023 to RMB571.2 million for the year ended December 31, 2024. This increase was primarily driven by continued growth in sales of copper-based cultural and creative products, particularly copper ornaments, supported by improved product quality, increased online direct sales, and more synchronized production and demand alignment under an increasingly structured management system.

Our gross profit increased by 23.1%, from RMB164.2 million for the year ended December 31, 2023 to RMB202.1 million for the year ended December 31, 2024, while our gross profit margin improved from 32.4% in 2023 to 35.4% in 2024. The improvement primarily reflected the progressive stabilization of our production process reform, which enhanced production efficiency and reduced unit manufacturing costs. For details of the gross profit and gross profit margin by product categories, please refer to “– Description of Selected Components of Statements of Profit or Loss – Gross Profit and Gross Profit Margin” above.

Cost of Sales

Our cost of sales increased by 7.9%, from RMB342.2 million for the year ended December 31, 2023 to RMB369.1 million for the year ended December 31, 2024. The increase was primarily attributable to the increase in direct materials and manufacturing overhead, in line with the sales growth and an overall rise in raw material prices.

Other Income

Other income decreased by 8.0%, from RMB15.6 million in 2023 to RMB14.4 million in 2024, mainly due to reduced rental income as a result of the reallocation of leased premises for internal operational use.

Other Gains and Losses

Other gains and losses increased from RMB0.1 million in 2023 to RMB0.3 million in 2024, primarily due to fair value gains on financial instruments, partially offset by one-off losses from the disposal of assets.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

We recorded a net impairment loss of RMB0.2 million in 2024, compared to a net reversal of RMB0.7 million in 2023. The change was attributable to shifts in the credit risk profile of certain accounts receivable.

Selling and Marketing Expenses

Selling and marketing expenses slightly decreased by 1.2%, from RMB72.4 million in 2023 to RMB71.6 million in 2024. The decrease reflected our ongoing efforts to optimize marketing spending and the effectiveness of our product-led sales approach.

Administrative Expenses

Administrative expenses decreased by 11.5%, from RMB30.4 million in 2023 to RMB26.9 million in 2024, mainly due to a reduction in professional service fees following the completion of several financial and internal control checks in 2023.

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Other Operating Expenses

Other operating expenses declined by 28.5%, from RMB2.3 million in 2023 to RMB1.6 million in 2024, primarily due to reduced depreciation of leased properties following reallocation of space for internal use.

Research and Development Expenses

Research and development expenses remained broadly stable, slightly decreasing by 1.5%, from RMB28.6 million in 2023 to RMB28.2 million in 2024, primarily due to a decline in licensing fees and lower materials consumption, as a portion of research and development samples were re-integrated through recovery processes.

Finance Costs

Finance costs increased from RMB5,000 in 2023 to RMB97,000 in 2024, mainly due to interest expenses on newly recognized lease liabilities associated with our offline retail expansion.

Income Tax Expenses

Income tax expenses increased significantly from RMB2.7 million in 2023 to RMB9.1 million in 2024, primarily due to a higher level of taxable income in the year ended December 31, 2024.

Profit and Total Comprehensive Income for the Year

Our profit and total comprehensive income for the year increased by 79.0%, from RMB44.1 million for the year ended December 31, 2023 to RMB79.0 million for the year ended December 31, 2024. The increase was primarily driven by higher gross profit margin from copper-based cultural and creative products as discussed above.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2023

Revenue and Gross Profit

Our revenue increased by 0.6%, from RMB503.2 million for the year ended December 31, 2022 to RMB506.4 million for the year ended December 31, 2023. This modest growth reflected a transitional phase in which we focused on upgrading production lines and refining artisanal processes. These upgrades temporarily constrained production output for approximately three months during the year.

Our gross profit increased by 1.2%, from RMB162.2 million for the year ended December 31, 2022 to RMB164.2 million for the year ended December 31, 2023, while our gross profit margin remained stable at 32.2% and 32.4%, respectively.

Cost of Sales

Our cost of sales increased slightly by 0.4%, from RMB341.0 million in 2022 to RMB342.2 million in 2023. The slight increase was attributable to the increase in manufacturing overhead, partly offset by the decrease in direct materials, reflecting a reduction in raw material consumption as a result of upgraded production techniques in 2023.

Other Income

Our other income increased by 13.6%, from RMB13.7 million in 2022 to RMB15.6 million in 2023, mainly driven by an increase in government grants and a moderate rise in interest income on bank deposits.

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Other Gains and Losses

Other gains and losses increased from RMB42,000 in 2022 to RMB105,000 in 2023, primarily due to net foreign exchange gains and a small net gain on the disposal of equipment.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

We recorded a net reversal of impairment losses of RMB0.7 million in 2023, compared to a net impairment loss of RMB0.8 million in 2022. This improvement was mainly attributable to enhanced credit control and better collection efficiency.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 15.6%, from RMB62.7 million in 2022 to RMB72.4 million in 2023. This increase was primarily due to higher advertising expenses and promotion fees. The rise was mainly due to our participation in more advertising and promotional activities on e-commerce platforms during this period. This was primarily attributable to our procurement of additional traffic-driving promotional activities from e-commerce platforms, primarily in the form of live-streaming campaigns and related marketing services.

Administrative Expenses

Administrative expenses rose by 8.8%, from RMB28.0 million in 2022 to RMB30.4 million in 2023, mainly due to higher personnel-related costs, utility expenses, and an increase in operating costs associated with the commissioning of our employee canteen, which became fully operational in 2023 following its completion in 2022.

Other Operating Expenses

Other operating expenses decreased by 7.6%, from RMB2.5 million in 2022 to RMB2.3 million in 2023, primarily due to a reduction in depreciation charges on leased properties following a decrease in externally leased space.

Research and Development Expenses

Our research and development expenses increased significantly by 52.3%, from RMB18.8 million in 2022 to RMB28.6 million in 2023, reflecting an expansion in the size of our research and development team for new product development. Our research and development team recruited additional technical personnel in 2023 primarily to support product prototyping and sampling work. These personnel have been retained, and, following our subsequent organizational restructuring, are currently included in our research and development team, as we continue to require such personnel to support our prototyping and sampling work.

Finance Costs

Finance costs declined from RMB0.9 million in 2022 to RMB5,000 in 2023, mainly as a result of repaying interest-bearing bank borrowings.

Income Tax Expenses

Income tax expenses decreased by 50.8%, from RMB5.5 million in 2022 to RMB2.7 million in 2023, primarily due to a lower level of profit before tax.

Profit and Total Comprehensive Income for the Year

Our profit and total comprehensive income for the year decreased by 22.5%, from RMB56.9 million for the year ended December 31, 2022 to RMB44.1 million for the year ended December 31, 2023. This decrease was primarily due to a modest growth in revenue and a temporary slowdown in production caused by the upgrade of production lines in 2023. These factors

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constrained output for approximately three months during the year. Moreover, the increase in selling and marketing expenses by 15.6%, from RMB62.7 million in 2022 to RMB72.4 million in 2023, and the rise in research and development expenses by 52.3%, from RMB18.8 million in 2022 to RMB28.6 million in 2023, further contributed to the decrease in profit and total comprehensive income for the year.

LIQUIDITY AND CAPITAL RESOURCES

We finance our operations primarily through cash generated from operating activities. During the Track Record Period, our principal source of funds was net cash from operations, supplemented by short-term bank borrowings as necessary. We maintain a prudent approach to capital management and regularly monitor our liquidity position to ensure operational flexibility and financial stability.

Working Capital Statement

Our Directors confirm that taking into account the financial resources presently available to our Group, including our internal resources and the estimated net proceeds of the Global Offering, our Group has sufficient working capital for our present requirements for at least the next 12 months from the date of this prospectus.

Our Directors confirm that there were no material defaults in payment of trade and non-trade payables and borrowings, and/or breaches of financial covenants during the Track Record Period and up to the date of this prospectus.

Cash Flows

The following table sets forth our cash flows for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Net cash generated from operating activities . . .	28,414	82,493	58,548	14,410	34,673
Net cash used in investing activities . . .	(19,203)	(24,024)	(83,058)	(54,445)	(24,777)
Net cash used in financing activities . . .	(68,315)	(62)	(1,683)	(172)	(5,990)
Cash and cash equivalents at the beginning of the year/period	114,520	55,677	114,094	114,094	88,044
Cash and cash equivalents at the end of the year/period	55,677	114,094	88,044	73,964	91,940

Net Cash Generated from Operating Activities

For the nine months ended September 30, 2025, our net cash generated from operating activities was RMB34.7 million, primarily driven by profit before tax of RMB44.2 million, adjusted for (i) depreciation of property, plant and equipment of RMB12.5 million, (ii) amortization of intangible assets of RMB3.2 million, and (iii) write-down of inventories, net of reversal of RMB0.5 million. These adjustments were partially offset by (i) fair value gains on financial assets at FVTPL of RMB1.3 million, and (ii) bank interest income of RMB0.7 million. Working capital movements

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included (i) an increase in inventories of RMB21.3 million and (ii) an increase in trade and other receivables of RMB6.1 million, which were partially offset by an increase in trade and other payables of RMB6.2 million. We paid RMB6.5 million in income tax during the nine-month period.

For the year ended December 31, 2024, net cash generated from operating activities was RMB58.5 million, primarily driven by profit before tax of RMB88.1 million, adjusted for (i) depreciation of property, plant and equipment of RMB16.1 million and depreciation of right-of-use assets of RMB1.7 million, (ii) amortization of intangible assets of RMB2.3 million, and (iii) write-down of inventories of RMB0.8 million. These adjustments were partially offset by (i) bank interest income of RMB1.1 million, (ii) a fair value gain on financial assets at fair value through profit or loss of RMB0.3 million, and (iii) a gain on disposal of an associate of RMB5,000. Working capital movements included (i) an increase in inventories of RMB25.8 million, (ii) an increase in trade and other receivables of RMB8.7 million, and (iii) a decrease in contract liabilities of RMB6.4 million. We also paid income tax of RMB5.9 million during the year. The decrease in net operating cash inflow compared to 2023 primarily reflected the impact of higher year-end inventory levels following improved production stability and capacity expansion.

For the year ended December 31, 2023, net cash generated from operating activities was RMB82.5 million, primarily driven by profit before tax of RMB46.8 million, adjusted for (i) depreciation of property, plant and equipment and right-of-use assets of RMB13.5 million, (ii) amortization of intangible assets of RMB2.5 million, and (iii) a reversal of impairment losses on trade and other receivables of RMB0.7 million. Working capital movements included (i) a decrease in inventories of RMB8.7 million, (ii) an increase in trade and other payables of RMB7.0 million, and (iii) an increase in contract liabilities of RMB6.0 million. Income tax paid was RMB2.6 million during the year. The significant increase in net operating cash inflows compared to 2022 was mainly due to inventory reduction, which reflected supply constraints in the early stage of process transformation. Sales increased markedly during the year, while inventory levels remained relatively low as capacity had not fully caught up with demand.

For the year ended December 31, 2022, net cash generated from operating activities was RMB28.4 million, primarily driven by profit before tax of RMB62.4 million, adjusted for (i) depreciation of property, plant and equipment of RMB11.7 million and depreciation of right-of-use assets of RMB0.5 million, (ii) amortization of intangible assets of RMB0.9 million, and (iii) impairment losses on trade and other receivables of RMB0.8 million. These adjustments were partially offset by (i) bank interest income of RMB0.8 million, and (ii) net foreign exchange gains of RMB0.4 million. Working capital movements included (i) an increase in inventories of RMB32.2 million, (ii) a decrease in contract liabilities of RMB9.9 million, and (iii) a decrease in trade and other payables of RMB6.9 million. We paid RMB7.8 million in income tax during the year. The lower level of net operating cash inflow was primarily attributable to a deliberate increase in inventory levels at year-end to accommodate anticipated sales demand and to resolve prior backlog in order fulfillment.

Net Cash Used in Investing Activities

For the nine months ended September 30, 2025, our net cash used in investing activities was RMB24.8 million. This primarily reflected (i) the placement of RMB467.0 million in financial assets at FVTPL, (ii) purchases of property, plant and equipment of RMB18.4 million, (iii) purchases of intangible assets of RMB4.7 million, and (iv) payments for rental deposits of RMB1.2 million. These outflows were partially offset by (i) withdrawals of RMB466.1 million from financial assets at FVTPL, (ii) proceeds from the disposal of property, plant and equipment of RMB0.5 million, and (iii) bank interest received of RMB0.1 million.

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For the year ended December 31, 2024, net cash used in investing activities was RMB83.1 million. This primarily reflected (i) the placement of RMB45.0 million in financial assets at fair value through profit or loss, (ii) the placement of RMB32.0 million in time deposits, (iii) purchases of property, plant and equipment of RMB15.7 million, and (iv) purchases of intangible assets of RMB5.9 million. We also paid RMB1.9 million for right-of-use assets and RMB0.7 million in rental deposits in relation to our offline store expansion. These outflows were partially offset by (i) withdrawals of RMB15.2 million from FVTPL investments, (ii) RMB2.1 million in proceeds from the disposal of property, plant and equipment, and (iii) bank interest income of RMB0.8 million.

For the year ended December 31, 2023, net cash used in investing activities was RMB24.0 million. This mainly consisted of RMB24.8 million in purchases of property, plant and equipment, largely for the final stage of our new production line investment. We also acquired intangible assets of RMB1.4 million related to IP licensing. These outflows were partly offset by RMB1.4 million in proceeds from asset disposals and RMB1.0 million in interest income. Lease-related movements, including rental deposits and refunds totaling approximately RMB0.3 million, were also recognized under investing activities.

For the year ended December 31, 2022, net cash used in investing activities amounted to RMB19.2 million. This primarily comprised (i) capital expenditure of RMB22.1 million for property, plant and equipment, and (ii) RMB3.3 million for intangible assets mainly related to IP licensing. These outflows were partially offset by (i) RMB0.8 million in bank interest income, (ii) RMB0.2 million in proceeds from the disposal of property, plant and equipment, and (iii) a one-time repayment from the single largest shareholder of RMB5.1 million. The investments during the year reflected our continued capital commitments to production upgrades and creative development.

Net Cash Used in Financing Activities

For the nine months ended September 30, 2025, net cash used in financing activities was RMB6.0 million, mainly due to (i) payments of accrued issue cost of RMB3.8 million, and (ii) repayments of lease liabilities of RMB2.2 million.

For the year ended December 31, 2024, net cash used in financing activities amounted to RMB1.7 million. This was mainly attributable to repayments of lease liabilities of RMB1.7 million in connection with our self-operated offline stores. These outflows were partially offset by proceeds from bank borrowings of RMB1.0 million, which were fully repaid within the same year. Interest paid amounted to RMB1,000.

For the year ended December 31, 2023, net cash used in financing activities was RMB62,000, mainly attributable to repayments of lease liabilities. No new bank borrowings were made during the year as our internal cash flow was sufficient to support operations.

For the year ended December 31, 2022, net cash used in financing activities was RMB68.3 million. This was primarily due to repayments of bank borrowings totaling RMB128.6 million, partially offset by proceeds from new bank borrowings of RMB61.0 million. The simultaneous occurrence of large borrowings and repayments reflected short-term liquidity arrangements aimed at bridging working capital needs during a transitional phase of business growth. Interest payments totaled RMB0.9 million. In addition, we received a capital injection of RMB0.2 million from shareholders.

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DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of September 30,	As of January 31,
	2022	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current assets					
Inventories	115,681	107,161	132,305	153,277	172,065
Trade and other receivables . .	10,972	9,469	18,631	27,768	55,211
Right to returned goods asset	434	548	558	505	595
Tax recoverable	1,349	1,527	9	1,945	3,001
Financial asset at FVTPL . . .	—	—	30,097	32,299	45,152
Time deposits	—	—	17,019	17,234	17,037
Restricted bank deposit	*	—	—	—	—
Bank balances and cash	55,677	114,094	88,044	91,940	40,871
Total current assets	184,113	232,799	286,663	324,968	333,932
Current liabilities					
Trade and other payables . . .	66,667	73,035	68,584	71,534	89,965
Income tax payable	*	216	2,114	217	1,437
Lease liabilities	—	403	2,016	3,638	8,320
Contract liabilities	5,662	11,638	5,284	6,949	6,419
Refund liabilities	688	831	889	794	625
Total current liabilities	73,017	86,123	78,887	83,132	106,766
Net current assets	111,096	146,676	207,776	241,836	227,166

* Amount below RMB1,000

As of December 31, 2022, December 31, 2023, December 31, 2024, and September 30, 2025, our net current assets were RMB111.1 million, RMB146.7 million, RMB207.8 million, and RMB241.8 million, respectively. These fluctuations in our net current assets reflect a consistent improvement in our liquidity position over the Track Record Period, primarily driven by increases in specific balance sheet items such as inventories and trade receivables, while trade payables and lease liabilities remained relatively stable throughout the period.

Specifically, the increase in current assets from RMB184.1 million as of December 31, 2022, to RMB325.0 million as of September 30, 2025, was driven by the continued growth in profitability, which enhanced our operating cash inflows and allowed for the accumulation of surplus liquidity. This liquidity was partially deployed into low-risk structured deposits, leading to increases in cash and cash equivalents, time deposits, and financial assets at fair value through profit or loss. Additionally, our inventories increased from RMB115.7 million as of December 31, 2022, to RMB153.3 million as of September 30, 2025, driven by the production of the newly introduced Nezha series order products in June and the increased gold materials needed for our new gold cultural and creative products. This inventory increase was necessary to support anticipated demand growth and ensure supply chain resilience. Trade receivables also rose in tandem with revenue growth, in line with the increase in our consignment sales revenue, contributing to the overall increase in current assets. In terms of current liabilities, trade and other payables increased from RMB66.7 million as of December 31, 2022, to RMB71.5 million as of September 30, 2025,

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driven by the higher sales volume, which resulted in increased procurement costs. Lease liabilities also increased, from nil as of December 31, 2022, to RMB3.6 million as of September 30, 2025, reflecting the opening of new self-operated stores. These stable liabilities, along with a slight increase in contract liabilities from RMB5.7 million in 2022 to RMB6.9 million in 2025, have contributed to the overall improvement in our net current assets.

As of December 31, 2022, December 31, 2023, December 31, 2024, and September 30, 2025, our net assets amounted to RMB286.0 million, RMB330.2 million, RMB409.1 million, and RMB450.7 million, respectively. The fluctuations in net assets were primarily driven by our continued profitability, which resulted in the accumulation of retained earnings, as well as statutory reserve transfers. These increases reflect our consistent earnings growth and the transfer of profits to reserves in accordance with regulatory requirements.

Total comprehensive income for each period, as detailed in the Statement of Changes in Equity on page I-8, reflects consistent profitability, with total comprehensive income increasing from RMB56.9 million for the year ended December 31, 2022, to RMB79.0 million for the year ended December 31, 2024. The positive total comprehensive income has led to a steady accumulation of reserves, which in turn has boosted our net asset position.

Looking forward, the estimated net proceeds from the Global Offering (approximately HK\$417.9 million), as disclosed in the section headed “Future Plans and Use of Proceeds” in this prospectus, will further enhance our net asset position upon Listing.

Property, Plant and Equipment

We adopt a straight-line depreciation method over the estimated useful lives of the assets. No impairment was recorded during the Track Record Period. The net carrying amount of our property, plant and equipment increased from RMB166.8 million as of December 31, 2022 to RMB176.2 million as of December 31, 2023, slightly decreased to RMB171.4 million as of December 31, 2024, and further increased to RMB175.1 million as of September 30, 2025.

The table below sets forth the breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net carrying amount				
Plant and buildings	126,215	121,392	116,090	111,970
Machineries	33,854	41,649	45,868	52,365
Leasehold improvements . . .	33	388	1,407	3,070
Office equipment	4,284	3,917	2,771	2,330
Motor vehicles	2,459	3,032	5,250	5,310
Construction in progress . . .	—	5,822	—	56
Total	166,845	176,200	171,386	175,101

The net carrying amount of property, plant and equipment increased by 5.6% from RMB166.8 million as of December 31, 2022 to RMB176.2 million as of December 31, 2023. This growth was primarily attributable to (i) an increase of RMB7.8 million in machineries, reflecting capacity expansion during 2023 in response to production needs; and (ii) the recognition of RMB5.8 million in construction in progress (“CIP”), mainly related to new production line investment. These increases were partially offset by depreciation charges and limited disposals during the year.

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As of December 31, 2024, the net carrying amount of property, plant and equipment slightly decreased by 2.7% to RMB171.4 million, primarily due to (i) depreciation of approximately RMB16.3 million provided during the year; and (ii) the decrease of RMB5.8 million in construction in progress was attributable to the transfer of completed assets.

As of September 30, 2025, the net carrying amount of property, plant and equipment increased by 2.2% to RMB175.1 million.

Right-of-Use Assets

Our right-of-use assets primarily comprise land use rights and leased properties. Our right-of-use assets are amortized over the shorter of the lease term and the estimated useful life of the leased asset on a straight-line basis. As of December 31, 2022, 2023, 2024 and September 30, 2025, the net carrying amounts of our right-of-use assets were RMB6.0 million, RMB6.6 million, RMB10.0 million and RMB13.5 million, respectively.

The table below sets forth the breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Land use right	5,957	5,786	7,525	7,421
Leased properties	—	795	2,446	6,050
Total	<u>5,957</u>	<u>6,581</u>	<u>9,971</u>	<u>13,471</u>

The land use right relates to our industrial land in Hangzhou, which was recognized at cost and amortized over a lease term of 50 years. In 2024, we acquired an additional adjoining plot of land near our factory premises, resulting in an increase in the carrying amount of land use rights to RMB7.5 million as of December 31, 2024.

Leased properties primarily represent our self-operated retail stores. The increase in the carrying amount of leased properties from RMB0.8 million in 2023 to RMB2.4 million in 2024 was due to the expansion of offline stores, consistent with our multi-channel retail strategy.

Intangible Assets

Our intangible assets primarily consist of externally acquired IP copyrights, which are amortized over their estimated useful lives on a straight-line basis. As of December 31, 2022, 2023, 2024 and September 30, 2025, the net carrying amount of intangible assets was RMB2.8 million, RMB1.7 million, RMB5.3 million and RMB6.7 million, respectively.

The decrease in net carrying amount from RMB2.8 million as of December 31, 2022 to RMB1.7 million as of December 31, 2023 was mainly due to amortization and the expiry of certain copyrights during the year. The subsequent increase to RMB5.3 million as of December 31, 2024 was primarily driven by the acquisition of new IP rights in connection with external content partnerships and product development initiatives.

Inventories

During the Track Record Period, our inventories primarily consisted of raw materials and consumables, work-in-progress, finished goods, and goods in transit. Inventories were measured at the lower of cost and net realizable value. As of December 31, 2022, 2023, 2024 and September 30, 2025, our inventories amounted to RMB115.7 million, RMB107.2 million, RMB132.3 million and RMB153.3 million, respectively.

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The table below sets forth the breakdown of our inventories as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials and consumables	20,883	22,345	22,354	33,882
Work in progress	18,517	30,360	26,456	29,985
Finished goods	71,476	47,951	76,574	84,634
Goods in transit	4,805	6,505	6,921	4,776
Total	115,681	107,161	132,305	153,277

Raw materials and consumables remained relatively stable over the period, increasing from RMB20.9 million in 2022 to RMB22.3 million in 2023 and RMB22.4 million in 2024, in line with production requirements. Work-in-progress increased from RMB18.5 million in 2022 to RMB30.4 million in 2023 and then declined to RMB26.5 million in 2024, reflecting production scheduling and throughput efficiency. Finished goods declined from RMB71.5 million in 2022 to RMB48.0 million in 2023. The lower balance in 2023 primarily reflected the reliance on existing inventory to fulfill orders during the period of reduced output caused by production upgrade. In 2024, finished goods increased to RMB76.6 million, returning to a normalized inventory level aligned with sales planning and fulfillment needs.

We recognized inventory provisions of RMB2.4 million, RMB2.2 million, RMB3.1 million and RMB3.6 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. These provisions were primarily related to raw materials and finished goods with long aging periods, and were determined based on a consistent policy linked to inventory aging and recoverability.

Turnover days

The following table sets forth our inventory turnover days during the Track Record Period:

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
	<i>days</i>			
Inventory turnover days ⁽¹⁾	107	119	119	133

Note:

- (1) Inventory turnover days is calculated based on the average of the beginning and ending balance of inventory divided by cost of sales for the year/period, then multiplied by the number of days of the year/period.

Our inventory turnover days remained relatively stable at 107 days, 119 days, 119 days and 133 days for the years ended December 31, 2022, 2023, 2024, and nine months ended September 30, 2025, respectively. The increase in inventory turnover days during the Track Record Period was primarily due to the increase in our raw material inventories. The increase from 107 days in 2022 to 119 days in 2023 was mainly attributable to higher raw material and work-in-progress inventories accumulated in advance for the production and planned sales of certain new major IP series launched in 2023 such as Transformers, Jurassic, Kung Fu Panda, as well as Sanxingdui-themed IP products. In 2025, the rise of our inventory turnover days was driven by our preparations for materials related to the launch of the new “Nezha” series products. Additionally, the increase in

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inventory was also attributable to the accumulation of gold raw materials for the gold cultural and creative products, which only began operations in 2024. This inventory build-up also reflected advance preparation for supply under our newly developed premium retail supermarket chain channel, for which the cooperation arrangement was entered into in September 2025 while initial sales only commenced in December 2025.

Aging analysis

The table below sets forth the aging analysis of our inventories (excluding goods in transit), net of allowance, as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
0 to 90 days	63,870	61,786	71,157	84,146
91 to 180 days	23,413	7,936	16,368	32,765
181 to 365 days	18,197	14,433	13,377	4,146
Above one year to two years	4,037	14,011	13,231	11,092
Above two years	1,359	2,490	11,251	16,352
Total	110,876	100,656	125,384	148,501

The majority of our inventories as of each year-end remained within one year of aging, with a stable proportion of inventories within 0 to 180 days, reflecting effective alignment between production and sales cycles. The balance of inventories aged above one year increased from RMB5.4 million as of December 31, 2022 to RMB16.5 million as of December 31, 2023, further to RMB24.5 million as of December 31, 2024, and further to RMB27.4 million as of September 30, 2025.

The increase in inventories aged over one year was primarily due to historical mismatches between sales forecasts and inventory planning. In particular, the aged inventory as of December 31, 2022 mainly related to certain themed SKUs, for which demand was overestimated at the time. More broadly, while some products experienced insufficient pre-stocking leading to prolonged pre-sale cycles, others saw excess build-up due to inaccurate forecast assumptions. In response, we have made improvements to our internal demand planning and supply alignment capabilities, with an explicit focus on enhancing the accuracy of sales forecasts and production planning coordination. For details, please refer to “Business – Strategies – Improving Demand Forecasting and Resource Allocation to Optimize Order Fulfillment” in this prospectus. In addition, we are actively conducting targeted promotional campaigns to gradually clear accumulated inventory and improve stock efficiency.

As of January 31, 2026, RMB104.2 million or 68.0% of our inventories as of September 30, 2025 were subsequently utilized.

Trade and Other Receivables

During the Track Record Period, our trade and other receivables primarily consisted of receivables from direct and consignment sales, e-commerce platform sales, and a small portion of other receivables including deposits and advances accounted for 17.9%, 16.4%, 12.7% and 18.6% of our total trade and other receivables as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively. All receivables were non-interest-bearing and subject to our internal credit risk management policies. We allow a credit period ranging from 30 to 60 days to our certain customers.

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The table below sets forth our trade and other receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	6,752	2,884	9,421	8,525
Less: allowance for credit losses	(944)	(169)	(359)	(320)
	<u>5,808</u>	<u>2,715</u>	<u>9,062</u>	<u>8,205</u>
Other receivables	1,965	1,579	2,394	5,185
Less: allowance for credit losses	—	(28)	(28)	(28)
Amount due from a related party	—	—	—	1,115
Advances to suppliers	1,811	2,455	4,942	5,283
Prepayments for purchase of property, plant and equipment	—	—	—	1,799
Prepaid expenses	978	2,164	858	56
VAT recoverable	410	584	1,403	1,709
Deferred issued costs	—	—	—	4,444
Total	<u>10,972</u>	<u>9,469</u>	<u>18,631</u>	<u>27,768</u>

The balance of trade and other receivables decreased by 13.7% from RMB11.0 million in 2022 to RMB9.5 million in 2023, primarily due to improved collection cycles and a reduction in e-commerce receivables. As of December 31, 2024, the balance increased significantly to RMB18.6 million, driven by our sales growth during the year, particularly in consignment and direct sales channels. As of September 30, 2025, the balance increased to RMB27.8 million, primarily attributable to an increase in deferred issued costs, which represent the listing expenses incurred that fulfill the criteria for capitalization and will be re-classified to equity upon Listing.

Turnover days

The following table sets forth our trade receivables turnover days during the Track Record Period:

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
	<i>days</i>			
Trade receivables turnover days	5	4	4	6

Note:

- (1) Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables divided by revenue for the year/period, then multiplied by the number of days of the year/period.

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Our trade receivables turnover days remained low throughout the Track Record Period, at five days, four days, four days and six days for the years ended December 31, 2022, 2023, 2024 and nine months ended September 30, 2025, respectively. These consistently low levels reflect our limited credit exposure and strong collection capabilities.

Aging analysis

The table below sets forth the aging analysis of our trade receivables (net of allowance for credit losses) as of the dates indicated, based on invoice dates:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
0-30 days not past due	4,766	2,715	8,465	7,791
31-60 days not past due . . .	1,042	–	597	414
Total	5,808	2,715	9,062	8,205

As of January 31, 2026, RMB8.5 million or 99.9% of our trade receivables as of September 30, 2025 were subsequently settled.

Financial Asset at FVTPL

As of December 31, 2024 and September 30, 2025, our financial assets FVTPL amounted to RMB30.1 million and RMB32.3 million, respectively. We did not hold any such assets as of December 31, 2022 and 2023.

The balance represented structured deposits purchased using internal funds, with a contractual maturity of less than 90 days and a yield rate linked to foreign currency market performance. The expected annualized yield rate is approximately 2.5% in 2024 and 1.59% to 2.1% in 2025.

Our investments in the above-mentioned structured deposits were in accordance with our internal investment policy. We have established Monetary Fund Management Policy (《貨幣資金管理制度》) as well as its corresponding approval process, which clearly states that only principal-guaranteed financial products were allowed for purchasing. Our finance department, under the supervision of our financial director, Mr. Luo Renxiang, is responsible for the evaluation and execution of such investments. Mr. Luo has extensive experience in financial management and accounting and holds a bachelor's degree in accounting as well as qualifications as a certified public accountant in the PRC. During the Track Record Period, all such investments were made in accordance with our investment procedures, were approved by our senior management. Going forward, we will ensure that all investments in structured deposits after Listing will be subject to prior approval of our Board and applicable notification, announcement and shareholders' approval requirements (as the case may be) under the Listing Rules.

Bank Balances and Cash

As of December 31, 2022, 2023, 2024 and September 30, 2025, our bank balances and cash amounted to RMB55.7 million, RMB114.1 million, RMB88.0 million and RMB91.9 million, respectively. The increase in 2023 reflected cash accumulation from operating activities, while the decrease in 2024 was primarily due to reallocation into financial assets at fair value through profit or loss. As of January 31, 2026, our bank balances and cash decreased to RMB40.9 million as compared to RMB91.9 million as of September 30, 2025, primarily because a portion of our available funds was used for (i) listing-related expenses, (ii) purchases of machinery and equipment to support production capacity expansion, and (iii) store fit-out and lease-related expenditures associated with the expansion of our self-operated store network, while another portion was deployed into low-risk wealth management products.

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Our bank balances and cash comprising of cash at banks and short-term bank deposits with original maturities of three months or less. These balances carried interest at market rates ranging from 0.05% to 0.9%, 0.05% to 0.7%, 0.1% to 1.3% and 0.05% to 1.3% per annum as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively.

Trade and Other Payables

During the Track Record Period, our trade and other payables primarily reflected amounts payable to suppliers for raw materials, utilities and equipment, as well as accrued expenses, distributor guarantee deposits, payroll liabilities, and tax-related payables.

The total balance of trade and other payables increased from RMB66.7 million as of December 31, 2022 to RMB73.0 million as of December 31, 2023, representing a 9.6% increase. The increase in 2023 was primarily attributable to the rise in salary and bonus payables, reflecting a temporary expansion in overall headcount in 2023, which subsequently normalized in 2024, resulting in a lower payable balance by year-end of 2024.

The table below sets forth our trade and other payables as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Trade payables	31,077	34,525	32,554	32,266
Amount due to a related party	—	—	—	232
Other payables and accruals	7,779	6,825	7,222	7,943
Payables for purchase of property, plant and equipment	5,088	4,459	2,607	3,146
Distributor guarantee deposits	5,281	5,346	3,740	2,901
Accrued listing expense . . .	—	—	—	1,754
Accrued issue cost	—	—	—	608
Salary and bonus payables . .	12,353	17,380	15,513	17,467
Other taxes payables	5,089	4,500	6,948	5,217
Total	66,667	73,035	68,584	71,534

Turnover days

The following table sets forth our trade payables turnover days during the Track Record Period:

	For the year ended December 31,			For the nine months ended
	2022	2023	2024	September 30,
				2025
			days	
Trade payables turnover days	31	35	34	31

Note:

Trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables divided by cost of sales for the year/period, then multiplied by the number of days of the year/period.

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Our trade payables turnover days remained relatively stable throughout the Track Record Period, at 31 days, 35 days, 34 days and 31 days for the years ended December 31, 2022, 2023, 2024 and nine months ended September 30, 2025, respectively.

Aging analysis

The table below sets forth the aging analysis of trade payables as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
0-30 days	21,763	29,965	29,216	28,934
31-60 days	9,314	4,560	3,338	3,332
Total	31,077	34,525	32,554	32,266

As of January 31, 2026, RMB30.7 million or 95.2% of our trade payables as of September 30, 2025 were subsequently settled.

Contract Liabilities

During the Track Record Period, our contract liabilities primarily arose from (i) advance payments from distributors for product sales, and (ii) our points accumulation program operated through self-managed e-commerce platforms. Revenue is recognized when control of the goods is transferred to the customer or when points are redeemed.

Distributor-related contract liabilities primarily represent cash received in advance for undelivered goods as of each year-end. Under our revenue recognition policy, revenue is recognized when control of the goods is transferred to the customer, typically upon delivery. Accordingly, advance payments received but not fulfilled by the end of the reporting period are recorded as contract liabilities.

The points accumulation program reflects the estimated value of loyalty points earned by customers through purchases made on our flagship stores hosted on e-commerce platforms such as Tmall, JD.com, and Douyin. These points are issued, tracked, and managed independently by each respective platform and can be redeemed by customers for discounts on future purchases within that specific platform ecosystem. Customers cannot accumulate or redeem loyalty points across platforms. The associated revenue is deferred until the corresponding points are redeemed.

All contract liabilities as of the end of each reporting period were expected to be recognized as revenue within the following financial year.

The table below sets forth the breakdown of our contract liabilities as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	September 30,
	RMB'000	RMB'000	RMB'000	2025
Advance payments from distributors	5,343	11,288	4,903	6,434
Points accumulation program	319	350	381	515
Total	5,662	11,638	5,284	6,949

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As of December 31, 2022, 2023, 2024 and September 30, 2025, our contract liabilities amounted to RMB5.7 million, RMB11.6 million, RMB5.3 million and RMB6.9 million, respectively. The increase in 2023 was primarily attributable to a higher volume of distributor prepayments received near year-end, while the decrease in 2024 reflected the fulfillment of outstanding orders and a return to more normalized distributor purchasing patterns.

As of January 31, 2026, RMB6.6 million or 95.5% of our contract liabilities as of September 30, 2025 were subsequently recognized as revenue.

Lease Liabilities

Our lease liabilities primarily relate to leased retail store premises, and are recognized in accordance with applicable accounting standards. The classification between current and non-current liabilities is based on the remaining contractual lease terms as at the end of each reporting period.

As of December 31, 2022, 2023, 2024 and September 30, 2025, our total lease liabilities amounted to nil, RMB797,000, RMB2,355,000 and RMB5,851,000, respectively. The increase in lease liabilities reflected the continued expansion of our self-operated offline stores, which grew from one to two stores in Hangzhou as of 2022 and 2023 to 36 stores as of the Latest Practicable Date, including the opening of seven new stores in 2024 in cities such as Chengdu, Wuhan and Chongqing.

The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current position				
(within 1 year)	–	403	2,016	3,638
Non-current position (1-2				
years)	–	394	339	2,213
Total	–	797	2,355	5,851

The weighted average incremental borrowing rate applied to lease liabilities was 4.20% in 2023, 4.01% in 2024 and 3.75% in the nine months ended September 30, 2025.

The significant increase in current lease liabilities in 2024 was due to the lease payments under newly added store leases.

INDEBTEDNESS

As of January 31, 2026, being the most recent practicable date for this indebtedness statement, save as disclosed in this paragraph headed “Indebtedness” in this section, we did not have any outstanding or unutilized bank borrowings, loan capital issued or agreed to be issued, bank overdrafts, liabilities under acceptances (other than normal trade payables), acceptance credits, debt securities, term loans, or indebtedness in the nature of borrowings, mortgages, charges, hire purchase commitments, contingent liabilities, debentures or guarantees.

As of the Latest Practicable Date, our Directors confirmed that we had not entered into any material loan agreements and had not drawn down on any credit facilities. We had not been subject to any material covenants associated with debt obligations, nor had we breached any financial or operational covenants during the Track Record Period and up to the Latest Practicable Date. There has been no difficulty in obtaining or repaying any bank facilities or borrowings, and no default or

FINANCIAL INFORMATION

delay in any scheduled repayment occurred. As of the Latest Practicable Date, we did not have any unutilised bank credit facilities. Our Directors further confirmed that there has been no material change in our indebtedness or contingent liabilities since January 31, 2026 and up to the date of this prospectus.

The following table sets forth our Group's indebtedness as of the dates indicated:

	As of December 31,			As of September 30,	As of January 31,
	2022	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Lease liabilities (current) . .	–	403	2,016	3,638	8,320
Lease liabilities (non-current)	–	394	339	2,213	6,790
Total	<u>–</u>	<u>797</u>	<u>2,355</u>	<u>5,851</u>	<u>15,110</u>

We expect to continue funding our operations primarily through operations generated cash flows. As of January 31, 2026, we had not utilized any bank credit facilities, and no bank loans had been approved or drawn down.

CAPITAL EXPENDITURE

Our Group incurred capital expenditures of approximately RMB25.4 million, RMB26.2 million, RMB23.5 million, RMB11.5 million and RMB23.1 million for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Our capital expenditure primarily related to additions to property, plant and equipment, IP licensing fees paid to IP licensors and land use right.

RELATED PARTY TRANSACTIONS

Our related party transactions during the Track Record Period are summarized in Note 33 to the Accountants' Report set out in Appendix I to this prospectus. During the Track Record Period, we entered into certain transactions with related parties in the ordinary course of business. These transactions primarily involved the sale and purchase of goods, provision of rental services, and receipt of shareholder guarantees that had been fully released in 2022.

Our Directors confirm that all transactions with related parties described in Note 33 of the Accountants' Report were conducted on normal commercial terms determined after arm's length negotiation having considered the rental paid for our office is comparable to the prevailing market rent of comparable properties in similar locations, which are considered fair, reasonable and in the interest of the Shareholders as a whole.

Capital Commitments

The following table sets forth our capital commitments as of the dates indicated.

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracted, but not provided for:				
– Properties, plant and equipment .	<u>109</u>	<u>265</u>	<u>354</u>	<u>2,881</u>

FINANCIAL INFORMATION

CONTINGENT LIABILITIES

We did not have any contingent liabilities during the Track Record Period and up to the Latest Practicable Date.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

KEY FINANCIAL RATIOS

	As of December 31/ For the year ended December 31,			As of September 30/ For the nine months ended September 30,	
	2022	2023	2024	2024	2025
				<i>(unaudited)</i>	
Net profit margin ⁽¹⁾	11.3%	8.7%	13.8%	13.2%	9.3%
Return on equity ⁽²⁾	22.1%	14.3%	21.4%	14.9%	9.7%
Return on total assets ⁽³⁾	15.2%	11.4%	17.4%	12.2%	8.1%
Current ratio ⁽⁴⁾	2.52	2.70	3.63	3.62	3.91
Quick ratio ⁽⁵⁾	0.94	1.46	1.96	1.70	2.07

Notes:

- (1) Net profit margin is calculated by dividing profit for the year by revenue and multiplying by 100%.
- (2) Return on equity represents net profit for the year divided by the arithmetic mean of opening and closing balances of shareholder's equity, multiplied by 100%.
- (3) Return on total assets is calculated by dividing net profit by the arithmetic mean of opening and closing balances of total assets and multiplying by 100%.
- (4) Current ratio is calculated as total current assets divided by total current liabilities.
- (5) Quick ratio is calculated as total current assets less inventories divided by total current liabilities.

Our net profit margin decreased from 11.3% in 2022 to 8.7% in 2023, primarily due to the temporary impact of production line upgrades on output and operating efficiency, together with higher operating expenses in 2023. Our net profit margin rebounded to 13.8% in 2024, mainly reflecting normalized output after the upgrades, improved production efficiency, and a more favorable product mix and pricing dynamics. Our net profit margin for the nine months ended September 30, 2025 decreased to 9.3% from 13.2% for the nine months ended September 30, 2024, primarily due to one-off listing expenses incurred during the period.

Return on equity declined from 22.1% in 2022 to 14.3% in 2023, mainly due to the same temporary production disruptions mentioned above. It rebounded to 21.4% in 2024, reflecting improved profitability and operational efficiency. However, this ratio decreased to 9.7% for the nine months ended September 30, 2025, compared to 14.9% for the corresponding period in 2024, primarily attributable a decrease in net profit driven by incurrence of listing expenses.

Return on total assets declined from 15.2% in 2022 to 11.4% in 2023, before increasing to 17.4% in 2024, following the same production-related impacts and subsequent recovery. This ratio decreased to 8.1% for the nine months ended September 30, 2025, compared to 12.2% for the corresponding period in 2024, primarily attributable to a decrease in net profit driven by incurrence of listing expenses.

FINANCIAL INFORMATION

We maintained a healthy liquidity position with current ratios of 2.52, 2.70, 3.63, 3.62 and 3.91 as of December 31, 2022, 2023, 2024 and September 30, 2024 and 2025, respectively. The increase in 2024 was primarily attributable to the increase in financial asset at FVTPL and time deposits, reflecting our improved cash deployment strategies.

Our quick ratio improved from 0.94 as of December 31, 2022 to 1.96 as of December 31, 2024 and further to 2.07 as of September 30, 2025, primarily reflecting the same increase in liquid financial assets mentioned above, combined with a stable level of current liabilities.

FINANCIAL RISK MANAGEMENT

We are exposed to various financial risks in the ordinary course of business, comprising currency risk, interest rate risk, credit risk, and liquidity risk. We have adopted a set of risk management policies to mitigate these exposures, including internal credit assessments, cash flow planning, and conservative investment practices.

Currency Risk

Our exposure to currency risk primarily arises from trade and other receivables and bank balances denominated in currencies other than our functional currency. These exposures are mainly related to transactions in U.S. dollars.

As of December 31, 2024, the carrying amount of foreign currency denominated monetary assets was approximately RMB1.2 million, similar to the balance as of December 31, 2023. As of December 31, 2022, this balance was approximately RMB8.5 million. These foreign currency exposures mainly arose from balances of trade receivables and bank accounts held in U.S. dollars.

Interest Rate Risk

Our exposure to interest rate risk arises primarily from fixed-rate lease liabilities and interest-bearing bank balances. To manage this risk prudently, we continuously monitor market interest rate in the context of our business operations and financial position. Based on the assessment, we seek to implement effective interest rate risk management strategies.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to us. At the end of each reporting period, our maximum exposure to credit risk, which causes a financial loss to us due to failure to discharge an obligation by the counterparties, is arising from the carrying amount of the respective recognized financial assets, as disclosed in the consolidated statements of the financial position.

In order to minimize credit risk, we have established a credit risk grading system to categorize exposures based on the degree of risk of default. Our management will consider publicly available financial information, along with our historical repayment records for the major customers and other debtors. We continuously monitor its exposure to counterparties and review our credit ratings at the end of the reporting period to ensure that adequate impairment losses, if any, are made for irrecoverable amount.

DIVIDEND

During the Track Record Period, we did not declare or pay any dividends. No dividend has been proposed, paid or declared by our Company since its incorporation, or by any of the subsidiaries of our Group during the Track Record Period and up to the Latest Practicable Date.

FINANCIAL INFORMATION

After completion of the Global Offering, we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important. There is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, we do not have, nor do we intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the Global Offering.

DISTRIBUTABLE RESERVES

As of September 30, 2025, our distributable reserves amounted to approximately RMB356.9 million.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For details regarding the unaudited pro forma statement, please refer to Appendix IIA to this prospectus.

PROPERTY INTERESTS AND PROPERTY VALUATION REPORT

Our selective property interests are set forth in the Property Valuation Report as set out in Appendix III. Cushman & Wakefield Limited, an independent property valuer, has valued our selective property interests as of February 28, 2026.

A reconciliation of the market value of our selective property interests as extracted from the Property Valuation Report as set out in Appendix III as of February 28, 2026 and net book value of our selective property interests in our consolidated financial statements as of September 30, 2025 as required under Rule 5.07 of the Listing Rules is set forth below.

	<i>RMB'000</i>
Net book value of our property interests as of September 30, 2025 . .	116,297
Movement during the period from September 30, 2025 to February 28, 2026 (unaudited)	
Add: Additions	138
Less: Depreciations	(2,140)
Net book value of our property interests as of February 28, 2026 (unaudited)	114,295
Less: Portion of right of use of rural leases with no commercial value	—
Add: Valuation surplus	123,705
Valuation as of February 28, 2026 as set out in Appendix III	238,000

See “Property Valuation Report” as set out in Appendix III for further details.

LISTING EXPENSES

We estimate that our total listing expenses incurred in connection with the Global Offering will be approximately HK\$56.1 million (equivalent to approximately RMB49.5 million), representing approximately 11.8% of the gross proceeds from the Global Offering, assuming an Offer Price of HK\$64.0 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option is not exercised.

FINANCIAL INFORMATION

We estimate to incur listing expenses of approximately HK\$56.1 million, of which approximately HK\$33.7 million has been and is expected to be recognized in the consolidated statements of profit or loss and other comprehensive income as administrative expenses, and approximately HK\$22.4 million is expected to be recognized as a deduction in equity directly upon the Listing. As of September 30, 2025, a total of approximately HK\$14.5 million of the listing expenses has already been recognized in profit or loss. The remaining amount of HK\$19.2 million will be recognized in the future. By nature, our listing expenses comprise (i) underwriting commission of approximately HK\$19.0 million and (ii) non-underwriting related expenses of approximately HK\$37.1 million, which consist of fees and expenses of legal advisers and the reporting accountants of approximately HK\$19.5 million and other professional fees and expenses of approximately HK\$17.6 million. The listing expenses above are the current estimate for reference only and the final amount to be recognized to our consolidated income statement is subject to audit and the then changes in variables and assumptions.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this prospectus, there has been no material adverse change in our financial, operational or trading positions or prospects since September 30, 2025, being the end of the period reported on as set out in the Accountants' Report included in Appendix I to this prospectus.

UNAUDITED PRELIMINARY FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2025

The unaudited preliminary financial information of our Group as of and for the year ended December 31, 2025 as set out in Appendix IIB to this prospectus (“**2025 Unaudited Preliminary Financial Information**”) have been agreed by the reporting accountants of our Company to the amounts set out in our draft consolidated financial statements for the year ended December 31, 2025, following their work under Practice Note 730 (Revised) “Guidance for Auditors Regarding Preliminary Announcement of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants. The work performed by the reporting accountants of our Company in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the reporting accountants of our Company on the 2025 Unaudited Preliminary Financial Information.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business – Strategies” in this prospectus for a detailed discussion of our future plans.

REASONS FOR THE LISTING

We believe that the Listing will enhance our brand profile and credibility, strengthen our capital base to support business expansion, and provide us with access to international capital markets. The Listing will also enable us to broaden our shareholder base and create a liquid market for our Shares, which we expect will facilitate future capital raising to support our strategic growth initiatives. In addition, the Listing will provide an opportunity for us to further institutionalize our internal controls and corporate governance framework in accordance with international standards, which we believe will support our long-term development.

USE OF PROCEEDS

Assuming an Offer Price of HK\$64.0 per Share (being the mid-point of the indicative Offer Price Range), we estimate that we will receive net proceeds of approximately HK\$417.9 million from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, and assuming the Over-allotment Option is not exercised.

1. Invest in Product Development and Design Capabilities

We intend to allocate approximately 38.0% of the net proceeds from the Global Offering (equivalent to approximately HK\$158.8 million) to strengthen our product development and design capabilities, which serve as the foundation of our growth strategy. This investment will primarily support the construction of a dedicated research and development center and the expansion and diversification of our core product portfolio, comprising copper-based cultural and creative products, gold cultural and creative products and plastic figures and toys.

Build and upgrade research and development infrastructure

Approximately 33.0% of the net proceeds (equivalent to HK\$137.9 million) will be allocated to the construction and equipping of a new research and development center, which is expected to serve as a centralized hub for cross-functional collaboration among our creative designers, technical teams and marketing professionals.

Since our inception in 2013, we have consistently pursued original design as a core driver of our product development. Our in-house research and development activities have traditionally been carried out across multiple creative teams situated in general office spaces. As we scale up our operations and broaden our material base, we believe the establishment of a centralized and purpose-built research and development center is essential to consolidating creative resources, improving coordination efficiency, and supporting multi-material product expansion. The research and development center will serve as a dedicated platform for creative management, spanning conceptual design, digital modeling, sample development and visual presentation. It will be equipped with specialised hardware and software including 3D design systems, physical prototyping tools, and collaborative workstations. Unlike traditional laboratory-based research and development in industrial or scientific fields, our research and development activities focus on product ideation, design realization and model testing, which are inherently iterative and creation-driven.

FUTURE PLANS AND USE OF PROCEEDS

The total investment in the research and development center is expected to reach HK\$271.3 million and HK\$137.9 million of which are expected to be funded by the net proceeds from the Global Offering. A breakdown of planned utilization of the net proceeds by year is as follows:

Year	Construction Expenditure	Equipment & Software Procurement	Other Related Costs	Total
<i>In HK\$ millions</i>				
2026	28.0	1.0	2.5	31.5
2027	55.4	2.5	7.0	64.9
2028	28.0	4.5	9.0	41.5
Total	111.4	8.0	18.5	137.9

The proposed research and development center will be located in our Hangzhou Facility and is expected to span a gross floor area of approximately 31,000 square meters. Construction is scheduled to commence in June 2026 and complete in July 2028. The facility will be designed to include dedicated spaces for product design, prototyping, material testing, and collaborative work. Construction will proceed in key phases including site preparation, structural engineering, facade completion, interior fitting, and final system commissioning. Procurement of equipment and supporting systems will be synchronized with the building's readiness to enable prompt installation and trial operations. We plan to acquire 3D modeling software, CNC machines, and multi-material 3D printers to support in-house prototyping and small-batch product validation. Installation of these systems is expected to be completed by 2028, allowing the new center to commence full operation by the end of that year.

The primary commercial rationale for this investment lies in our strategic goal of expanding beyond copper-based cultural and creative products into other material categories such as gold and silver. While we intend to sustain our leading position in the copper category through high-volume new SKU launches annually, the expansion into new materials imposes significantly higher demands on our creative capacity, design throughput and prototyping resources. The establishment of a professional research and development center is essential to support this transition. The center is expected to enable a significant increase in our product output capacity. We anticipate launching approximately 800 SKUs in 2026, 1,000 SKUs in 2027 and 1,550 SKUs in 2028 across copper, gold and silver product categories.

The research and development center will also provide a structured and professional working environment for our creative professionals. It is designed not only to improve existing staff productivity, but also to serve as a strategic platform to attract and retain high-caliber talent in product styling, design and visual modeling. Aligned with our long-term vision of becoming a leading cultural and creative enterprise, the center will play a central role in building an integrated research and development talent pipeline and further reinforce our core competitiveness.

To support the expanded functions, we plan to recruit approximately 100 additional personnel by 2028, including creative designers, process engineers and project coordination staff. The new center is expected to improve internal collaboration, accelerate prototyping cycles and enable broader material integration across product lines. The additional personnel are expected to possess relevant academic backgrounds and experience in fine arts, industrial design, sculpture or related disciplines. Creative designers are expected to have practical experience in 3D modeling, drawing and sculpting to support product conceptualization and prototyping. Process engineers are expected to have experience in craftsmanship optimization and prototyping validation, while project coordination staff should have experience in managing product design and development workflows. We anticipate monthly remuneration for creative designers to range from RMB8,000 to RMB20,000 per person, for process engineers to range from RMB8,000 to RMB15,000 per person, and for project coordination staff to range from RMB6,000 to RMB12,000 per person.

FUTURE PLANS AND USE OF PROCEEDS

Diversify and enhance product portfolio

Approximately 5.0% of the net proceeds (equivalent to approximately HK\$20.9 million) will be allocated to expand and refine our product portfolio. This includes enriching our copper-based cultural and creative products while also advancing the development of gold cultural and creative products and plastic figures and toys marketed under our sub-brands “Xijiang Gold Shop (璽匠金舖)” and “Huanxi Xiaojiang (歡喜小將),” respectively. These funds will primarily support product design and sampling, IP collaboration initiatives, and limited-edition licensing projects with cultural institutions and artists. We also plan to explore new themes across traditional culture, wellness, and storytelling, supported by corresponding marketing campaigns to reinforce brand identity and cross-category appeal.

2. Enhance Production Capacity and Fulfillment Agility

We intend to allocate approximately 24.0% of the net proceeds from the Global Offering (equivalent to approximately HK\$100.3 million) to enhance our in-house production capacity and improve alignment between demand forecasting and manufacturing output, thereby increasing fulfillment agility and supporting long-term product availability.

We have maintained a high level of capacity utilization throughout the Track Record Period. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our designed production capacities were approximately 1,391,500 kg, 1,268,625 kg, 1,518,750 kg, 1,227,366 kg and 953,480 kg, respectively, while our actual production outputs were 1,386,737 kg, 1,259,101 kg, 1,545,168 kg, 1,177,795 kg and 940,879 kg, respectively, representing utilization rates of 99.7%, 99.3%, 101.7%, 96.0% and 98.7%. Our designed capacity is calculated based on the average number of production staff, standard annual working hours, and copper output per labor hour. This reflects the labor-intensive nature of our production model and the inherent limitations of scale under current conditions. The consistent over- or near-full utilization of capacity indicates that our existing facility has reached its operational limits. In particular, the peak output in 2024 exceeded our designed capacity, highlighting our reliance on intensified work scheduling and temporary overtime measures to meet market demand. These practices are not sustainable in the long term and may affect delivery times and product quality if capacity is not expanded.

The proposed expansion will focus on copper ornaments, which remain our primary product line, with incremental investment for copper engraved artworks. Additional space and workstations will help improve throughput and enable skill transmission via on-site training. Our planned additional design capacity is approximately 691,000 units, making the total design capacity reaching 2,209,750 units after the expansion. The expanded capacity is expected to enable us to better accommodate peak-season demand, improve delivery lead times, and reduce reliance on emergency labor deployment, thereby enhancing operational resilience and product quality consistency.

Procure and install equipment to improve capacity throughput

Approximately 20.0% of the net proceeds (equivalent to approximately HK\$83.6 million) will be used to procure and install new production equipment at our Hangzhou Facility. The following table outlines the major equipment categories, intended functions, and procurement schedule:

Category	Equipment Description	Function	Planned Installation Period
Casting.	Precision casting machines (90-110 units)	Improve copper casting efficiency	2026 – 2027

FUTURE PLANS AND USE OF PROCEEDS

Category	Equipment Description	Function	Planned Installation Period
Machining	High-precision CNC tools	Carving and finishing	2026 – 2027
Surface finishing.	Spray and baking systems	Automated coloring and drying	2026 – 2027
Environmental	Dust extraction and ventilation	Workplace air filtration and compliance	2026 – 2027
Utilities	Water, gas, power facility upgrade	Utility retrofit and safety enhancements	2026 – 2027
Civil works	Facility reconfiguration	Localized structural and layout changes	2026 – 2027

The planned layout optimization and partial facility reconfiguration are expected to take less than a year and will be implemented in phases to minimize production disruptions. Our internal teams are expected to oversee utility adjustments and site handover, while third-party suppliers will be engaged for equipment installation and commissioning.

Expand and stabilize skilled production workforce

Approximately 4.0% of the net proceeds (equivalent to approximately HK\$16.7 million) will be used to recruit and train approximately 300 additional production personnel, including over 250 skilled craftsmen specializing in wax modeling, welding, and polishing and approximately 50 logistics, support and quality control staff. Skilled craftsmen are generally recruited with basic artisanal aptitude or apprenticeship-level manual skills and will undergo structured in-house training and practical assessment before formal placement. Logistics and support staff are expected to have relevant operational experience, while quality control personnel are expected to possess relevant technical backgrounds, familiarity with production standards and inspection procedures, and experience in process monitoring and product quality verification. The monthly salary for skilled craftsmen is anticipated to range from approximately RMB8,000 to RMB25,000 per person, while that for logistics, support and quality control staff is expected to range from approximately RMB8,000 to RMB15,000 per person.

3. Strengthen Sales Channels and Marketing Capabilities

We intend to allocate approximately 24.0% of the net proceeds from the Global Offering (equivalent to approximately HK\$100.3 million) to expand and enhance our retail and marketing infrastructure, with a focus on strengthening our self-operated store network in the PRC, accelerating our international presence, and reinforcing our digital marketing and content development capabilities.

Expand our self-operated store network in the PRC

Approximately 20.0% of the net proceeds (equivalent to approximately HK\$83.6 million) will be used to expand our self-operated store network across the PRC, with priority given to tier-one, new-tier-one, tier-two and tier-three cities. These stores are expected to serve as immersive brand touchpoints that integrate cultural storytelling and interactive experiences.

We plan to open approximately 70 new stores from 2026 to 2028. Target locations include cities such as Beijing, Shenzhen, Chongqing, Nanjing, Wuhan, Jinan, Xiamen, Xi'an, Kunming, and Guiyang. These locations were selected based on commercial foot traffic, mall rankings, and regional consumption trends. Each new store is expected to have a gross floor area of approximately 100 square meters. The average capital expenditure per store is approximately RMB2.3 million, which primarily covers items such as decoration and fit-out, initial inventory costs, lease deposits, and staff hiring and training. Based on our past experience, each new location is expected to break even in approximately 6 to 9 months of opening.

FUTURE PLANS AND USE OF PROCEEDS

Enhance digital marketing and online engagement

Approximately 2.5% of the net proceeds (equivalent to approximately HK\$10.4 million) will be allocated to strengthen our digital marketing infrastructure. Our initiatives will focus on producing branded content, including short-form videos, cultural storytelling, and livestream segments. We plan to upgrade studio capabilities, expand editing and scripting teams, and develop standardized livestreaming practices across channels. Additionally, we intend to enhance backend analytics systems for real-time performance tracking and budget optimization.

Develop international presence and regional marketing channels

Approximately 1.5% of the net proceeds (equivalent to approximately HK\$6.3 million) will be used to support our international expansion. We plan to explore markets such as Hong Kong, Macau, Southeast Asia, Japan, Europe, and North America. Our strategy includes participation in overseas exhibitions and trade fairs, collaboration with local distributors, and customized marketing campaigns. Under our international expansion plan, self-developed IPs are expected to remain the principal basis of our overseas product offerings, while licensed IP products will be sold only where the relevant territorial rights have been obtained. Over the next one to three years, we plan to initiate market entry in Hong Kong, Japan, and Italy through scheduled exhibitions. Subsequent efforts will extend to selected Western European and North American markets. We aim to allocate funds to international travel, sample preparation, bilingual materials, promotional adaptation, and preliminary market research. We also plan to selectively explore cooperation opportunities with IPs that are popular in the relevant markets, subject to licensing availability and commercial suitability.

4. Upgrade Digital and Information Infrastructure

We intend to allocate approximately 4.0% of the net proceeds from the Global Offering (equivalent to approximately HK\$16.7 million) to strengthen our digital and information infrastructure. This initiative consists of two major components: (i) the implementation of enterprise software systems to improve production and inventory coordination, and (ii) the deployment of supporting hardware and smart devices to enhance data capture and operational connectivity.

Deploy supporting IT infrastructure and smart devices

Approximately 2.5% (equivalent to approximately HK\$10.4 million) will be used to procure and install supporting IT infrastructure. Planned investments include four sets of dedicated data servers for system deployment and data backup, one enterprise-grade network firewall for information security, and IoT-enabled sensor nodes to support real-time tracking across core production lines and warehousing locations. These hardware systems are expected to be installed between 2026 and 2027.

Implement Enterprise Software Systems

Approximately 1.5% (equivalent to approximately HK\$6.3 million) will be allocated to the phased development and implementation of customized software systems. These include a Manufacturing Execution System (“MES”), focused on production planning, on-site execution and process traceability, and a Warehouse Management System (“WMS”), responsible for location-based inventory tracking, in- and out-bound logistics, and periodic stock-taking. Both systems are expected to be equipped with matching terminal hardware to ensure effective data integration and on-site operability. The MES system and hardware are scheduled for deployment by 2027, and the WMS system is also expected to go live by 2027. These systems will be tailored through modular customization to fit our existing operational processes.

All software and hardware deployments will be managed by our IT and Finance teams, with staged implementation across development, testing, and training phases. The combined system is expected to support real-time data visibility, traceability, and operational coordination, thereby enhancing efficiency and scalability as our business grows.

FUTURE PLANS AND USE OF PROCEEDS

5. Working Capital and General Corporate Purposes

Approximately 10.0% of the net proceeds from the Global Offering (equivalent to approximately HK\$41.8 million) will be reserved for general working capital and operational flexibility. These funds will allow us to respond to strategic opportunities and unforeseen market shifts in a timely and prudent manner.

In the event that the designated net proceeds are insufficient to fully fund the aforementioned purposes, we intend to utilize internal resources or equity or debt financing to address any shortfalls. Conversely, should there be surplus funds, these will be applied toward other projects consistent with our strategic objectives.

In the event that the Offer Price is fixed below or above the mid-point of the indicative price range, the net proceeds allocated to the above purposes will be adjusted on a pro rata basis. Any additional proceeds received from the exercise of the Over-allotment Option will be allocated to the above purposes on a pro rata basis.

In the event of any material change in our use of net proceeds of the Global Offering from the purposes described above or in our allocation of the net proceeds among the purposes described above, a formal announcement will be made.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, we will only deposit such net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions).

UNDERWRITING

HONG KONG UNDERWRITERS

CMB International Capital Limited
CLSA Limited
ABCI Securities Company Limited
China Everbright Securities (HK) Limited
Livermore Holdings Limited
Futu Securities International (Hong Kong) Limited
Patrons Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters.

The Global Offering comprises the Hong Kong Public Offering of initially 740,700 Hong Kong Offer Shares and the International Offering of initially 6,666,100 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed “Structure of the Global Offering” in this prospectus as well as to the Over-Allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to offer the Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of the Hong Kong Underwriting Agreement and this prospectus.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, our H Shares in issue and to be issued pursuant to the Global Offering on the Main Board as mentioned in this prospectus (including any additional H Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) and such approval not having been withdrawn; and (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, agreeing upon the Offer Price), the Hong Kong Underwriters have agreed, severally but not jointly, to subscribe, or procure subscribers to subscribe, for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If at any time prior to 8:00 a.m. on the Listing Date if:

- (1) there develops, occurs, exists or comes into effect:
 - (a) any new law or regulation or any change or development involving a prospective change or any event or series of events or circumstances likely to result in a change or a development involving a prospective change in existing

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laws or regulations, or the interpretation or application thereof by any court or any competent Governmental Authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), or other jurisdictions relevant to the Group or the Global Offering (each a “**Relevant Jurisdiction**” and collectively, the “**Relevant Jurisdictions**”); or

- (b) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in a change or prospective change, in any local, national, regional or international financial, political, military, industrial, economic, fiscal, legal, regulatory, currency, credit or market conditions or sentiments, Taxation (as defined in the Hong Kong Underwriting Agreement), equity securities or currency exchange rate or controls or any monetary or trading settlement system, or foreign investment regulations or other financial markets in or affecting any Relevant Jurisdictions, or affecting an investment in the Offer Shares; or
- (c) any event or series of events, or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, outbreak or escalation, mutation or aggravation of diseases, accident or interruption or delay in transportation, local, national, regional or international outbreak or escalation of hostilities, act of God or act of terrorism, in or affecting any of the Relevant Jurisdictions); or
- (d) the imposition or declaration of any moratorium, suspension or limitation on (i) the trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or (ii) the trading in any securities of our Company listed or quoted on a stock exchange or an over-the-counter market; or
- (e) the imposition or declaration of any general moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions; or
- (f) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by our Company of a supplement or amendment to this prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC; or
- (g) the commencement by any Authority (as defined in the Hong Kong Underwriting Agreement) or other regulatory or political body or organization of any public action or investigation against a Group company or a director or a senior management member of any Group company or announcing an intention to take any such action; or
- (h) the imposition of sanctions or export controls in whatever form, directly or indirectly, on any Group company or the Single Largest Shareholder or by or on any Relevant Jurisdiction, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or

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- (i) any valid demand by creditors for payment or repayment of indebtedness of any member of our Group or in respect of which any member of the Group is liable prior to its stated maturity; or
- (j) any non-compliance of this prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), the CSRC Filings or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (k) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of our Group or the Single Largest Shareholder or any Director or senior management members as named in this prospectus; or
- (l) any contravention by our Company or any Director of the Listing Rules or applicable laws; or
- (m) any change or prospective change, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters): (A) has or will or is likely to have a material adverse effect on the profits, losses, results of operations, assets, liabilities, general affairs, business, management, performance, prospects, shareholders’ equity, position or condition (financial or otherwise) of our Group, taken as a whole; or (B) has or will or is likely or is reasonably expected to have (i) a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of indications of interest under the International Offering; or (ii) the effect of making any part of the Hong Kong Underwriting Agreement incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or the underwriting thereof; or (C) makes or will make or is likely to make or is reasonably expected to make it impracticable, inadvisable, inexpedient or incapable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged, or for the Hong Kong Public Offering and/or the Global Offering to proceed, or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or (D) has or will or may have the effect of making any part of this Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (2) there has come to the notice of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) that:
 - (a) any statement contained in any of the Offering Documents, the CSRC filings and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (the “**Global Offering Documents**”) was, when it was issued, or has become untrue, incorrect, inaccurate in any material respect or misleading; or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents, was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or

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- (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission or misstatement in any Global Offering Document; or
- (c) any breach of, or any event or circumstance rendering untrue or incorrect in any material respect or misleading in any respect, any of the representations, warranties and undertakings given by our Company or the Single Largest Shareholder in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
- (d) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the indemnities in the Hong Kong Underwriting Agreement; or
- (e) any material breach of any of the obligations or undertakings imposed upon our Company or any member of the Single Largest Shareholder to the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
- (f) there is any change or development involving a prospective change, constituting or having a Material Adverse Effect; or
- (g) that the Chairman of the Board, any Director or any member of senior management of our Company named in this prospectus seeks to retire, or is removed from office or vacating his/her office; or
- (h) any Director or any member of senior management of the Company named in this prospectus is being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company; or
- (i) our Company withdraws this prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or
- (j) that the approval by the Listing Committee of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, canceled, qualified (other than by customary conditions), revoked or withheld; or
- (k) any of the experts named in this prospectus (other than the Sole Sponsor) has withdrawn its consent to the issue of the Prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (l) any prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or
- (m) any person (other than the Sole Sponsor) has withdrawn or sought to withdraw its consent to being named in any of the Offering Documents or to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be); or

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- (n) an order or petition is presented for the winding-up or liquidation of any member of our Group, or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (o) (A) the notice of acceptance of the CSRC filings issued by the CSRC and/or the results of the CSRC filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or (B) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by our Company of a supplement or amendment to the CSRC filings pursuant to the CSRC rules or upon any requirement or request of the CSRC; or (C) any non-compliance of the CSRC filings with the CSRC rules or any other applicable laws; or
- (p) that a material portion of the orders placed or confirmed in the bookbuilding process, or investment commitments made by any cornerstone investor under the Cornerstone Investment Agreement signed with such cornerstone investor, have been withdrawn, terminated or canceled, as a result of the payment of the relevant investment amount not being received or settled in the stipulated time and manner or otherwise;

then the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters), may in their sole and absolute discretion upon giving notice in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(A) *Undertakings by our Company*

Our Company has undertaken to each of the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries, that except pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling the date which is six months from the Listing Date (the “**First Six-Month Period**”), our Company will not, without the prior written consent of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or purchase, any legal or beneficial interest in the share capital or any other equity securities of our Company, or any interest in any of the foregoing, or deposit any H Shares or other equity securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other securities of our Company, or any interest in any of the foregoing; or

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- (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or
- (iv) offer to or agree to do any of the foregoing specified in (i), (ii) or (iii) or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other equity securities of our Company, or in cash or otherwise (whether or not the issue of such share capital or other equity securities of our Company will be completed within the First Six-month Period).

Our Company has further agreed that, in the event our Company is allowed to enter into any of the transactions described in paragraph (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires (the “**Second Six Month Period**”), we will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any H Shares or other securities of our Company.

Our Company has agreed and undertaken to each of the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters that we will, and the Single Largest Shareholder undertake to procure that our Company will, comply with the minimum public float requirements specified in the Listing Rules (the “**Minimum Public Float Requirement**”), and we will not effect any purchase of the H Shares, or agree to do so, which may reduce the holdings of the H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) to below the Minimum Public Float Requirement or any waiver granted and not revoked by the Stock Exchange prior to the expiration of the First Six Month Period without first having obtained the prior written consent of the Sole Sponsor and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters).

(B) Undertakings by our Single Largest Shareholder

Our Single Largest Shareholder has undertaken to each of the Company, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that, without the prior written consent of the Sole Sponsor (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) it/he/she will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him/her and the companies controlled by it/him/her will not, at any time during the First Six Month Period, (i) sell, offer to sell, accept subscription for, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein, or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any Shares or other securities of our Company or any interest therein, or (iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (a)(i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraph (a)(i), (ii) or (iii) above, in each case, whether any of the transactions

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specified in paragraph (a)(i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise, and whether or not the transactions will be completed within the First Six Month Period; and

- (b) until the expiry of the Second Six Month Period, in the event that it/he/she enters into any of the transactions specified in paragraph (a)(i), (ii) or (iii) or offer to or agrees to or contract to or publicly announce any intention to effect any such transaction, it/he/she will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market in the securities of our Company.

Indemnity

We and our Single Largest Shareholder have agreed to indemnify, among others, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries for certain losses which they may suffer, including, among others, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company and our Single Largest Shareholder of the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that our Company and our Single Largest Shareholder will enter into the International Underwriting Agreement with the Sole Sponsor and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would severally and not jointly agree to purchase, or procure purchasers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, among others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

It is expected that our Single Largest Shareholder will undertake to the International Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of the H Shares held by it in our Company for a period similar to such undertakings given by them pursuant to the Hong Kong Underwriting Agreement, which is described in “– Underwriting Arrangements and Expenses – Undertakings pursuant to the Hong Kong Underwriting Agreement – (B) Undertakings by our Single Largest Shareholder” above.

Over-allotment Option and Stabilization

We expect to grant to the International Underwriters, exercisable in whole or in part at absolute discretion by the Overall Coordinators (for themselves and on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until up to (and including) the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 1,111,000 additional H Shares (representing not more than 15% of the Offer Shares being offered under the Global Offering) at the Offer Price under the International Offering to cover over-allocations in the International Offering, if any.

For more details of the arrangements relating to the Over-allotment Option and stabilization, see “Structure of the Global Offering.”

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Commission and Expenses

Our Company will pay an underwriting commission of 3.0% of the aggregate Offer Price of all the Offer Shares (including H Shares to be issued pursuant to the Over-allotment Option) (the “**Fixed Fees**”) to the Underwriters pursuant to the terms and conditions set out in the underwriting agreements. Our Company may also in our sole and absolute discretion pay any one or all of the Underwriters an additional incentive fee in aggregate of up to 1.0% of the aggregate Offer Price for all of the Offer Shares (including H Shares to be issued pursuant to the Over-allotment Option) (the “**Discretionary Fees**”). The ratio of the Fixed Fees and Discretionary Fees (as classified under and for the purpose of Rule 3A.34 of the Listing Rules) payable to the Underwriters is therefore approximately 45.0%:55.0% (on the basis that the Discretionary Fees will be fully paid). For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters and not the Hong Kong Underwriters.

Assuming the Over-allotment Option is not exercised, the aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565%, AFRC transaction levy of 0.00015%, legal and other professional fees and printing and all other expenses payable by us relating to the Global Offering are currently estimated to amount in aggregate to approximately HK\$56.1 million (assuming an Offer Price of HK\$64.0 per Offer Share, being the mid-point of the indicative Offering Price range stated in this prospectus).

INDEPENDENCE OF THE SOLE SPONSOR

CMB International Capital Limited satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for the obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement and as disclosed in this prospectus, as at the Latest Practicable Date, none of the Underwriters has any shareholding or beneficial interests in any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Global Offering.

Following the completion of the Global Offering, the Overall Coordinators and the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group's loans and other debt.

UNDERWRITING

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

Such activities may affect the market price or value of our H Shares, the liquidity or trading volume in our H Shares and the volatility of the price of our H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and our affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (a) the Hong Kong Public Offering of initially 740,700 H Shares (subject to reallocation) in Hong Kong, as described in “– The Hong Kong Public Offering” below; and
- (b) the International Offering of initially 6,666,100 H Shares (subject to reallocation and the Over-allotment Option) outside the United States in offshore transactions in reliance on Regulation S, as described in “– The International Offering” below.

The 7,406,800 H Shares initially being offered in the Global Offering will represent approximately 11.5% of the total number of issued Shares immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. The underwriting arrangements, and the respective Underwriting Agreements, are summarized in “Underwriting” in this prospectus.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering, or, if qualified to do so, apply for or indicate an interest in International Offer Shares under the International Offering, but may not do both.

References in this prospectus to applications, application monies or the procedures for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

We are initially offering 740,700 Hong Kong Offer Shares, representing approximately 10.0% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price for subscription by the public in Hong Kong. Subject to the reallocation of H Shares between (i) the International Offering, and (ii) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 10.0% of the total number of Offer Shares initially available under the Global Offering (assuming the Over-allotment Option are not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a several basis under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. Completion of the Hong Kong Public Offering is subject to the conditions as set out in “– Conditions of the Global Offering” below.

Allocation

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

STRUCTURE OF THE GLOBAL OFFERING

For allocation purposes only, the total number of the Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering referred to below) will be divided equally into two pools (with any odd lots being allocated to pool A): pool A and pool B. Pool A will comprise 370,400 Hong Kong Offer Shares and pool B will comprise 370,300 Hong Kong Offer Shares initially. Both of which are available on an equitable basis to successful applicants. All valid applications that have applied for Hong Kong Offer Shares with a total price (excluding brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% payable) of HK\$5 million or below will fall into pool A. All valid applications that have applied for Hong Kong Offer Shares with a total price (excluding brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% payable) of over HK\$5 million and up to the total value of pool B will fall into pool B.

For the purpose of this sub-section only, the “price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the two pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B, but not from both pools. Multiple or suspected multiple applications and any application for more than 370,300 Hong Kong Offer Shares (being 50% of the 740,700 Offer Shares initially available under the Hong Kong Public Offering) will be rejected.

Reallocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinators. Subject to the allocation cap described in the subsequent paragraph, the Overall Coordinators may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate. In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate.

In the event of reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering in the circumstances where (a) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (b) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 370,300 Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 1,111,000 Offer Shares, representing approximately 15% of the number of Offer Shares initially available under the Global Offering (before exercise of the Over-allotment Option) in accordance with Chapter 4.14 of the Guide for New Listing Applicants provided the final Offer Price shall be fixed at HK\$60.00 per Offer Share (being the low-end of the indicative Offer Price range stated in this prospectus) or the downward adjusted final Offer Price if a downward Offer Price adjustment is made in accordance with Chapter 4.14 under the Guide for New Listing Applicants. In the circumstance where the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are undersubscribed, there will be no reallocation from the International Offering to the Hong Kong Public Offering, and no over-allocation of H Shares to the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows Mechanism B set out under paragraph 2 of Chapter 4.14 of the Guide for New Listing Applicants and the provision of Paragraph 4.2(b) of Practice Note 18 of the Listing Rules, no mandatory clawback or reallocation mechanism is required to increase the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B in equal proportion and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators in their discretion consider appropriate.

In the event that both the Hong Kong Public Offering and International Offering are undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

Applications

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered H Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for H Shares under the International Offering.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application has not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offer Shares under the International Offering, and such applicant's application under the International Offering is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum price of HK\$68.00 per Offer Share in addition to the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy payable on each Offer Share. If the Offer Price, as finally determined in the manner described in “– Pricing and Allocation” below, is less than the maximum price of HK\$68.00 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. Further details are set out in “How to Apply for Hong Kong Offer Shares.”

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to the reallocation and the Over-allotment Option as described above, the number of Offer Shares to be initially offered under the International Offering will be 6,666,100, representing 90% of the total number of Offer Shares initially available under the Global Offering. The International Offering is expected to be fully underwritten by the International Underwriters, subject to the terms and conditions of the International Underwriting Agreement, and is subject to the Hong Kong Public Offering becoming unconditional.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “– Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to hold or sell, H Shares, after the Listing. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Overall Coordinators (for themselves and on behalf of the Underwriters) so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the International Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the reallocation arrangement described in “– The Hong Kong Public Offering – Reallocation” above, the exercise of the Over-allotment Option in whole or in part described in “– Over-allotment Option” below and any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that our Company will grant the Over-allotment Option to the International Underwriters, which will be exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters) at any time from the Listing Date to the 30th day after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 1,111,000 additional H Shares (representing not more than 15% of the Offer Shares initially available under the Global Offering), at the Offer Price under the International Offering, to cover over-allocations in the International Offering, if any.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, *inter alia*, to curb and, if possible, prevent any decline in the market price of the securities below the offer price. It may be effected in jurisdictions where it is permissible to do so and subject to all applicable laws and regulatory requirements. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

STRUCTURE OF THE GLOBAL OFFERING

In connection with the Global Offering, the Stabilizing Manager or any person acting for it, on behalf of the International Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the International Underwriters are required to purchase in the Global Offering. “Covered” short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Offer Shares or purchasing H Shares in the open market. In determining the source of the Offer Shares to close out the covered short position, the Stabilizing Manager will consider, among other things, the price of Offer Shares in the open market as compared to the price at which they may purchase additional Offer Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or curbing a decline in the market price of the Offer Shares while the Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing action. Such stabilizing activity, if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time.

Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of the Offer Shares that may be over-allocated will not exceed the number of the H Shares that may be issued under the Over-allotment Option, namely, 1,111,000 Offer Shares which is 15% of the number of Offer Shares initially available under the Global Offering, and cover such over-allocations by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or through delayed delivery arrangements with investors who have been offered Offer Shares under the International Offering or a combination of these means.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

- (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our H Shares;
- (b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares;
- (c) purchasing or subscribing for, or agreeing to purchase or subscribe for, our H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;
- (d) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price;
- (e) selling or agreeing to sell any of our H Shares in order to liquidate any position established as a result of those purchases; and
- (f) offering or attempting to do anything as described in (b), (c), (d) or (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

STRUCTURE OF THE GLOBAL OFFERING

Prospective applications for investors in the Offer Shares should note that:

- (a) as a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the H Shares;
- (b) the size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position are at the discretion of the Stabilizing Manager and is uncertain;
- (c) liquidation of any such long position by the Stabilizing Manager and selling in the open market may lead to a decline in the market price of the H Shares;
- (d) no stabilizing action can be taken to support the price of the H Shares for longer than the stabilizing period, which begins on the Listing Date, and is expected to expire on Saturday, April 25, 2026, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and their market price, could fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market;
- (e) any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilizing period; and
- (f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at a price at or below the Offer Price and therefore at or below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilizing period.

PRICING AND ALLOCATION

Determining the Offer Price

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or before Friday, March 27, 2026, by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

Offer Price Range

The Offer Price per Offer Share under the Hong Kong Public Offering will be identical to the Offer Price per Offer Share under the International Offering based on the Hong Kong dollar price per Offer Share, as determined by the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company.

STRUCTURE OF THE GLOBAL OFFERING

The Offer Price will not be more than HK\$68.00 per Offer Share and is expected to be not less than HK\$60.00 per Offer Share, unless otherwise announced by our Company no later than the morning of the last day for lodging applications under the Hong Kong Public Offering, which is Thursday, March 26, 2026, as further explained below. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

If, for any reason, our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before 12:00 noon on Friday, March 27, 2026, the Global Offering will not proceed and will lapse.

Reduction in Indicative Offer Price Range and/or Number of Offer Shares

The Overall Coordinators (for themselves and on behalf of the other Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be announced on the website of our Company at www.tongshifu.com and the website of the Stock Exchange at www.hkexnews.hk, notices of the reduction, and the cancelation of the Global Offering and relaunch of the offer at the revised number of Offer Shares and/or the revised Offer Price.

As soon as practicable after such reduction of the number of Offer Shares and/or the Offer Price, we will also issue a supplemental prospectus or a new prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price, and giving investors at least three business days to consider the new information. The supplemental or new prospectus should include at least the following: updated (i) Offer Price and market capitalization; (ii) listing timetable and underwriting obligations; (iii) price/earning multiple, unaudited pro forma and adjusted net tangible assets; and (iv) use of proceeds and working capital adequacy confirmation based on the revised proceeds.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering, which is Thursday, March 26, 2026. In the absence of any such supplemental or new prospectus so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If there is any change to the offer size due to change in the number of Offer Shares offered in the Global Offering (other than pursuant to the reallocation mechanism as disclosed in this prospectus), or change to the Offer Price which leads to the resulting price falling outside the indicative Offer Price range as stated in this prospectus, or if the Company becomes aware that there has been a significant change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this prospectus if it had arisen before this prospectus was issued, after the issue of this prospectus and before the commencement of dealings in our Offer Shares as prescribed under Rule 11.13 of the Listing Rules, our Company is required to cancel the Global Offering and issue a supplemental prospectus or a new prospectus and subsequently relaunched on FINI pursuant to the supplemental prospectus.

STRUCTURE OF THE GLOBAL OFFERING

In the event of a reduction in the number of Offer Shares, the Overall Coordinators (for themselves and on behalf of the Underwriters) may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Overall Coordinators (for themselves and on behalf of the Underwriters).

Announcement of Offer Price and Basis of Allocations

The final Offer Price, the level of indications of interest in the International Offering, the results of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations are expected to be announced on Monday, March 30, 2026 on the website of our Company at www.tongshifu.com and the website of the Stock Exchange at www.hkexnews.hk.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in “Underwriting” in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares pursuant to the Global Offering will be conditional on, among others:

- (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares in issue and the H Shares to be issued pursuant to the (i) Global Offering, and (ii) the exercise of the Over-allotment Option, and such approval not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (b) the Offer Price having been duly agreed between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date;
- (c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (d) the obligations of the Underwriters under the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

If, for any reason, the Offer Price is not agreed between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) by 12:00 noon on Friday, March 27, 2026, the Global Offering will not proceed and will lapse immediately.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.tongshifu.com on the next Business Day following such lapse. In such eventuality, all application monies will be returned, without interest (subject to application channels), on the terms set out in “How to Apply for Hong Kong Offer Shares – D. Dispatch/Collection of H Share Certificates and Refund of Application Monies.” In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination” has not been exercised.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, March 31, 2026, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, March 31, 2026. The H Shares will be traded in board lots of 100 H Shares. The stock code of the H Shares will be 0664.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.tongshifu.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address (*for the White Form eIPO service only*).

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or its close associates; or
- are a Director, Supervisor or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Monday, March 23, 2026 and end at 12:00 noon on Thursday, March 26, 2026 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service.	www.eipo.com.hk	Investors who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Monday, March 23, 2026 to 11:30 a.m. on Thursday, March 26, 2026, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Thursday, March 26, 2026, Hong Kong time.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Application Channel	Platform	Target Investors	Application Time
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit electronic application instruction(s) application on your behalf through HKSCC's FINI system in accordance with your instruction.	Investors who would <u>not</u> like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants	For Corporate Applicants
• Full name(s)² as shown on your identity document • Identity document's issuing country or jurisdiction • Identity document type, with order of priority: i. HKID card; or ii. National identification document; or iii. Passport; and • Identity document number	• Full name(s)² as shown on your identity document • Identity document's issuing country or jurisdiction • Identity document type, with order of priority: i. LEI registration document; or ii. Certificate of incorporation; or iii. Business registration certificate; or iv. Other equivalent document; and • Identity document number

Notes:

1. If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.
2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
3. If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
4. The maximum number of joint account holders on FINI⁽¹⁾ is capped at four in accordance with market practice.
5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.
 "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

(1) Subject to change, if the Company's Articles of Association and applicable company law prescribe a lower cap.

HOW TO APPLY FOR HONG KONG OFFER SHARES

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agents, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney’s authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size : 100 H Shares

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK\$68.00 per H Share.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application
	HK\$		HK\$		HK\$		HK\$
100	6,868.57	1,500	103,028.66	8,000	549,486.25	90,000	6,181,720.20
200	13,737.16	2,000	137,371.55	9,000	618,172.02	100,000	6,868,578.00
300	20,605.73	2,500	171,714.46	10,000	686,857.80	120,000	8,242,293.60
400	27,474.31	3,000	206,057.35	20,000	1,373,715.60	140,000	9,616,009.20
500	34,342.89	3,500	240,400.24	30,000	2,060,573.40	160,000	10,989,724.80
600	41,211.47	4,000	274,743.12	40,000	2,747,431.20	180,000	12,363,440.40
700	48,080.05	4,500	309,086.01	50,000	3,434,289.00	200,000	13,737,156.00
800	54,948.62	5,000	343,428.90	60,000	4,121,146.80	250,000	17,171,445.00
900	61,817.20	6,000	412,114.68	70,000	4,808,004.60	300,000	20,605,734.00
1,000	68,685.78	7,000	480,800.45	80,000	5,494,862.40	370,300 ⁽¹⁾	25,434,344.33

Notes:

- (1) Maximum number of Hong Kong Offer Shares you may apply for.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed “– A. Application for Hong Kong Offer Shares – 3. Information Required to Apply” in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorize us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;
- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;
- (v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;
- (vi) agree that our Company, the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, and any of their or our Company's respective directors, officers, employees, partners, agents, advisers, and representatives, and any other parties involved in the Global Offering (collectively, the "**Relevant Persons**"), the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;
- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "– G. Personal Data – 3. Purposes" and "– 4. Transfer of personal data" in this section;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "– B. Publication of Results" in this section;
- (x) confirm that you are aware of the situations specified in the paragraph headed "– C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares" in this section;
- (xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by our Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of our Company or any of our subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from our Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of our Company or any of our subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;
- (xiv) warrant that the information you have provided is true and accurate;
- (xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the application channel of the **White Form eIPO** Service Provider or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC and the **White Form eIPO** Service Provider and (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform	Date/Time
Applying through the White Form eIPO service or HKSCC EIPO channel:	
Website The designated results of allocation at <u>www.iporesults.com.hk</u> alternatively: <u>www.eipo.com.hk/eIPOAllotment</u> with a "search by ID" function.	24 hours, from 11:00 p.m. on Monday, March 30, 2026 to 12:00 midnight on Sunday, April 5, 2026 (Hong Kong time).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Platform

Date/Time

The full list of (i) wholly or partially successful applicants using the **White Form eIPO** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the “Allotment Results” page of the **White Form eIPO** service at www.iporesults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment).

The Stock Exchange’s website at www.hkexnews.hk and our website at www.tongshifu.com which will provide links to the above mentioned websites of the H Share Registrar.

No later than 11:00 p.m. on Monday, March 30, 2026 (Hong Kong time).

Telephone. . . . +852 2862 8555 – the allocation results telephone enquiry line provided by the H Share Registrar.

Between 9:00 a.m. and 6:00 p.m., on Tuesday, March 31, 2026, Wednesday, April 1, 2026, Thursday, April 2, 2026 and Wednesday, April 8, 2026 (Hong Kong time).

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, March 27, 2026 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Friday, March 27, 2026 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange’s website at www.hkexnews.hk and our website at www.tongshifu.com by no later than 11:00 p.m. on Monday, March 30, 2026 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

HOW TO APPLY FOR HONG KONG OFFER SHARES

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “– A. Application for Hong Kong Offer Shares – 5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or any of the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted H Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant’s actual Hong Kong Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted H Shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

HOW TO APPLY FOR HONG KONG OFFER SHARES

D. DISPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date, provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting – Underwriting Arrangements – Hong Kong Public Offering – Grounds for Termination” has not been exercised. Investors who trade the H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	<u>White Form eIPO service</u>	<u>HKSCC EIPO channel</u>
Dispatch/collection of H Share certificate¹		
For physical share certificates of 300,000 or more Offer Shares issued under your own name	Collection in person at the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant’s stock account.
	Time: from 9:00 a.m. to 1:00 p.m. on Tuesday, March 31, 2026 (Hong Kong time).	No action by you is required.
	If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation’s chop.	
	Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.	

HOW TO APPLY FOR HONG KONG OFFER SHARES

	White Form eIPO service	HKSCC EIPO channel
	<i>Note:</i> If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	
For physical share certificates of less than 300,000 Offer Shares issued under your own name	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk.	
	Date: Monday, March 30, 2026	
Refund mechanism for surplus application monies paid by you		
Date	Tuesday, March 31, 2026	Subject to the arrangement between you and your broker or custodian.
Responsible party	H Share Registrar.	Your broker or custodian.
Application monies paid through single bank account .	White Form e-Refund payment instructions to your designated bank account.	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it.
Application monies paid through multiple bank accounts	Refund cheque(s) will be dispatched to the address as specified in your application instructions by ordinary post at your own risk.	

1. Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or Extreme Conditions in the morning on Monday, March 30, 2026 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to “– E. Severe Weather Arrangements” in this section.

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Thursday, March 26, 2026 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- an “extreme conditions” announcement issued after a super typhoon (“**Extreme Conditions**”),

(collectively, “**Severe Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, March 26, 2026.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Severe** Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made and published on the Stock Exchange’s website at www.hkexnews.hk and our website at www.tongshifu.com of the revised timetable.

If a **Severe** Weather Signal is hoisted on Monday, March 30, 2026, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the HKSCC Depository’s service counter so that they would be available for trading on Tuesday, March 31, 2026.

If a **Severe** Weather Signal is hoisted on Monday, March 30, 2026, for physical share certificates of less than 300,000 Offer Shares issued under your own name, the despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the **Severe** Weather Signal is lowered or canceled (e.g. in the afternoon of Monday, March 30, 2026 or on Tuesday, March 31, 2026).

If a **Severe** Weather Signal is hoisted on Tuesday, March 31, 2026, for physical share certificates of 300,000 or more Offer Shares issued under your own name, physical H Share certificate(s) will be available for collection in person at the H Share Registrar’s Office after the **Severe** Weather Signal is lowered or canceled (e.g. in the afternoon of Tuesday, March 31, 2026 or on Wednesday, April 1, 2026).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional adviser for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by our Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of our Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to our Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of our Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform our Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **White Form** e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of our Company;
- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the H Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and our subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the H Share Registrar to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

HOW TO APPLY FOR HONG KONG OFFER SHARES

4. Transfer of personal data

Personal data held by our Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but our Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

Our Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether our Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of our joint company secretaries, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report, set out on pages I-1 to I-51, received from the independent reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HANGZHOU TONGSHIFU CULTURAL AND CREATIVE (GROUP) CO., LTD. AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd. (formerly known as Hangzhou Xijiang Culture and Creative Co., Ltd.) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages I-4 to I-51, which comprises the consolidated statements of financial position of the Group as at December 31, 2022, 2023 and 2024, and September 30, 2025, the statements of financial position of the Company as at December 31, 2022, 2023 and 2024, and September 30, 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2024 and the nine months ended September 30, 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-51 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated March 23, 2026 (the “Prospectus”) in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 1.2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 1.2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial position as at December 31, 2022, 2023 and 2024, and September 30, 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 1.2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended September 30, 2024 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 1.2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 1.2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which states that no dividend was declared or paid by the Company since its incorporation.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
March 23, 2026

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information in this report is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") and were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31			Nine months ended September 30	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	4	503,185	506,383	571,188	402,355	447,672
Cost of sales		(340,957)	(342,174)	(369,103)	(258,958)	(294,065)
Gross profit		162,228	164,209	202,085	143,397	153,607
Other income	5	13,747	15,620	14,370	10,034	7,974
Other gains and losses . . .	6	42	105	260	(140)	1,093
Impairment losses under expected credit loss model, net of reversal . .		(756)	715	(190)	(80)	39
Selling and marketing expenses		(62,667)	(72,448)	(71,590)	(53,502)	(59,623)
Administrative expenses . .		(27,972)	(30,426)	(26,923)	(18,675)	(20,108)
Other operating expenses .		(2,479)	(2,291)	(1,637)	(1,232)	(1,205)
Listing expenses		—	—	—	—	(12,821)
Research and development expenses		(18,802)	(28,638)	(28,212)	(20,714)	(24,703)
Finance costs	7	(896)	(5)	(97)	(69)	(83)
Profit before tax	8	62,445	46,841	88,066	59,019	44,170
Income tax expenses	9	(5,507)	(2,710)	(9,084)	(5,751)	(2,617)
Profit and total comprehensive income for the year/period . . .		56,938	44,131	78,982	53,268	41,553
Earnings per share	11					
Basic (RMB)		1.00	0.77	1.39	0.93	0.73

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31,			As at September 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	13	166,845	176,200	171,386	175,101
Right-of-use assets	14	5,957	6,581	9,971	13,471
Intangible assets	15	2,770	1,669	5,288	6,725
Interest in an associate	16	—	—	—	300
Deferred tax assets	17	316	230	443	453
Time deposits	21	—	—	15,273	15,569
		<u>175,888</u>	<u>184,680</u>	<u>202,361</u>	<u>211,619</u>
Current assets					
Inventories	18	115,681	107,161	132,305	153,277
Trade and other receivables	19	10,972	9,469	18,631	27,768
Right to returned goods asset	24	434	548	558	505
Tax recoverable		1,349	1,527	9	1,945
Financial asset at fair value through profit or loss ("FVTPL")	20	—	—	30,097	32,299
Time deposits	21	—	—	17,019	17,234
Restricted bank deposit	21	*	—	—	—
Bank balances and cash	21	<u>55,677</u>	<u>114,094</u>	<u>88,044</u>	<u>91,940</u>
		<u>184,113</u>	<u>232,799</u>	<u>286,663</u>	<u>324,968</u>
Current liabilities					
Trade and other payables	22	66,667	73,035	68,584	71,534
Income tax payable		*	216	2,114	217
Lease liabilities	25	—	403	2,016	3,638
Contract liabilities	23	5,662	11,638	5,284	6,949
Refund liabilities	24	<u>688</u>	<u>831</u>	<u>889</u>	<u>794</u>
		<u>73,017</u>	<u>86,123</u>	<u>78,887</u>	<u>83,132</u>
Net current assets		<u>111,096</u>	<u>146,676</u>	<u>207,776</u>	<u>241,836</u>
Total assets less current liabilities		<u>286,984</u>	<u>331,356</u>	<u>410,137</u>	<u>453,455</u>
Non-current liabilities					
Lease liabilities	25	—	394	339	2,213
Deferred income	26	<u>956</u>	<u>803</u>	<u>657</u>	<u>548</u>
		<u>956</u>	<u>1,197</u>	<u>996</u>	<u>2,761</u>
Net assets		<u>286,028</u>	<u>330,159</u>	<u>409,141</u>	<u>450,694</u>
Capital and reserves					
Share capital	27	57,000	57,000	57,000	57,000
Reserves		<u>229,028</u>	<u>273,159</u>	<u>352,141</u>	<u>393,694</u>
Total equity		<u>286,028</u>	<u>330,159</u>	<u>409,141</u>	<u>450,694</u>

* Amount below RMB1,000.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31,			As at September 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	13	44,040	58,711	58,819	66,225
Right-of-use assets	14	–	795	2,446	6,050
Intangible assets	15	2,770	1,669	5,288	6,725
Investment in subsidiaries	35	3,974	3,974	5,774	7,774
Interest in an associate	16	–	–	–	300
Deferred tax assets	17	316	230	443	453
Time deposits	21	–	–	15,273	15,569
		<u>51,100</u>	<u>65,379</u>	<u>88,043</u>	<u>103,096</u>
Current assets					
Inventories	18	115,681	107,161	132,305	153,277
Trade and other receivables	19	137,263	129,962	126,456	128,189
Right to returned goods asset	24	434	548	558	505
Tax recoverable		1,644	1,873	–	1,931
Financial asset at FVTPL	20	–	–	30,097	32,299
Time deposits	21	–	–	17,019	17,234
Restricted bank deposit	21	*	–	–	–
Bank balances and cash	21	<u>47,535</u>	<u>103,094</u>	<u>83,270</u>	<u>90,110</u>
		<u>302,557</u>	<u>342,638</u>	<u>389,705</u>	<u>423,545</u>
Current liabilities					
Trade and other payables	22	63,492	70,249	65,534	71,516
Income tax payable		–	–	1,795	–
Lease liabilities	25	–	403	2,016	3,638
Contract liabilities	23	5,807	11,647	6,529	8,675
Refund liabilities	24	<u>688</u>	<u>831</u>	<u>889</u>	<u>794</u>
		<u>69,987</u>	<u>83,130</u>	<u>76,763</u>	<u>84,623</u>
Net current assets		<u>232,570</u>	<u>259,508</u>	<u>312,942</u>	<u>338,922</u>
Total assets less current liabilities		<u>283,670</u>	<u>324,887</u>	<u>400,985</u>	<u>442,018</u>
Non-current liabilities					
Lease liabilities	25	–	394	339	2,213
Deferred income	26	<u>956</u>	<u>803</u>	<u>657</u>	<u>548</u>
		<u>956</u>	<u>1,197</u>	<u>996</u>	<u>2,761</u>
Net assets		<u>282,714</u>	<u>323,690</u>	<u>399,989</u>	<u>439,257</u>
Capital and reserves					
Share capital	27	57,000	57,000	57,000	57,000
Reserves	34	<u>225,714</u>	<u>266,690</u>	<u>342,989</u>	<u>382,257</u>
Total equity		<u>282,714</u>	<u>323,690</u>	<u>399,989</u>	<u>439,257</u>

* Amount below RMB1,000.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Capital reserve	Statutory reserve	(Accumulated losses) Retained earnings	Total
	RMB'000	RMB'000 (note i)	RMB'000 (note ii)	RMB'000	RMB'000
As at January 1, 2022	57,000	254,679	4,450	(87,201)	228,928
Profit and total comprehensive income for the year	—	—	—	56,938	56,938
Capital contribution from shareholder	—	162	—	—	162
Transfer to statutory reserve . .	—	—	5,241	(5,241)	—
As at December 31, 2022	57,000	254,841	9,691	(35,504)	286,028
Profit and total comprehensive income for the year	—	—	—	44,131	44,131
Transfer to statutory reserve . .	—	—	4,098	(4,098)	—
As at December 31, 2023	57,000	254,841	13,789	4,529	330,159
Profit and total comprehensive income for the year	—	—	—	78,982	78,982
Transfer to statutory reserve . .	—	—	7,630	(7,630)	—
As at December 31, 2024	57,000	254,841	21,419	75,881	409,141
Profit and total comprehensive income for the period	—	—	—	41,553	41,553
Transfer to statutory reserve . .	—	—	3,927	(3,927)	—
As at September 30, 2025 . . .	<u>57,000</u>	<u>254,841</u>	<u>25,346</u>	<u>113,507</u>	<u>450,694</u>
As at December 31, 2023	57,000	254,841	13,789	4,529	330,159
Profits and total comprehensive income for the period	—	—	—	53,268	53,268
Transfer to statutory reserve . .	—	—	5,085	(5,085)	—
As at September 30, 2024 (unaudited)	<u>57,000</u>	<u>254,841</u>	<u>18,874</u>	<u>52,712</u>	<u>383,427</u>

Notes:

- (i) Capital reserve represents share premium of the Company.
- (ii) In accordance with the Articles of Association of the Company and its subsidiaries, they are required to transfer 10% of the profit after tax to the statutory reserve until the reserve reaches 50% of their registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the Company and its subsidiaries.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
OPERATING ACTIVITIES					
Profit before tax	62,445	46,841	88,066	59,019	44,170
Adjustments for:					
Finance costs	896	5	97	69	83
Bank interest income	(759)	(1,042)	(1,077)	(843)	(652)
Depreciation of property, plant and equipment	11,749	13,512	16,125	11,974	12,511
Depreciation of right-of-use assets .	523	229	1,663	1,121	2,126
Amortization of intangible assets . .	931	2,476	2,327	1,520	3,232
Impairment losses on trade and other receivables, net of reversal	756	(715)	190	80	(39)
Write-down of inventories, net of reversal	137	(185)	824	534	525
Income from government grants related to asset	(175)	(153)	(146)	(73)	(109)
Loss (gain) on disposal of property, plant and equipment . .	352	(79)	247	247	211
Gain on disposal of interest in an associate	—	—	(5)	(5)	—
Net foreign exchange (gains) losses	(394)	(26)	(157)	(66)	19
Fair value gain of financial assets at FVTPL	—	—	(345)	(36)	(1,323)
Operating cash flows before movements in working capital . .	76,461	60,863	107,809	73,541	60,754
(Increase) decrease in inventories .	(32,230)	8,672	(25,761)	(30,858)	(21,346)
Decrease (increase) in trade and other receivables	8,669	2,542	(8,712)	(7,048)	(6,146)
(Increase) decrease in right to returned goods asset	(64)	(114)	(10)	139	53
(Decrease) increase in trade and other payables	(6,863)	6,997	(2,599)	(7,805)	6,247
(Decrease) increase in contract liabilities	(9,852)	5,976	(6,354)	(8,854)	1,665
Increase (decrease) in refund liabilities	122	143	58	(166)	(95)
Cash generated from operations . .	36,243	85,079	64,431	18,949	41,132
Income taxes paid	(7,829)	(2,586)	(5,883)	(4,539)	(6,459)
NET CASH FROM OPERATING ACTIVITIES	<u>28,414</u>	<u>82,493</u>	<u>58,548</u>	<u>14,410</u>	<u>34,673</u>

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
INVESTING ACTIVITIES					
Bank interest received	759	1,042	785	767	141
Proceeds on disposal of property, plant and equipment	240	1,422	2,062	1,988	516
Payments for property, plant and equipment	(22,116)	(24,807)	(15,678)	(10,616)	(18,364)
Payments for intangible assets	(3,320)	(1,375)	(5,946)	(889)	(4,669)
Payments for right-of-use assets . . .	–	–	(1,910)	–	(56)
Repayment from shareholder	5,102	–	–	–	–
Proceeds on disposal of interest in an associate	–	–	5	5	–
Investment in an associate	–	–	–	–	(300)
Refund of rental deposits	–	116	28	7	51
Payments for rental deposits	–	(422)	(652)	(645)	(1,217)
Withdrawal of restricted bank deposits	132	*	–	–	–
Withdrawal of financial assets at FVTPL	–	–	15,248	15,036	466,121
Placement of financial assets at FVTPL	–	–	(45,000)	(45,000)	(467,000)
Placement of time deposits	–	–	(32,000)	(15,098)	–
NET CASH USED IN INVESTING ACTIVITIES	(19,203)	(24,024)	(83,058)	(54,445)	(24,777)
FINANCING ACTIVITIES					
Proceeds from bank borrowings . . .	61,000	–	1,000	1,000	–
Repayments of bank borrowings . .	(128,581)	–	(1,000)	–	–
Interest paid	(896)	–	(1)	–	–
Repayments of lease liabilities . . .	–	(62)	(1,682)	(1,172)	(2,154)
Capital injection by shareholders . .	162	–	–	–	–
Payment of issue cost	–	–	–	–	(3,836)
NET CASH USED IN FINANCING ACTIVITIES . . .	(68,315)	(62)	(1,683)	(172)	(5,990)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(59,104)	58,407	(26,193)	(40,207)	3,906
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/ PERIOD	114,520	55,677	114,094	114,094	88,044
Effect of foreign exchange rate changes	261	10	143	77	(10)
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD, represented by bank balances and cash . . .	55,677	114,094	88,044	73,964	91,940

* Amount below RMB1,000.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION**1.1 General Information**

The Company was incorporated in The People's Republic of China (the "PRC") on March 26, 2013 as a limited liability company. The Company was converted into a joint-stock company with limited liability and renamed as Hangzhou Xijiang Cultural Arts Co., Ltd. (杭州鑿匠文化藝術品股份有限公司) on October 28, 2014. On December 16, 2024, the Company was further renamed as Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd. (杭州銅師傅文創(集團)股份有限公司).

As at January 1, 2022, the share capital of the Company has been increased to RMB57,000,000. The share capital of the Company of RMB57,000,000 has remained unchanged throughout the Track Record Period.

As at September 30, 2025, Mr. Yu Guang ("Mr. Yu"), the founder, chairman and general manager of the Company and its subsidiaries (the "Group"), holds 26.27% of the total share capital of the Company. His shareholding remained unchanged throughout the Track Record Period. Mr. Yu is also the single largest shareholder of the Company.

The addresses of the registered office and principal place of business of the Company are disclosed in the section "Corporate Information" of the Prospectus.

The Company and its subsidiaries, as set out in Note 35, are principally involved in research and development, production and sale of cultural and creative products made of copper, silver, gold and wooden.

The Historical Financial Information is presented in the currency of RMB, which is the functional currency of the Company.

The statutory financial statements of the Company for the years ended December 31, 2022, 2023, 2024 and 2025 were prepared in accordance with Accounting Standards for Business Enterprises and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, a certified public accountant registered in the PRC.

1.2 Basis of Preparation of Historical Financial Information

The Historical Financial Information has been prepared based on the accounting policies, in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB").

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS AND MATERIAL ACCOUNTING POLICY INFORMATION**2.1 Application of New and Amendments to IFRS Accounting Standards**

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted IFRS Accounting Standards issued by the IASB, which are effective for the accounting period beginning on January 1, 2025, throughout the Track Record Period.

New and revised IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following amendments to the IFRS Accounting Standards that have been issued but not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after January 1, 2026.

³ Effective for annual periods beginning on or after January 1, 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all the amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements of the Group in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 has no impact on the Group's financial positions and performance, but has impact on presentation of the consolidated statement of profit or loss and other comprehensive income.

2.2 Material Accounting Policy Information

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this Historical Financial Information is determined on such a basis, except for share-based transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for within the scope of IFRS 16 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 4, 23 and 24.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods, or for administrative purposes (other than equipment in the course of construction as below described). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment other than equipment in the course of construction less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases (including dormitory and retail stores) that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group.

The lease payments are fixed payments (including in-substance fixed payments).

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognized as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term.

Intangible assets***Intangible assets acquired separately***

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Bank balances and cash

Bank balances and cash presented on the consolidated statements of financial position include:

- (a) cash, which comprises cash on hand and demand deposits; and
- (b) cash equivalents, which comprises short-term deposits (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Investment in subsidiaries

Investments in subsidiaries are stated at cost less any identified impairment loss on the statement of financial position of the Company.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under “other income.”

Employee benefits***Retirement benefits costs***

Payments to state-managed retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, and annual leaves) after deducting any amount already paid.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognized the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized in profit or loss immediately.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognized financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade receivables, other receivables, time deposits, restricted bank deposits and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognizes lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than one year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjustment to their carrying amount, except for trade receivables and other receivables where the corresponding adjustment is recognized through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'Other gains and losses' line item as part of the net foreign exchange gains/(losses).

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost

Financial liabilities, including trade payable, other payables, payables for purchase of property, plant and equipment and guarantee deposits are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and further periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Estimated useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature, taking into consideration of the production plan. The Group will increase the depreciation charge where useful lives are expected to be less than previously estimated lives, or will write off or write down those assets which are technically obsolete or abandoned.

Allowance for inventories

The Group reviews the carrying amount of inventories at each balance sheet date to determine whether the inventories are carried at the lower of cost and realizable value. Net realizable value is estimated based on current market situation and historical experience on similar inventories. Any change in these assumptions may increase or decrease the amount of inventory allowance or its subsequent reversal. The change in allowance would affect the Group's profit for the year.

4. REVENUE**(i) Disaggregation of revenue from contracts with customers**

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Type of goods					
Copper-based cultural and creative products . .	479,645	488,005	551,251	389,196	424,600
– Copper ornaments	428,004	434,161	497,831	351,260	390,203
– Copper engraved artworks	51,641	53,844	53,420	37,936	34,397
Plastic figures and toys	3,286	13,304	14,252	11,089	6,959
Silver cultural and creative products	4,771	3,320	4,232	1,086	6,538
Gold cultural and creative products	–	–	1,274	820	9,496
Wooden cultural and creative products	15,483	1,754	179	164	79
Total	<u>503,185</u>	<u>506,383</u>	<u>571,188</u>	<u>402,355</u>	<u>447,672</u>
Timing of revenue recognition					
A point in time	<u>503,185</u>	<u>506,383</u>	<u>571,188</u>	<u>402,355</u>	<u>447,672</u>

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Sales channel					
Direct sales	371,845	370,955	438,277	302,319	351,138
– Online direct sales	355,392	353,977	402,889	278,823	317,286
– Retail stores sales	3,648	3,624	17,627	10,940	21,573
– Other direct sales	12,805	13,354	17,761	12,556	12,279
Distribution partnerships	127,794	121,369	116,982	91,437	74,624
– Online distributors	51,842	47,027	37,996	30,656	25,951
– Offline distributors	75,952	74,342	78,986	60,781	48,673
Consignment arrangement	3,546	14,059	15,929	8,599	21,910
– Online	3,546	13,990	14,185	7,621	20,210
– Offline	–	69	1,744	978	1,700
Total	<u>503,185</u>	<u>506,383</u>	<u>571,188</u>	<u>402,355</u>	<u>447,672</u>

(ii) Performance obligations for contracts with customers and revenue recognition policies

Sales of goods

The Group sells cultural and creative products to the customers through direct sales, distribution partnerships and consignment arrangement.

Direct sales

- Online direct sales

For online direct sales, revenue is recognized when control of goods has been transferred to customers, being at the point when confirmation of goods receipt by the customers or upon a certain period of time, usually 7 days, following the date of delivery as specified by the online platform, whichever is earlier.

Under the online direct sales, customers are entitled to return goods within a 7-day period upon date of delivery as specified by the online platform. The Group applies the expected value method based on accumulated historical experience, to estimate the volume of return on a portfolio level. Revenue is recognized only when it is highly probable that a significant reversal of the cumulative revenue recognized will not occur. A refund liability is recognized in respect of the expected refunds for estimated goods to be returned. The Group's right to recover products upon customers exercise their right is recognized as a right to returned goods asset, with a corresponding adjustment to cost of sales. The details of the refund liabilities estimated by the management of the Group are set out in Note 24.

- Retail store sales

Revenue from sales of goods through retail stores is recognized when control of the goods is transferred to the customer, being at the point the customer purchases the goods at the retail stores. Payment of the transaction price is due immediately at the point of sales.

- Other direct sales

For other direct sales, revenue is recognized when control of the goods is transferred, being when the goods have been delivered to the customers. These transactions are under cash on delivery.

Distribution partnerships

For sales of goods through online and offline distributors, revenue is recognized when control of the goods is transferred upon handed over to the distributor's designated carrier. The Group generally receives full advance from distributors prior to delivery. Accordingly, a contract liability is recognized for the advances received in respect of sales for which revenue has yet been recognized. In certain cases, credit term of 30 to 60 days from the date of delivery are extended to selected distributors. Following the delivery, the distributor has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for selling the goods and bears the risks of obsolescence and loss in relation to the goods.

Consignment arrangement

For consignment arrangement, revenue is recognized when control of the goods is transferred to the end customers by the consignees. Prior to the sales, the Group typically ships the goods to the consignees; however, control of the goods remains with the Group until they are delivered to the end customers. During this period, the Group retains full discretion over the pricing and distribution of the goods and continues to bear the risk associated with obsolescence and loss.

For sales of goods from direct sales, distribution partnerships and consignment arrangement, sales-related warranties associated with the goods sold cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specification. Accordingly, the Group accounts for warranties in accordance with IAS 37.

Points accumulation program

For online direct sales, points are granted to the customer by the Group on each purchase. These points entitle customers to discounts on future purchases that would not be granted without the initial purchases. As such, the promise provides future discounts constitutes a separate performance obligation under the contract. The total transaction price is allocated between the product sold and the points based on their relative stand-alone selling prices. The stand-alone selling price of the points is estimated by reference to the value of the discount offered upon redemption and the expected redemption rate, which is determined using the Group's historical data. At the time of the initial sales, a contract liability is recognized in respect of the points. Revenue relating to the points is subsequently recognized when the points are redeemed. For points not expected to be redeemed, revenue is recognized in proportion to the pattern of the rights exercised by customers.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

Contract liabilities arising from advances received from customers and from unredeemed points are expected to be recognized as revenue within one year. As permitted under IFRS 15, the Group does not disclose the transaction price allocated to these unsatisfied performance obligations.

(iv) Segment information

Information reported to Mr. Yu, being the chief operating decision maker, uses revenue analysis by type of goods and by sales channel for the purposes of resource allocation and assessment. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, including major customers and geographic information, are presented.

Geographical information

Information about the Group's revenue from external customers is presented based on the location of the operations.

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Chinese Mainland	495,990	500,514	564,147	396,700	442,847
Taiwan	7,195	5,869	6,624	5,238	4,794
United States	—	—	417	417	31
	<u>503,185</u>	<u>506,383</u>	<u>571,188</u>	<u>402,355</u>	<u>447,672</u>

As at December 31, 2022, 2023 and 2024, and September 30, 2025, the Group's non-current assets are all located in the Chinese Mainland.

Information about major customers

No customer contributes over 10% of total revenue of the Group over the Track Record Period.

5. OTHER INCOME

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sales of scrap and others	4,009	3,391	4,242	2,698	2,837
Sales of accessories	206	58	28	24	17
Rental income (note i)	5,143	5,143	3,656	2,742	2,788
Government grants related to:					
– Income (note ii)	2,255	2,850	2,475	2,125	707
– Asset (note iii)	175	153	146	73	109
Super deduction of value added tax	358	2,418	2,414	1,272	631
Interest income on bank deposits	759	1,042	1,077	843	652
Compensation from third parties	842	565	332	257	233
	<u>13,747</u>	<u>15,620</u>	<u>14,370</u>	<u>10,034</u>	<u>7,974</u>

Notes:

- (i) In respect of rental income, direct operating expenses incurred for properties that generated rental income amounted to RMB2,264,609, RMB2,229,975, RMB1,605,838, RMB1,204,393 and RMB1,205,450 for the years ended December 31, 2022, 2023 and 2024, and for the nine months ended September 30, 2024 (unaudited) and September 30, 2025, respectively.
- (ii) The Group's income from government grants comprises financial incentives provided by related local government authorities in the PRC. These incentives were awarded in recognition of the Group's support and contribution to local economic development. No specific conditions were attached to the grants received from these local government authorities.
- (iii) The Group has received certain government grants as incentive for investing in plant and machineries. The grants have been recognized in profit or loss over the useful lives of the relevant assets. Details of the grants are set out in Note 26.

6. OTHER GAINS AND LOSSES

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(Loss) gain on disposal of property, plant and equipment	(352)	79	(247)	(247)	(211)
Gain on disposal of interest in an associate	–	–	5	5	–
Net foreign exchange gains (losses)	394	26	157	66	(19)
Fair value gain of financial assets at FVTPL	–	–	345	36	1,323
	<u>42</u>	<u>105</u>	<u>260</u>	<u>(140)</u>	<u>1,093</u>

7. FINANCE COSTS

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on:					
– lease liabilities	–	5	96	69	83
– bank borrowings	896	–	1	–	–
	<u>896</u>	<u>5</u>	<u>97</u>	<u>69</u>	<u>83</u>

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Depreciation of property, plant and equipment	12,025	13,480	16,331	12,142	12,663
Depreciation of right-of-use assets	523	229	1,663	1,121	2,126
Amortization of intangible assets	931	2,476	2,327	1,520	3,232
Total depreciation and amortization	13,479	16,185	20,321	14,783	18,021
Less: Capitalized in inventories	(7,144)	(8,453)	(10,490)	(7,263)	(7,598)
	6,335	7,732	9,831	7,520	10,423
Directors' remuneration (Note 10)	1,544	1,846	2,573	1,408	1,590
Salaries, allowances and benefits	156,851	153,726	169,480	127,670	125,378
Retirement benefits scheme contributions	9,541	9,532	11,302	8,442	8,705
Total staff costs (including directors)	167,936	165,104	183,355	137,520	135,673
Less: Capitalized in inventories	(128,810)	(117,178)	(129,765)	(97,529)	(91,441)
	39,126	49,926	53,590	39,991	44,232
Impairment losses under expected credit loss model, net of reversal on:					
– Trade receivables	756	(743)	190	80	(39)
– Other receivables	–	28	–	–	–
	756	(715)	190	80	(39)
Auditors' remuneration	116	943	472	472	472
Write-down of inventories (included in cost of sales)	2,296	1,510	1,664	1,480	1,609
Reversal of inventories write-down (included in cost of sales)	(2,159)	(1,695)	(840)	(946)	(1,084)
Cost of inventories recognized as cost of sales (excluding write-down and reversal of write-down of inventories)	333,135	334,042	360,204	246,604	279,675

9. INCOME TAX EXPENSES

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current tax:					
PRC Enterprise Income Tax ("EIT")	5,283	2,624	9,297	5,886	3,038
Over provision in prior years	–	–	–	–	(411)
Deferred tax:					
Current year (Note 17)	224	86	(213)	(135)	(10)
	5,507	2,710	9,084	5,751	2,617

Under the Enterprise Income Tax Law of the PRC (the "EIT Law") and its Implementation Regulation of the EIT Law, the EIT rate of the subsidiaries operating in the PRC is 25% during the Track Record Period.

However, throughout the Track Record Period, the Company has been accredited as “High and New Technology Enterprise” and is therefore eligible for a preferential EIT rate of 15% up to the year ending December 31, 2026. In addition, certain subsidiaries of the Group operating in the PRC have been accredited as “Micro and Small Enterprise” and are therefore eligible for a preferential EIT rate of 20%.

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before tax	62,445	46,841	88,066	59,019	44,170
Tax charge at the EIT rate of 25%	15,611	11,710	22,017	14,755	11,043
Tax at concessionary rates	(6,244)	(4,420)	(8,523)	(5,736)	(4,122)
Over provision in prior years	—	—	—	—	(411)
Tax effect of expenses not deductible for tax purpose	133	5	22	14	14
Effect of super deduction in research and development expenses	(2,783)	(4,179)	(4,216)	(3,096)	(3,663)
Effect of additional tax deduction for certain expenses	(521)	(239)	(246)	(183)	(187)
Tax effect of unused tax losses not recognized as deferred tax assets.	35	13	46	32	1
Utilization of tax losses previously not recognized as deferred tax assets.	(724)	(180)	(16)	(35)	(58)
Income tax expenses	<u>5,507</u>	<u>2,710</u>	<u>9,084</u>	<u>5,751</u>	<u>2,617</u>

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the individuals who were appointed as the directors and chief executive of the Company (including emoluments for services as employees/directors of the group entities prior to becoming the directors of the Company), during the Track Record Period, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

For the year ended December 31, 2022

	Director's fee	Salaries, allowances and benefits	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Executive directors:</i>				
Yu Guang (note i)	—	587	36	623
He Yun	—	435	36	471
Luo Renxiang (note ii)	—	258	12	270
Duan Lanchun (note v)	—	—	—	—
Lin Xiangfeng (note v)	—	—	—	—
<i>Non-executive director:</i>				
Xiao Feng	—	—	—	—
<i>Independent non-executive directors:</i>				
Tu Bisheng	60	—	—	60
Lou Tianyang (note viii)	60	—	—	60
Hu Zhe (note vi)	60	—	—	60
	<u>180</u>	<u>1,280</u>	<u>32</u>	<u>1,544</u>

For the year ended December 31, 2023

	Director's fee	Salaries, allowances and benefits	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Executive directors:</i>				
Yu Guang (note i)	—	587	34	621
He Yun	—	506	34	540
Luo Renxiang (note ii)	—	494	11	505
Duan Lanchun (note v)	—	—	—	—
Lin Xiangfeng (note v)	—	—	—	—
<i>Non-executive director:</i>				
Xiao Feng	—	—	—	—
<i>Independent non-executive directors:</i>				
Tu Bisheng	60	—	—	60
Lou Tianyang (note viii)	60	—	—	60
Hu Zhe (note vi)	60	—	—	60
	<u>180</u>	<u>1,587</u>	<u>79</u>	<u>1,846</u>

For the year ended December 31, 2024

	Director's fee	Salaries, allowances and benefits	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Executive directors:</i>				
Yu Guang (note i)	—	652	36	688
He Yun	—	559	36	595
Luo Renxiang (note ii)	—	533	12	545
Duan Lanchun (note v)	—	—	—	—
Lin Xiangfeng (note v)	—	—	—	—
Chen Ruiguang (note iii)	—	138	6	144
Wang Xiaoxia (note iii)	—	433	18	451
<i>Non-executive director:</i>				
Xiao Feng	—	—	—	—
<i>Independent non-executive directors:</i>				
Tu Bisheng	60	—	—	60
Lou Tianyang (note viii)	60	—	—	60
Hu Zhe (note vi)	—	—	—	—
Huang Wenli (note iv)	30	—	—	30
	<u>150</u>	<u>2,315</u>	<u>108</u>	<u>2,573</u>

For the nine months ended September 30, 2024 (unaudited)

	Director's fee	Salaries, allowances and benefits	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Executive directors:</i>				
Yu Guang (note i)	—	320	26	346
He Yun	—	274	25	299
Luo Renxiang (note ii)	—	265	8	273
Chen Ruiguang (note iii)	—	69	3	72
Wang Xiaoxia (note iii)	—	302	11	313
Duan Lanchun (note v)	—	—	—	—
Lin Xiangfeng (note v)	—	—	—	—
<i>Non-executive director:</i>				
Xiao Feng	—	—	—	—
<i>Independent non-executive directors:</i>				
Tu Bisheng	45	—	—	45
Lou Tianyang (note viii)	45	—	—	45
Huang Wenli (note iv)	15	—	—	15
Hu Zhe (note vi)	—	—	—	—
	<u>105</u>	<u>1,230</u>	<u>73</u>	<u>1,408</u>

For the nine months ended September 30, 2025

	Director's fee	Salaries, allowances and benefits	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Executive directors:</i>				
Yu Guang (note i)	—	298	28	326
He Yun	—	277	28	305
Luo Renxiang (note ii)	—	253	10	263
Chen Ruiguang (note iii)	—	223	9	232
Wang Xiaoxia (note iii)	—	291	28	319
<i>Non-executive director:</i>				
Xiao Feng	—	—	—	—
<i>Independent non-executive directors:</i>				
Tu Bisheng	45	—	—	45
Lou Tianyang (note viii)	30	—	—	30
Huang Wenli (note iv)	45	—	—	45
Fong Chun Fai (note vii)	25	—	—	25
	<u>145</u>	<u>1,342</u>	<u>103</u>	<u>1,590</u>

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable.

The independent non-executive director's emolument shown above was for his services as director of the Company.

Notes:

- i. Mr. Yu is the chairman and chief executive officer of the Company during the Track Record Period.
- ii. Luo Renxiang is the chief financial officer of the Company during the Track Record Period.
- iii. Appointed as executive director in July 2024.
- iv. Appointed as independent non-executive director in July 2024.
- v. Resigned as executive director in July 2024.
- vi. Resigned as independent non-executive director in July 2024.
- vii. Appointed as independent non-executive director in April 2025.
- viii. Resigned as independent non-executive director in July 2025.

None of the directors of the Company have waived any emoluments during the Track Record Period.

Five highest paid individuals' emoluments

The five highest paid employees of the Group included 1, 2, 2, 1 and 1 directors of the Company whose emoluments are set out above for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 (unaudited) and 2025. The emoluments of the remaining 4, 3, 3, 4 and 4 highest paid individuals were as follows:

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, allowances and benefits	2,163	1,654	1,667	1,540	1,384
Retirement benefit scheme contributions. .	102	78	40	47	66
	<u>2,265</u>	<u>1,732</u>	<u>1,707</u>	<u>1,587</u>	<u>1,450</u>

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

The emoluments of the five highest paid individuals were within the following bands:

	Number of individuals For the year ended December 31,			Number of individuals Nine months ended September 30,	
	2022	2023	2024	2024	2025
				<i>(unaudited)</i>	
Nil to HK\$1,000,000 . . .	5	5	5	5	5
	=	=	=	=	=

11. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	For the year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Earnings:					
Earnings for the purpose of calculating basic earnings per share . . .	56,938	44,131	78,982	53,268	41,553
	=	=	=	=	=
	Number of shares				
	2022	2023	2024	September 30, 2024	September 30, 2025
				<i>(unaudited)</i>	
Number of shares:					
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share . . .	57,000,000	57,000,000	57,000,000	57,000,000	57,000,000
	=	=	=	=	=

No diluted earnings per share for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 (unaudited) and 2025 were presented as there were no potential ordinary shares in issue.

12. DIVIDENDS

No dividends were proposed or paid to the Company's ordinary shareholders during the Track Record Period, nor have any dividends been proposed since the end of the reporting period.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Plant and buildings	Machineries	Leasehold improvements	Office equipment	Motor vehicles	Construction in progress ("CIP")	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
As at January 1, 2022	168,718	31,729	1,860	5,087	1,941	183	209,518
Additions	–	5,252	–	3,436	1,500	10,143	20,331
Disposals	–	(1,968)	–	(185)	–	–	(2,153)
Transfer	1,422	8,904	–	–	–	(10,326)	–
As at December 31, 2022	170,140	43,917	1,860	8,338	3,441	–	227,696
Additions	–	12,385	–	2,231	2,105	7,457	24,178
Disposals	(494)	(496)	(1,860)	(186)	(1,213)	–	(4,249)
Transfer	949	282	404	–	–	(1,635)	–
As at December 31, 2023	170,595	56,088	404	10,383	4,333	5,822	247,625
Additions	–	3,515	1,993	1,265	6,120	933	13,826
Disposals	–	(82)	–	(5)	(2,349)	–	(2,436)
Transfer	246	6,509	–	–	–	(6,755)	–
As at December 31, 2024	170,841	66,030	2,397	11,643	8,104	–	259,015
Additions	–	11,211	2,819	801	2,148	126	17,105
Disposals	–	(263)	–	–	(677)	–	(940)
Transfer	–	70	–	–	–	(70)	–
As at September 30, 2025	170,841	77,048	5,216	12,444	9,575	56	275,180
DEPRECIATION							
As at January 1, 2022	38,547	7,774	1,345	2,541	180	–	50,387
Provided for the year	5,378	3,730	482	1,633	802	–	12,025
Eliminated on disposals	–	(1,441)	–	(120)	–	–	(1,561)
As at December 31, 2022	43,925	10,063	1,827	4,054	982	–	60,851
Provided for the year	5,518	4,443	49	2,598	872	–	13,480
Eliminated on disposals	(240)	(67)	(1,860)	(186)	(553)	–	(2,906)
As at December 31, 2023	49,203	14,439	16	6,466	1,301	–	71,425
Provided for the year	5,548	5,799	974	2,410	1,600	–	16,331
Eliminated on disposals	–	(76)	–	(4)	(47)	–	(127)
As at December 31, 2024	54,751	20,162	990	8,872	2,854	–	87,629
Provided for the period	4,120	4,644	1,156	1,242	1,501	–	12,663
Eliminated on disposals	–	(123)	–	–	(90)	–	(213)
As at September 30, 2025	58,871	24,683	2,146	10,114	4,265	–	100,079
CARRYING VALUES							
As at December 31, 2022	126,215	33,854	33	4,284	2,459	–	166,845
As at December 31, 2023	121,392	41,649	388	3,917	3,032	5,822	176,200
As at December 31, 2024	116,090	45,868	1,407	2,771	5,250	–	171,386
As at September 30, 2025	111,970	52,365	3,070	2,330	5,310	56	175,101

The Company

	Machineries	Leasehold improvements	Office equipment	Motor vehicles	CIP	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
As at January 1, 2022	27,910	9,923	5,074	1,941	183	45,031
Additions	5,204	–	3,436	1,500	10,143	20,283
Disposals	(1,968)	–	(185)	–	–	(2,153)
Transfer	8,904	1,422	–	–	(10,326)	–
As at December 31, 2022 . .	40,050	11,345	8,325	3,441	–	63,161
Additions	12,385	–	2,231	2,105	7,457	24,178
Disposals	(453)	(1,860)	(186)	(1,213)	–	(3,712)
Transfer	282	1,353	–	–	(1,635)	–
As at December 31, 2023 . .	52,264	10,838	10,370	4,333	5,822	83,627
Additions	3,515	1,963	1,265	6,120	933	13,796
Disposals	(82)	–	(5)	(2,349)	–	(2,436)
Transfer	6,509	246	–	–	(6,755)	–
As at December 31, 2024 . .	62,206	13,047	11,630	8,104	–	94,987
Additions	11,211	2,819	801	2,148	126	17,105
Disposals	(263)	–	–	(677)	–	(940)
Transfer	70	–	–	–	(70)	–
As at September 30, 2025 . .	73,224	15,866	12,431	9,575	56	111,152
DEPRECIATION						
As at January 1, 2022	5,918	5,048	2,529	180	–	13,675
Provided for the year	3,411	1,161	1,633	802	–	7,007
Eliminated on disposals . . .	(1,441)	–	(120)	–	–	(1,561)
As at December 31, 2022 . .	7,888	6,209	4,042	982	–	19,121
Provided for the year	4,093	875	2,598	872	–	8,438
Eliminated on disposals . . .	(44)	(1,860)	(186)	(553)	–	(2,643)
As at December 31, 2023 . .	11,937	5,224	6,454	1,301	–	24,916
Provided for the year	5,582	1,787	2,410	1,600	–	11,379
Eliminated on disposals . . .	(76)	–	(4)	(47)	–	(127)
As at December 31, 2024 . .	17,443	7,011	8,860	2,854	–	36,168
Provided for the period . . .	4,459	1,771	1,241	1,501	–	8,972
Eliminated on disposals . . .	(123)	–	–	(90)	–	(213)
As at September 30, 2025 . .	21,779	8,782	10,101	4,265	–	44,927
CARRYING VALUES						
As at December 31, 2022 . .	32,162	5,136	4,283	2,459	–	44,040
As at December 31, 2023 . .	40,327	5,614	3,916	3,032	5,822	58,711
As at December 31, 2024 . .	44,763	6,036	2,770	5,250	–	58,819
As at September 30, 2025 . .	51,445	7,084	2,330	5,310	56	66,225

Except for CIP, the above items of property, plant and equipment are depreciated on a straight-line basis, after taking into account of the residual value, as follows:

Plant and buildings	2-5% per annum
Machineries	10% per annum
Leasehold improvements	10-63% per annum
Office equipment	19-48% per annum
Motor vehicles	19-24% per annum

As at December 31, 2022, 2023 and 2024, and September 30, 2025, plant and buildings with carrying amount of RMB103,544,000, RMB100,770,000 and nil, and nil, respectively, are pledged for banking facilities by the Group.

The Group as lessor

The Group leases out part of plant and buildings under operating leases. The leases typically run for an initial period of 1 year throughout the Track Record Period. None of the leases includes variable lease payments. The disaggregation of this part of plant under operating leases and the reconciliation of the carrying amount at the beginning and end of the period are set out as below:

	<i>RMB'000</i>
COST	
As at January 1, 2022	94,459
Termination	(20,890)
As at December 31, 2022	73,569
Termination	(195)
As at December 31, 2023	73,374
Termination	(19,228)
As at December 31, 2024	54,146
Termination	(559)
As at September 30, 2025	53,587
DEPRECIATION	
As at January 1, 2022	21,922
Charge for the year	2,197
Eliminated on termination	(4,859)
As at December 31, 2022	19,260
Charge for the year	2,230
Eliminated on termination	(64)
As at December 31, 2023	21,426
Charge for the year	1,606
Eliminated on termination	(5,973)
As at December 31, 2024	17,059
Charge for the period	1,192
Eliminated on termination	(176)
As at September 30, 2025	18,075
CARRYING VALUES	
As at December 31, 2022	54,309
As at December 31, 2023	51,948
As at December 31, 2024	37,087
As at September 30, 2025	35,512

14. RIGHT-OF-USE ASSETS**The Group as lessee**

	Land use right	Leased properties	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2022			
Carrying amount	5,957	—	5,957
As at December 31, 2023			
Carrying amount	5,786	795	6,581
As at December 31, 2024			
Carrying amount	7,525	2,446	9,971
As at September 30, 2025			
Carrying amount	7,421	6,050	13,471
For the year ended December 31, 2022			
Depreciation charge	170	353	523

	Land use right	Leased properties	Total
	RMB'000	RMB'000	RMB'000
For the year ended December 31, 2023			
Depreciation charge	170	59	229
	<u>170</u>	<u>59</u>	<u>229</u>
For the year ended December 31, 2024			
Depreciation charge	170	1,493	1,663
	<u>170</u>	<u>1,493</u>	<u>1,663</u>
For the period ended September 30, 2025			
Depreciation charge	161	1,965	2,126
	<u>161</u>	<u>1,965</u>	<u>2,126</u>

	For the year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Expense relating to short-term leases	851	968	692	494
Variable lease payments not included in the measurement of lease liabilities	117	—	48	49
Total cash outflow for leases	968	1,452	4,984	3,970
Additions to right-of-use assets	—	854	5,053	5,624

For the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025, the Group leases various retail stores for operational purpose. Lease contracts were entered into with fixed terms, with no extension options, ranging from 39 months, 24 to 25 months, 23 to 25 months, and 23 to 38 months, respectively. The Group assessed that it is reasonably certain not to exercise the termination option.

Lease terms are individually negotiated and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period during which the contract is enforceable.

In addition, leasehold land with a lease term of 50 years represents upfront payments for land use right in the Chinese Mainland, for which the Group has obtained the land use right certificates.

The Group regularly entered into short-term leases for dormitory and certain retail stores. As at December 31, 2022, 2023, 2024, and September 30, 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses are disclosed above.

Variable lease payments

Leases of retail stores contain variable lease payment that are based on 20%, 8% to 20%, 8% to 12%, and 8% to 12% of sales along with minimum annual lease payment that are fixed over the lease term during the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025. Certain variable payment terms include cap clauses. These types of lease terms are common in retail stores in the PRC where the Group operates. The fixed and variable lease payments paid/payable to relevant lessors during the Track Record Period:

	Number of stores	Fixed payments	Variable payments	Total payments
		RMB'000	RMB'000	RMB'000
For the year ended December 31, 2022				
Retail stores with variable lease payments	1	—	117	117
For the year ended December 31, 2023				
Retail stores with variable lease payments	2	62	—	62
For the year ended December 31, 2024				
Retail stores with variable lease payments	8	1,682	48	1,730
For the nine months ended September 30, 2025				
Retail stores with variable lease payments	17	2,154	49	2,203

The overall financial effect of using variable payment terms is that higher rental costs are incurred by stores with higher sales. It is expected that variable rent expenses will continue to account for a similar proportion of store sales in future years.

Restrictions or covenants on leases

As at December 31, 2022, 2023 and 2024, and September 30, 2025, lease liabilities of nil, RMB797,000, RMB2,355,000 and RMB5,851,000 are recognized along with related right-of-use assets of nil, RMB795,000, RMB2,446,000 and RMB6,050,000, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Except for the land use right with carrying amount of RMB5,957,000, RMB5,786,000, nil and nil are pledged for banking facilities by the Group for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025, respectively, leased assets are not permitted to be used as security for borrowing purposes.

The Company as lessee

	Leased properties
	RMB'000
As at December 31, 2022	
Carrying amount	—
As at December 31, 2023	
Carrying amount	795
As at December 31, 2024	
Carrying amount	2,446
As at September 30, 2025	
Carrying amount	6,050
For the year ended December 31, 2022	
Depreciation charge	353
For the year ended December 31, 2023	
Depreciation charge	59
For the year ended December 31, 2024	
Depreciation charge	1,493
For the period ended September 30, 2025	
Depreciation charge	1,965

Information pertaining to these leased properties are provided above.

15. INTANGIBLE ASSETS

The Group and the Company

	Intellectual property right
	RMB'000
COST	
As at January 1, 2022	920
Additions	3,320
Expiry	(637)
As at December 31, 2022	3,603
Additions	1,375
Expiry	(1,368)
As at December 31, 2023	3,610
Additions	5,946
Expiry	(3,216)
As at December 31, 2024	6,340
Additions	4,669
As at September 30, 2025	11,009

	Intellectual property right
	<i>RMB'000</i>
AMORTIZATION	
As at January 1, 2022	539
Charge for the year	931
Eliminated on expiry	(637)
As at December 31, 2022	833
Charge for the year	2,476
Eliminated on expiry	(1,368)
As at December 31, 2023	1,941
Charge for the year	2,327
Eliminated on expiry	(3,216)
As at December 31, 2024	1,052
Charge for the year	3,232
As at September 30, 2025	4,284
CARRYING VALUES	
As at December 31, 2022	2,770
As at December 31, 2023	1,669
As at December 31, 2024	5,288
As at September 30, 2025	6,725

Intellectual property right is amortized on a straight-line basis over the estimated useful life of 2 years to 10 years which represent the contract term.

16. INTEREST IN AN ASSOCIATE

The Group and the Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost of investment in an associate .	3,000	3,000	—	300
Share of post-acquisition results . .	(777)	(777)	—	—
	2,223	2,223	—	300
Less: Accumulated impairment loss recognized	(2,223)	(2,223)	—	—
	—	—	—	300
	—	—	—	—

On March 19, 2019, the Group acquired 30% equity interest in Yiyou Technology (Beijing) Co., Ltd. (“Yiyou Technology”) for a total consideration of RMB3,000,000. According to the articles of association of Yiyou Technology, all significant decision regarding relevant activities require the approval of shareholders representing more than two-thirds of total votes, with voting rights allocated in proportion to each shareholder’s equity interest. As a result, the Group accounted for this investment as an associate using the equity method.

As at December 31, 2022 and 2023, Yiyou Technology has been fully impaired due to its poor performance and the directors of the Company estimated the recoverable amount of Yiyou Technology to be less than its carrying amount.

During the year ended December 31, 2024, the Group disposed of its entire equity interest in Yiyou Technology to an independent third party for a total cash consideration of RMB5,000, resulting a recognition of a gain on disposal of interest in an associate amounting to RMB5,000.

On August 19, 2025, the Group acquired 30% equity interest in Xuyexu (Hangzhou) Culture Technology Co., Ltd*. (許也許(杭州)文化科技有限公司, “Xuyexu Hangzhou”), which is principally engaged in provision of digital content creation, advertisement and marketing activities, and internet-based media services, for a total consideration of RMB300,000. According to the articles of association of Xuyexu Hangzhou, any significant decisions concerning relevant activities require shareholders’ approval with a majority vote exceeding 50%, with voting rights allocated in proportion to each shareholder’s equity interest. As such, the Group accounted for this investment as an associate using the equity method.

Xuyexu Hangzhou was a newly setup entity with no active operation in business from date of establishment to September 30, 2025, the share of post-acquisition result and share of net assets of Xuyexu Hangzhou from date of establishment to September 30, 2025 were insignificant and not presented.

* English name is for identification purpose only.

17. DEFERRED TAXATION

The Group and the Company

The following is a summary of the deferred tax balances for financial reporting purposes:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	316	230	443	453

The following are the major deferred tax assets and liabilities recognized and movements thereon before offsetting during the reporting periods:

	Allowance on inventories and credit losses	Lease liabilities	Right-of-use assets	Deferred income	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022	371	—	—	169	—	540
Credited (charged) to profit or loss	134	—	—	(26)	(332)	(224)
As at December 31, 2022	505	—	—	143	(332)	316
(Charged) credited to profit or loss	(140)	120	(119)	(23)	76	(86)
As at December 31, 2023	365	120	(119)	120	(256)	230
Credited (charged) to profit or loss	152	234	(248)	(22)	97	213
As at December 31, 2024	517	354	(367)	98	(159)	443
Credited (charged) to profit or loss	73	524	(540)	(17)	(30)	10
As at September 30, 2025	590	878	(907)	81	(189)	453

As at December 31, 2022, 2023 and 2024, and September 30, 2025, the Group had unused tax losses of RMB1,972,000, RMB857,000, RMB1,057,000, and RMB828,000, respectively, available to offset against future profits. No deferred tax asset has been recognized in respect of these unused tax losses arising from the subsidiaries due to the unpredictability of future profit streams sufficient to utilize the losses.

The unrecognized tax losses will be carried forward and expire in years as follows:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
2026	1,736	620	510	510
2027	236	151	151	57
2028	—	87	87	—
2029	—	—	309	258
2030	—	—	—	3
	1,972	857	1,057	828

18. INVENTORIES

The Group and the Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials and consumables . .	20,883	22,345	22,354	33,882
Work in progress	18,517	30,360	26,456	29,985
Finished goods	71,476	47,951	76,574	84,634
Goods in transit	4,805	6,505	6,921	4,776
	<u>115,681</u>	<u>107,161</u>	<u>132,305</u>	<u>153,277</u>

Inventories are stated at net of write-down of approximately RMB2,422,000, RMB2,237,000, RMB3,061,000 and RMB3,586,000 for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025, respectively.

The aging of inventories (not including goods in transit), net of allowance for inventories, is presented as follows:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
0 to 90 days	63,870	61,786	71,157	84,146
91 to 180 days	23,413	7,936	16,368	32,765
181 to 365 days	18,197	14,433	13,377	4,146
Above one year to two years	4,037	14,011	13,231	11,092
Above two years	1,359	2,490	11,251	16,352
	<u>110,876</u>	<u>100,656</u>	<u>125,384</u>	<u>148,501</u>

19. TRADE AND OTHER RECEIVABLES

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	6,752	2,884	9,421	8,525
Less: allowance for credit losses . .	(944)	(169)	(359)	(320)
	<u>5,808</u>	<u>2,715</u>	<u>9,062</u>	<u>8,205</u>
Other receivables	1,965	1,579	2,394	5,185
Less: allowance for credit losses . .	—	(28)	(28)	(28)
	<u>1,965</u>	<u>1,551</u>	<u>2,366</u>	<u>5,157</u>
Amount due from a related party . .	—	—	—	1,115
Advances to suppliers	1,811	2,455	4,942	5,283
Prepayments for purchase of property, plant and equipment . .	—	—	—	1,799
Prepaid expenses	978	2,164	858	56
Value added tax recoverable	410	584	1,403	1,709
Deferred issued costs	—	—	—	4,444
	<u>3,199</u>	<u>5,203</u>	<u>7,203</u>	<u>14,406</u>
Total trade and other receivables . .	<u>10,972</u>	<u>9,469</u>	<u>18,631</u>	<u>27,768</u>

As at January 1, 2022, trade receivables from contracts with customers amounted to RMB6,609,000 (net of allowances for credit losses of RMB188,000).

The Group allows a credit period ranging from 30 to 60 days to its certain customers. An aged analysis of trade receivables (net of allowance for credit losses), based on invoice dates, is presented as follows:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
0-30 days not past due	4,766	2,715	8,465	7,791
31-60 days not past due	1,042	—	597	414
	<u>5,808</u>	<u>2,715</u>	<u>9,062</u>	<u>8,205</u>

Details of the impairment assessment of trade receivables and other receivables are set out in Note 29b.

The amount due from a related party is trade related, unsecured, interest-free and repayable on demand.

Trade and other receivables denominated in currencies other than the functional currency of the respective group entities are set out below:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
United States dollar ("US\$")	<u>1,719</u>	<u>678</u>	<u>1,197</u>	<u>963</u>

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
– Subsidiaries	3,361	4,799	1,673	1,244
– Third parties	<u>6,752</u>	<u>2,884</u>	<u>9,421</u>	<u>7,501</u>
	10,113	7,683	11,094	8,745
Less: allowance for credit losses . .	<u>(944)</u>	<u>(169)</u>	<u>(359)</u>	<u>(320)</u>
	<u>9,169</u>	<u>7,514</u>	<u>10,735</u>	<u>8,425</u>
Other receivables				
– Subsidiaries	123,613	116,330	106,997	102,027
– Third parties	<u>1,737</u>	<u>1,023</u>	<u>2,049</u>	<u>4,869</u>
	125,350	117,353	109,046	106,896
Less: allowance for credit losses . .	<u>—</u>	<u>(28)</u>	<u>(28)</u>	<u>(28)</u>
	<u>125,350</u>	<u>117,325</u>	<u>109,018</u>	<u>106,868</u>
Amount due from a related party . .	<u>—</u>	<u>—</u>	<u>—</u>	<u>118</u>
Advances to suppliers				
– Subsidiaries	—	219	—	—
– Third parties	<u>1,666</u>	<u>2,455</u>	<u>4,851</u>	<u>5,074</u>
	<u>1,666</u>	<u>2,674</u>	<u>4,851</u>	<u>5,074</u>
Prepayments for purchase of property, plant and equipment . .	—	—	—	1,799
Prepaid expenses	978	2,164	775	56
Value added tax recoverable	100	285	1,077	1,405
Deferred issued costs	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,444</u>
	<u>2,744</u>	<u>5,123</u>	<u>6,703</u>	<u>12,896</u>
Total trade and other receivables . .	<u>137,263</u>	<u>129,962</u>	<u>126,456</u>	<u>128,189</u>

20. FINANCIAL ASSET AT FVTPL**The Group and the Company**

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Structured deposits	—	—	30,097	32,299
	=	=	=	=

During the year ended December 31, 2024, the Group entered into structured deposits with banks, which have maturity terms of 90 days or less. The return on these deposits is linked to foreign currency market. For the year ended December 31, 2024, the expected annualised yield rate was 2.5% per annum.

During the nine months ended September 30, 2025, the Group entered into structured deposits with banks, of which certain structured deposits have no maturity date and other structured deposits have maturity terms of 97 days or less. The return on these deposits is linked to the yield of 10-year Chinabond Treasury bonds and foreign currency market, and performance of underlying investments with expected yield rate ranging from 1.59% to 2.1% per annum.

Further details regarding the fair value measurement of these financial assets at FVTPL are disclosed in Note 29.

21. BANK BALANCES AND CASH/RESTRICTED BANK DEPOSIT/TIME DEPOSITS**The Group**

Bank balances and cash of the Group are comprised of cash and short-term bank deposits with original maturities of three months or less. These short-term bank deposits bear interests at market rates, ranging from 0.05% to 0.9%, 0.05% to 0.7%, 0.1% to 1.3%, and 0.05% to 1.3% per annum as at December 31, 2022, 2023 and 2024, and September 30, 2025, respectively.

As at December 31, 2022, margin deposit held by the Group for derivative trading purpose were subject to restriction and, therefore, not classified as cash and cash equivalents.

As at December 31, 2024 and September 30, 2025, time deposits with original maturity of over three months were carried at fixed interest rates ranging from 1.7% to 2.6% per annum.

The Company

Bank balances and cash of the Company are comprised of cash and short-term bank deposits with original maturities of three months or less. These short-term bank deposits bear interests at market rates, ranging from 0.05% to 0.9%, 0.05% to 0.7%, 0.1% to 1.3%, and 0.05% to 1.3% per annum as at December 31, 2022, 2023 and 2024, and September 30, 2025, respectively.

As at December 31, 2024 and September 30, 2025, time deposits with original maturity of over three months were carried at fixed interest rates ranging from 1.7% to 2.6% per annum.

Bank balances and cash denominated in currencies other than the functional currency of the respective group entities are presented below:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
US\$.	6,753	494	—	472
EUR	*	*	*	*
	=	=	=	=

* Amount below RMB1,000.

22. TRADE AND OTHER PAYABLES

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	31,077	34,525	32,554	32,266
Amount due to a related party . . .	—	—	—	232
Other payables and accruals	7,779	6,825	7,222	7,943
Payables for purchase of property, plant and equipment	5,088	4,459	2,607	3,146
Distributor guarantee deposits	5,281	5,346	3,740	2,901
Accrued listing expense	—	—	—	1,754
Accrued issue cost	—	—	—	608
Salary and bonus payables	12,353	17,380	15,513	17,467
Other taxes payables	5,089	4,500	6,948	5,217
Total trade and other payables . . .	<u>66,667</u>	<u>73,035</u>	<u>68,584</u>	<u>71,534</u>

Payment terms with suppliers are mainly on credit within 60 days from the time when the goods are received. An aged analysis of trade payables, based on invoice date at the end of the reporting period, is presented as follows:

The amount due to a related party is trade related, unsecured, interest-free and repayable on demand.

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
0-30 days	21,763	29,965	29,216	28,934
31-60 days	9,314	4,560	3,338	3,332
	<u>31,077</u>	<u>34,525</u>	<u>32,554</u>	<u>32,266</u>

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	31,058	34,525	32,554	32,266
Amount due to a related party . . .	—	—	—	232
Other payables and accruals				
– Subsidiaries	549	205	—	2,224
– Third parties	7,179	6,797	7,222	7,907
	<u>7,728</u>	<u>7,002</u>	<u>7,222</u>	<u>10,131</u>
Payables for purchase of property, plant and equipment	3,959	4,199	2,289	3,064
Distributor guarantee deposits	5,281	5,346	3,740	2,901
Accrued listing expense	—	—	—	1,754
Accrued issue cost	—	—	—	608
Salary and bonus payables	12,353	17,380	15,513	17,467
Other taxes payables	3,113	1,797	4,216	3,093
Total trade and other payables . . .	<u>63,492</u>	<u>70,249</u>	<u>65,534</u>	<u>71,516</u>

23. CONTRACT LIABILITIES**The Group**

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities:				
– Advance payments from distributors	5,343	11,288	4,903	6,434
– Points accumulation program . . .	319	350	381	515
	<u>5,662</u>	<u>11,638</u>	<u>5,284</u>	<u>6,949</u>

As at January 1, 2022, contract liabilities of the Group amounted to RMB14,053,000.

All contract liabilities outstanding at the end of each reporting period are expected to be recognized as revenue within the following year.

The typical payment terms that impact on the contract liabilities are as follows:

– **Advance payments from distributors**

The Group usually receives 100% advance payments from distributors prior to the delivery of goods. These advance receipts are recorded as contract liabilities and are recognized as revenue when the control of the goods is transferred to them.

– **Points accumulation program**

Customers earn points through purchases of goods made on online direct sales. These points can be redeemed for discounts on future purchases. As a result, the Group recognized a contract liability for the value of unredeemed points, which will be subsequently recognized as revenue upon redemption.

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities:				
– Advance payments from distributors	5,343	11,288	4,903	6,434
– Advance payments from subsidiaries	145	9	1,245	1,726
– Points accumulation program . . .	319	350	381	515
	<u>5,807</u>	<u>11,647</u>	<u>6,529</u>	<u>8,675</u>

As at January 1, 2022, contract liabilities of the Company amounted to RMB13,053,000.

24. RIGHT TO RETURNED GOODS ASSET/REFUND LIABILITIES

The right to returned goods asset represents the Group's and the Company's contractual right to recover products from customers who exercise their right of return under the 7-day return policy. The Group estimates expected returns at the portfolio level using the expected value method, based on historical experience.

Refund liabilities arise from customers' right to return products within 7 days of purchase. At the time of sale, the Group recognizes a refund liability and a corresponding adjustment to revenue for products expected to be returned. These estimates are also determined on a portfolio level using the expected value method, reflecting the Group's historic return patterns.

25. LEASE LIABILITIES

The Group and the Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable:				
Within one year	—	403	2,016	3,638
Within a period of more than one year but not exceeding two years	—	394	339	2,213
	—	797	2,355	5,851
Less: amounts due within one year shown under current liabilities . .	—	(403)	(2,016)	(3,638)
Amounts shown under non-current liabilities	—	394	339	2,213

For the years ended December 31, 2023 and 2024, and the nine months ended September 30, 2025, the weighted average incremental borrowing rate applied to lease liabilities were 4.20%, 4.01% and 3.75%, respectively.

26. DEFERRED INCOME

The Group and the Company

	Asset related government grant
	RMB'000
As at January 1, 2022	1,131
Credited to profit or loss (<i>Note 5</i>)	(175)
As at December 31, 2022	956
Credited to profit or loss (<i>Note 5</i>)	(153)
As at December 31, 2023	803
Credited to profit or loss (<i>Note 5</i>)	(146)
As at December 31, 2024	657
Credited to profit or loss (<i>Note 5</i>)	(109)
As at September 30, 2025	548

The government grants were recognized in profit or loss over the useful lives of the relevant assets.

27. SHARE CAPITAL OF THE COMPANY

Authorized, issued and fully paid:

	Number of shares	Par value	Share capital
		RMB	RMB'000
As at January 1, 2022, December 31, 2022, December 31, 2023, December 31, 2024 and September 30, 2025	57,000	1	57,000

28. CAPITAL RISK MANAGEMENT

The Group manages its capital with the objective of ensuring the Group entities will be able to continue as a going concern, while maximizing the return to shareholders through the efficient management of debt-to-equity ratio. The Group's overall capital management strategy remained consistent throughout the Track Record Period.

The Group's capital structure comprises net debt, which includes lease liabilities as disclosed in Note 25, net of cash and cash equivalents and equity attributable to owners of the Company, which includes share capital and reserves.

The Company's directors review the Group's capital structure regularly, taking into account the cost of capital and the risk associated with each class of capital. Based on these assessments and recommendation of the directors, the Group seeks to maintain an optimal capital structure through the combination of dividend distribution, share issuances, and share repurchases as well as the issue of new debt, as appropriate.

29. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at amortized cost	63,450	118,360	131,764	139,220
Financial assets at FVTPL	—	—	30,097	32,299
Financial liabilities				
Financial liabilities at amortized cost	44,699	46,025	39,890	39,527

b. Financial risk management objectives and policies

The Group's major financial assets and liabilities include trade and other receivables, financial assets at FVTPL, time deposits, bank balances and cash, trade and other payables and refund liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's operations expose it primarily to currency risk and interest rate risk. There were no significant change in the Group's exposure to these risks, nor the manner in which it managed and measured these risks during the Track Record Period.

(i) Currency risk

Certain entities of the Group engage in foreign currency transactions, including sales, which give rise to foreign currency risk. In addition, some of the Group's bank balances and cash, as well as trade and other receivables, are denominated in currencies other than the respective entities' functional currencies, thereby exposing the Group to foreign currency risk. The carrying amounts of monetary assets and liabilities denominated in foreign currencies, other than the functional currency of the respective entities, are disclosed in the relevant notes.

The Group is mainly exposed to foreign currency of US\$, the carrying amounts of the Group's foreign currency denominated monetary assets (trade and other receivables and bank balances and cash):

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
US\$.	8,472	1,172	1,197	1,435

Sensitivity analysis

The following table presents the Group's sensitivity to a 5% increase and decrease in RMB against US\$, a foreign currency to which the Group may have a material exposure. The analysis is based on the Group's foreign currency denominated monetary items outstanding at the end of the reporting period, with their translation adjusted to reflect a 5% change in foreign currency rate. A positive number below indicates an increase in post-tax profit where RMB weakens 5% against US\$, there would otherwise be an equal and opposite impact on the profit and other comprehensive income and the amounts below would be negative.

	For the year December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Impact on profit or loss US\$.	360	50	51	126	61

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk primarily in relation to fixed-rates bank balances and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances.

As the management considers that the exposure of fair value interest rate risk and cash flow interest rate risk are insignificant, therefore no sensitivity analysis on such risk has been prepared.

Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk, which cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, is arising from the carrying amount of the respective recognized financial assets, as disclosed in the consolidated statements of the financial position.

In order to minimize credit risk, the Group continuously monitors its exposure to counterparties and reviews their historical repayment records for its major customers and other debtors at the end of the reporting period to ensure that adequate impairment losses, if any, are made for irrecoverable amount.

The table below details the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

			As at December 31,			As at September 30,
			2022 Gross carrying amount	2023 Gross carrying amount	2024 Gross carrying amount	2025 Gross carrying amount
Internal credit rating	12-month or lifetime ECL		RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortized cost						
Bank balances (note i)	Low risk	12-month ECL	55,677	114,094	88,044	91,940
Time deposits (note i)	Low risk	12-month ECL	—	—	32,292	32,803
Other receivables (note ii)	Low risk	12-month ECL	1,965	1,579	2,394	6,300
Trade receivables (note iii)	Not applicable	Lifetime ECL (collective assessment)	5,962	2,777	9,314	8,418
		Lifetime ECL (individual assessment)	790	107	107	107

Notes:

- (i) The Group performed impairment assessment on bank balances and time deposits and concluded that the associated credit risk is limited, as the counterparties are reputable banks with high credit ratings.
- (ii) For other receivables, the directors of the Company consider that there have been no significant increase in credit risk since initial recognition. Accordingly, the Group provided impairment based on 12m ECL. For the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025, the Group assessed the ECL for other receivables, and recognized loss allowance of nil, RMB28,000, nil and nil, respectively.
- (iii) Trade receivables are grouped based on the shared credit risk characteristics, in which the trade receivables are grouped into (i) Group A: trade receivables arising from online direct sales, and (ii) Group B: remaining trade receivables arising from other than online direct sales. The directors of the Company consider that the Group A receivables carried low credit risk and therefore no loss allowance is recognized for this group. On the other hand, trade receivables with credit impaired are assessed individually by the Group.

Trade receivables

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired).

Gross carrying amount

December 31, 2022			
Average loss rate	Gross amount of trade receivables	ECL amount	
	RMB'000	RMB'000	
Group A: Current (not past due)	—	835	—
Group B: Current (not past due)	3%	5,127	154
		5,962	154
December 31, 2023			
Average loss rate	Gross amount of trade receivables	ECL Amount	
	RMB'000	RMB'000	
Group A: Current (not past due)	—	700	—
Group B: Current (not past due)	3%	2,077	62
		2,777	62
December 31, 2024			
Average loss rate	Gross amount of trade receivables	ECL amount	
	RMB'000	RMB'000	
Group A: Current (not past due)	—	693	—
Group B: Current (not past due)	3%	8,621	252
		9,314	252
September 30, 2025			
Average loss rate	Gross amount of trade receivables	ECL amount	
	RMB'000	RMB'000	
Group A: Current (not past due)	—	1,316	—
Group B: Current (not past due)	3%	7,102	213
		8,418	213

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

During the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025 the Group provided impairment loss of RMB154,000, RMB62,000, RMB252,000, and RMB213,000 for trade receivables respectively, based on collective assessment. The Group provided impairment allowances of RMB790,000, RMB107,000, RMB107,000, and RMB107,000 on trade receivables with gross carrying amounts of RMB790,000, RMB107,000, RMB107,000, and RMB107,000, as of December 31, 2022, 2023 and 2024, and September 30, 2025 respectively for the Track Record Period was assessed individually.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables under the simplified approach using provision matrix.

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning balance	139	154	62	252
Loss allowances recognized (reversed), net	15	(92)	190	(39)
Closing balance	<u>154</u>	<u>62</u>	<u>252</u>	<u>213</u>

For the purposes of impairment assessment, the Group considers its other financial assets to be of low credit risk. As such, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL for these financial assets at amortized cost, the directors of the Company have taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate. The directors of the Company considered that the 12-month ECL allowance is insignificant at the end of each reporting period.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities according to the earliest date on which the Group is required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate	On demand or less than one year	One to five years	Total un-discounted cash flows	Total carrying amounts
	%	RMB'000	RMB'000	RMB'000	RMB'000
As December 31, 2022					
Trade and other payables.		44,699	—	44,699	44,699
As December 31, 2023					
Trade and other payables.		46,025	—	46,025	46,025
Lease liabilities	4.20%	429	401	830	797
		<u>46,454</u>	<u>401</u>	<u>46,855</u>	<u>46,822</u>
As December 31, 2024					
Trade and other payables.		39,890	—	39,890	39,890
Lease liabilities	4.01%	2,073	342	2,415	2,355
		<u>41,963</u>	<u>342</u>	<u>42,305</u>	<u>42,245</u>
As at September 30, 2025					
Trade and other payables.		39,527	—	39,527	39,527
Lease liabilities	3.75%	4,032	2,250	6,282	5,851
		<u>43,559</u>	<u>2,250</u>	<u>45,809</u>	<u>45,378</u>

c. Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at December 31, 2024	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Financial assets at FVTPL	Structured deposits: RMB30,097,000	Level 2	Discounted cash flows method, estimated based on expected return and market foreign exchange rate	N/A

Financial assets	Fair value as at September 30, 2025	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Financial assets at FVTPL	Structured deposits: RMB32,299,000	Level 2	Discounted cash flows method, estimated based on expected return and market foreign exchange rate	N/A

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group considers the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated statements of financial position approximate their fair value.

The fair values of these financial assets and financial liabilities at amortized cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

30. CAPITAL COMMITMENT

The Group had capital commitments for purchase of equipment and building construction under non-cancellable contracts as follows:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for				
– Property, plant and equipment . .	109	265	354	2,881

31. RETIREMENT BENEFIT PLANS

The employees of the Company's and the Group's subsidiaries are members of the state-managed retirement benefits schemes operated by government. The subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

The total cost charged to profit or loss in respect of the above-mentioned schemes amounted to approximately RMB9,625,000, RMB9,613,000, RMB11,410,000, RMB8,515,000 and RMB8,808,000 for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 (unaudited) and the nine months ended September 30, 2025.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both the cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities	Borrowing	Accrued issue cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022	–	67,581	–	67,581
Financing cash flows	–	(68,477)	–	(68,477)
Interest expenses	–	896	–	896
As at December 31, 2022	–	–	–	–
Financing cash flows	(62)	–	–	(62)
Interest expenses	5	–	–	5
New lease entered	854	–	–	854
As at December 31, 2023	797	–	–	797
Financing cash flows	(1,682)	(1)	–	(1,683)
Interest expenses	96	1	–	97
New lease entered	3,144	–	–	3,144
As at December 31, 2024	2,355	–	–	2,355
Financing cash flows	(2,154)	–	(3,836)	(5,990)
Interest expenses	83	–	–	83
New lease entered	5,567	–	–	5,567
Deferred issue cost	–	–	4,444	4,444
As at September 30, 2025	5,851	–	608	6,459
As at January 1, 2024	797	–	–	797
Financing cash flows	(1,172)	1,000	–	(172)
Interest expenses	69	–	–	69
New lease entered	3,143	–	–	3,143
As at September 30, 2024 (unaudited)	2,837	1,000	–	3,837

33. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties and the relationship with the Group are as follows:

Name of related party	Relationship
Hangzhou Tongmu Zhuyi Furniture Co., Ltd.* (杭州 銅木主義傢俱股份有限公司) (“Tongmu Zhuyi”). . .	Controlled by Mr. Yu, who is controlling shareholder and chief executive officer of the Company.
Hebei Zhe Yi Jian Construction Engineering Co., Ltd.* (河北浙一建建築工程有限公司) (“Hebei Zhe Yi Jian”)	Xiao Feng, an executive director of the Company, serves as the legal representative of the entity.
Mr. Yu Guang	Single largest shareholder

* English names are for identification purpose only.

The Group had the following significant transactions and balances with related parties:

(a) **Related party transactions**

(i) **Revenue from sales of goods (included in revenue)**

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Tongmu Zhuyi.	208	58	28	24	17
Hebei Zhe Yi Jian	—	46	39	39	—
	<u>208</u>	<u>104</u>	<u>67</u>	<u>63</u>	<u>17</u>

(ii) **Rental income (included in other income)**

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Tongmu Zhuyi.	5,143	5,143	3,656	2,742	2,788

(iii) **Purchases of raw materials (included in cost of sales)**

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Tongmu Zhuyi.	196	3	982	571	768

(b) **Related party balances**

	Year ended December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other receivables – Trade nature:				
Tongmu Zhuyi	—	—	—	1,115
Trade and other payables – Trade nature:				
Tongmu Zhuyi	—	—	—	232

(c) **Guarantees provided by related party**

During the year ended December 31, 2022, guarantees of RMB128,500,000 for borrowings were provided by Mr. Yu, the controlling shareholder of the Group. The guarantees were fully released in the year ended December 31, 2022.

(d) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management of the Group during the Track Record Period was as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Directors' fees	180	90	150	105	145
Salaries and other benefits	2,338	2,769	3,731	1,711	1,840
Retirement benefits scheme contribution . .	101	169	120	103	122
	<u>2,619</u>	<u>3,028</u>	<u>4,001</u>	<u>1,919</u>	<u>2,107</u>

The remuneration of key management is determined with reference to the performance of the individuals and market trends.

34. RESERVES MOVEMENT OF THE COMPANY

	Capital reserve	Statutory reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022	128,640	4,450	40,049	173,139
Capital contribution from shareholder . .	162	–	–	162
Profit and total comprehensive income for the year.	–	–	52,413	52,413
Transfer to statutory reserve	–	5,241	(5,241)	–
As at December 31, 2022	128,802	9,691	87,221	225,714
Profit and total comprehensive income for the year.	–	–	40,976	40,976
Transfer to statutory reserve	–	4,098	(4,098)	–
As at December 31, 2023	128,802	13,789	124,099	266,690
Profit and total comprehensive income for the year.	–	–	76,299	76,299
Transfer to statutory reserve	–	7,630	(7,630)	–
As at December 31, 2024	128,802	21,419	192,768	342,989
Profit and total comprehensive income for the period	–	–	39,268	39,268
Transfer to statutory reserve	–	3,927	(3,927)	–
As at September 30, 2025	<u>128,802</u>	<u>25,346</u>	<u>228,109</u>	<u>382,257</u>

35. DETAILS OF SUBSIDIARIES

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted shares, at cost (note).	<u>3,974</u>	<u>3,974</u>	<u>5,774</u>	<u>7,774</u>

Note: During the nine months ended September 30, 2025, the Company injected capital contribution in cash of RMB1,000,000 into each of the subsidiary, namely Tongshifu (Hangzhou) Cultural and Creative Co., Ltd. and Xijiang Gold Shop (Hangzhou) Culture Co., Ltd.

The direct and indirect interests in the following subsidiaries held by the Company during the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025 are as follows:

Name of subsidiaries	Place of establishment	Date of incorporation/ establishment	Registered capital/issued and fully paid capital (RMB'000)	Attributable equity interests held by the Company as at					Principal activities	Notes
				December 31,			September 30,	the date of this report		
				2022	2023	2024	2025			
Hangzhou Zhibo SanitaryWare Co., Ltd.	PRC	June 1, 2012	2,000	100%	100%	100%	100%	100%	House leasing	Note
Hangzhou Weitai Artwork Co., Ltd.	PRC	March 29, 2021	1,000	100%	100%	100%	100%	100%	Operating store(s) on e-commerce platforms to sell wooden cultural and creative products	Note
Hangzhou Xijiang Art Painting Co., Ltd.	PRC	October 11, 2021	1,000	100%	100%	100%	100%	100%	Operating store(s) on the e-commerce platform to sell bronze sculptures	Note
Huanxi Xiaojiang (Hangzhou) Cultural and Creative Co., Ltd.	PRC	November 2, 2021	1,000	100%	100%	100%	100%	100%	Operating store(s) on e-commerce platforms to sell plastic trendy products	Note
Yue Yin (Hangzhou) Cultural and Creative Co., Ltd.	PRC	June 27, 2022	1,000	100%	100%	100%	100%	100%	Operating store(s) on an e-commerce platform to sell silver cultural and creative products	Note
Tongshifu (Hangzhou) Cultural and Creative Co., Ltd.	PRC	April 17, 2023	1,000	–	100%	100%	100%	100%	Retails of literary and artistic creation, arts and crafts, and figures	Note
Xijiang Gold Shop (Hangzhou) Culture Co., Ltd.	PRC	July 17, 2024	1,000	–	–	100%	100%	100%	Operating store(s) on an e-commerce platforms to sell gold cultural and creative products	Note

None of the subsidiaries had issued any debt securities at the end of the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025.

Note: No audited financial statements of these entities for the years ended December 31, 2022, 2023, 2024 and 2025, if applicable, have been prepared as of the date of this report.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to September 30, 2025, and up to date of this report.

37. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after September 30, 2025 and up to the date of this report.

The information set forth in this Appendix does not form part of the accountants' report on the historical financial information of the Group for the three years ended December 31, 2024, and nine months ended September 30, 2025 (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company which has been prepared in accordance with paragraph 4.29 of the Listing Rules is for illustration only, and is set out to illustrate the effect of the proposed Global Offering (as defined in this prospectus) on the consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2025, as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2025 or as at any subsequent dates following the Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2025 as derived from the Accountants' Report set out in Appendix I to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2025	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2025	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at September 30, 2025	
	Renminbi ("RMB") '000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	Hong Kong dollars ("HK\$") (Note 4)
Based on the Offer Price of HK\$68.00 per Offer Share	443,969	406,215	850,184	13.20	14.97
Based on the Offer Price of HK\$60.00 per Offer Share	443,969	356,261	800,230	12.42	14.09

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2025 is arrived at after deducting intangible assets attributable to owners of the Company of RMB6,725,000 from the audited consolidated net assets attributable to owners of the Company of RMB450,694,000 as at September 30, 2025 as extracted from the Accountants' Report set out in Appendix I to this prospectus.
2. The estimated net proceeds from the issue of Offer Shares pursuant to the Global Offering are based on 7,406,800 Shares at the Offer Price of HK\$68.00 (equivalent to RMB59.95) and HK\$60.00 (equivalent to RMB52.90) per Offer Share, being the high-end and low-end of the stated Offer Price range, after deduction of the estimated underwriting fees and commissions and other listing related expenses not yet recognized in profit or loss up to September 30, 2025. It does not take into account of any shares which may be allotted and issued upon the exercise of the over-allotment option.

For the purpose of this unaudited pro forma financial information, the estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK\$1.00 to RMB0.8816, which was the exchange rate prevailing on March 13, 2026 with reference to the rate published by The People's Bank of China. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at September 30, 2025 is arrived on the basis that 64,406,800 shares including 57,000,000 existing ordinary shares in issue and 7,406,800 Offer Shares were in issue assuming that the Global Offering had been completed on September 30, 2025 and it does not take into account of any shares which may be allotted and issued upon the exercise of the over-allotment option.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at September 30, 2025 is converted from Renminbi to Hong Kong dollars at an exchange rate of RMB1.00 to HK\$1.1343, which was the exchange rate prevailing on March 13, 2026 with reference to the rate published by The People's Bank of China. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at all.
5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at September 30, 2025 to reflect any trading result or other transaction of the Group entered into subsequent to September 30, 2025.
6. Based on the property valuation report as at February 28, 2026 set forth in "Appendix III — Property Valuation Report", the property interests of the Group attributable to owners of the Company had a revaluation surplus up to September 30, 2025 of approximately RMB121,703,000 representing the excess of the revalued amounts of these properties (including leasehold lands and buildings) over their carrying amounts to the extent attributable to owners of the Company. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company has not taken into account the revaluation surplus of properties held for own use (including leasehold lands and buildings) held by the Group, nor will the Group incorporate the revaluation surplus in its future financial statements. If the revaluation surplus up to September 30, 2025 is to be incorporated in the Group's future financial statements, additional annual depreciation of approximately RMB3,926,000 (excluding tax impact) would be charged.

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.



德勤

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at September 30, 2025 and related notes as set out on pages IIA-1 to IIA-2 of Appendix IIA to the prospectus issued by the Company dated March 23, 2026 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IIA-1 to IIA-2 of Appendix IIA to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Global Offering (as defined in the Prospectus) on the Group's financial position as at September 30, 2025, as if the proposed Global Offering had taken place at September 30, 2025. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended December 31, 2024 and nine months ended September 30, 2025, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at September 30, 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, March 23, 2026

The following is the unaudited preliminary financial information of our Group as of and for the year ended December 31, 2025 (the “2025 Unaudited Preliminary Financial Information”), together with comparative figures as of and for the year ended December 31, 2024 and a discussion and analysis of our Group’s financial condition and results of operations. The 2025 Unaudited Preliminary Financial Information has not been audited. Investors should bear in mind that the 2025 Unaudited Preliminary Financial Information in this Appendix IIB may be subject to adjustments.

2025 UNAUDITED PRELIMINARY FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	For the year ended December 31	
		2024	2025
		<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Revenue	4	571,188	617,337
Cost of sales		(369,103)	(409,500)
Gross profit		202,085	207,837
Other income	5	14,370	12,444
Other gains and losses	6	260	1,220
Impairment losses under expected credit loss model, net of reversal		(190)	(407)
Selling and marketing expenses		(71,590)	(85,111)
Administrative expenses		(26,923)	(28,869)
Other operating expenses		(1,637)	(1,589)
Research and development expenses		(28,212)	(35,391)
Listing expenses		—	(20,220)
Finance costs	7	(97)	(156)
Profit before tax	8	88,066	49,758
Income tax expenses	9	(9,084)	(1,920)
Profit and total comprehensive income for the year		<u>78,982</u>	<u>47,838</u>
Earnings per share			
Basic (RMB)	11	<u>1.39</u>	<u>0.84</u>

APPENDIX IIB	UNAUDITED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at December 31	
		2024	2025
		<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Non-current assets			
Property, plant and equipment		171,386	194,500
Right-of-use assets		9,971	19,740
Intangible assets		5,288	6,066
Interest in an associate		—	300
Deferred tax assets		443	622
Time deposits		15,273	15,668
		<u>202,361</u>	<u>236,896</u>
Current assets			
Inventories	12	132,305	170,102
Trade and other receivables	13	18,631	43,973
Right to returned goods asset		558	648
Tax recoverable		9	3,001
Financial asset at fair value through profit or loss ("FVTPL")		30,097	45,073
Time deposits		17,019	17,013
Restricted bank deposit		—	35,000
Bank balances and cash		88,044	6,411
		<u>286,663</u>	<u>321,221</u>
Current liabilities			
Trade and other payables	14	68,584	82,001
Income tax payable		2,114	448
Lease liabilities		2,016	6,996
Contract liabilities	15	5,284	5,083
Refund liabilities		889	1,021
		<u>78,887</u>	<u>95,549</u>
Net current assets		<u>207,776</u>	<u>225,672</u>
Total assets less current liabilities		<u>410,137</u>	<u>462,568</u>
Non-current liabilities			
Lease liabilities		339	5,078
Deferred income		657	511
		<u>996</u>	<u>5,589</u>
Net assets		<u>409,141</u>	<u>456,979</u>
Capital and reserves			
Share capital		57,000	57,000
Reserves		352,141	399,979
Total equity		<u>409,141</u>	<u>456,979</u>

NOTES TO THE 2025 UNAUDITED PRELIMINARY FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in The People's Republic of China (the "PRC") on March 26, 2013 as a limited liability company. The Company was converted into a joint-stock company with limited liability and renamed as Hangzhou Xijiang Cultural Arts Co., Ltd. (杭州璽匠文化藝術品股份有限公司) on October 28, 2014. On December 16, 2024, the Company was further renamed as Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd. (杭州銅師傅文創(集團)股份有限公司).

The Company and its subsidiaries are principally involved in research and development, production and sale of cultural and creative products made of copper, plastics, silver, gold and wooden.

The Consolidated Financial Statements are presented in the currency of RMB, which is the functional currency of the Company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The 2025 Preliminary Financial Information comprises the Company and its subsidiaries (together, the "Group"). The 2025 Preliminary Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB"), also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. Material accounting policy information adopted by the Group are disclosed in Note 2 in "Appendix I – Accountants' Report."

3. NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all the amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements of the Group in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

4. REVENUE

	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Type of goods		
Copper-based cultural and creative products	551,251	581,295
– Copper ornaments	497,831	531,104
– Copper engraved artworks	53,420	50,191
Plastic figures and toys	14,252	9,182
Silver cultural and creative products	4,232	10,075
Gold cultural and creative products	1,274	16,777
Wooden cultural and creative products	179	8
Total	<u>571,188</u>	<u>617,337</u>
Timing of revenue recognition		
A point in time	<u>571,188</u>	<u>617,337</u>
Sales channel		
Direct sales	438,277	477,278
– Online direct sales	402,889	425,410
– Retail stores sales	17,627	34,552
– Other direct sales	17,761	17,316
Distribution partnerships	116,982	108,708
– Online distributors	37,996	37,814
– Offline distributors	78,986	70,894
Consignment arrangement	15,929	31,351
– Online	14,185	28,862
– Offline	1,744	2,489
Total	<u>571,188</u>	<u>617,337</u>

Information reported to Mr. Yu, being the chief operating decision maker, uses revenue analysis by type of goods and by sales channel for the purposes of resource allocation and assessment. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, including major customers and geographic information, are presented.

	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Geographic information		
Chinese Mainland	564,147	610,628
Taiwan	6,624	6,681
United States	417	28
Total	<u>571,188</u>	<u>617,337</u>

5. OTHER INCOME

	2024	2025
	RMB'000	RMB'000 (unaudited)
Sales of scrap and others	4,242	3,465
Sales of accessories	28	18
Rental income	3,656	3,656
Government grants related to:		
– Income	2,475	1,623
– Asset	146	146
Super deduction of value added tax	2,414	2,265
Interest income on bank deposits	1,077	870
Compensation from third parties	332	401
	<u>14,370</u>	<u>12,444</u>

6. OTHER GAINS AND LOSSES

	2024	2025
	RMB'000	RMB'000 (unaudited)
Loss on disposal of property, plant and equipment	(247)	(380)
Gain on disposal of interest in an associate	5	–
Net foreign exchange gains (losses)	157	(58)
Fair value gain of financial assets at FVTPL	345	1,658
	<u>260</u>	<u>1,220</u>

7. FINANCE COSTS

	2024	2025
	RMB'000	RMB'000 (unaudited)
Interest on:		
– lease liabilities	96	156
– bank borrowings	1	–
	<u>97</u>	<u>156</u>

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	2024	2025
	RMB'000	RMB'000 (unaudited)
Depreciation of property, plant and equipment	16,331	17,649
Depreciation of right-of-use assets	1,663	3,671
Amortization of intangible assets	2,327	4,807
Total depreciation and amortization	20,321	26,127
Less: Capitalized in inventories	(10,490)	(10,231)
	<u>9,831</u>	<u>15,896</u>
Directors' remuneration	2,573	2,851
Salaries, allowances and benefits	169,480	174,204
Retirement benefits scheme contributions	11,302	11,892

	2024	2025
	RMB'000	RMB'000 (unaudited)
Total staff costs (including directors)	183,355	188,947
Less: Capitalized in inventories	(129,765)	(125,894)
	<u>53,590</u>	<u>63,053</u>
Impairment losses under expected credit loss model, net of reversal on trade receivables	190	407
Auditors' remuneration	472	2,000
Write-down of inventories (included in cost of sales)	1,664	3,252
Reversal of inventories write-down (included in cost of sales)	(840)	(2,066)
Cost of inventories recognized as cost of sales (excluding write-down and reversal of write-down of inventories)	<u>360,204</u>	<u>391,301</u>

9. INCOME TAX EXPENSES

	2024	2025
	RMB'000	RMB'000 (unaudited)
Current tax:		
PRC Enterprise Income Tax ("EIT")	9,297	2,510
Over provision in prior years	—	(411)
Deferred tax:		
Current year	(213)	(179)
	<u>9,084</u>	<u>1,920</u>

Under the Enterprise Income Tax Law of the PRC (the "EIT Law") and its Implementation Regulation of the EIT Law, the EIT rate of the subsidiaries operating in the PRC is 25%.

However, the Company has been accredited as "High and New Technology Enterprise" and is therefore eligible for a preferential EIT rate of 15% up to the year ending December 31, 2026. In addition, certain subsidiaries of the Group operating in the PRC have been accredited as "Micro and Small Enterprise" and are therefore eligible for a preferential EIT rate of 20%.

	2024	2025
	RMB'000	RMB'000 (unaudited)
Profit before tax	88,066	49,758
Tax charge at the EIT rate of 25%	22,017	12,440
Tax at concessionary rates	(8,523)	(4,552)
Over provision in prior years	—	(411)
Tax effect of expenses not deductible for tax purpose	22	19
Effect of super deduction in research and development expenses	(4,216)	(5,246)
Effect of additional tax deduction for certain expenses	(246)	(254)
Tax effect of unused tax losses not recognized as deferred tax assets	46	*
Utilization of tax losses previously not recognized as deferred tax assets	(16)	(76)
Income tax expenses	<u>9,084</u>	<u>1,920</u>

* Amount below RMB1,000

10. DIVIDEND

No dividend has been paid or declared by the Company during the year ended December 31, 2025, nor has any dividend been proposed subsequent to the year ended December 31, 2025 (2024: nil).

11. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on following data:

	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
Earnings:		
Earnings for the purpose of calculating basic earnings per share	<u>78,982</u>	<u>47,838</u>
	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>57,000,000</u>	<u>57,000,000</u>

No diluted earnings per share for the years ended December 31, 2025 and 2024 were presented as there were no potential ordinary shares in issue.

12. INVENTORIES

	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
Raw materials and consumables	22,354	49,636
Work in progress	26,456	30,183
Finished goods	76,574	85,637
Goods in transit	<u>6,921</u>	<u>4,646</u>
	<u>132,305</u>	<u>170,102</u>

The aging of inventories (not including goods in transit), net of allowance for inventories, is presented as follows:

	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
0 to 90 days	71,157	110,359
91 to 180 days	16,368	16,616
181 to 365 days	13,377	16,263
Above one year to two years	13,231	8,458
Above two years	<u>11,251</u>	<u>13,760</u>
	<u>125,384</u>	<u>165,456</u>

13. TRADE AND OTHER RECEIVABLES

	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
Trade receivables	9,421	25,454
Less: allowance for credit losses	(359)	(765)
	<u>9,062</u>	<u>24,689</u>
Other receivables	2,394	5,624
Less: allowance for credit losses	(28)	(28)
	<u>2,366</u>	<u>5,596</u>
Advances to suppliers	4,942	5,954
Prepayments for purchase of property, plant and equipment . .	–	310
Prepaid expenses	858	1,823
Value added tax recoverable	1,403	3,120
Deferred issued costs	–	2,481
	<u>7,203</u>	<u>13,688</u>
Total trade and other receivables	<u>18,631</u>	<u>43,973</u>

The Group allows a credit period ranging from 30 to 60 days to its certain customers. An aged analysis of trade receivables (net of allowance for credit losses), based on invoice date, is presented as follows:

	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
0-30 days not past due	8,465	23,871
31-60 days not past due	597	818
	<u>9,062</u>	<u>24,689</u>

14. TRADE AND OTHER PAYABLES

	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
Trade payables	32,554	40,327
Other payables and accruals	7,222	9,059
Payables for purchase of property, plant and equipment	2,607	3,542
Distributor guarantee deposits	3,740	2,771
Accrued listing expense	–	3,067
Accrued issue cost	–	235
Salary and bonus payables	15,513	18,872
Other taxes payables	6,948	4,128
Total trade and other payables	<u>68,584</u>	<u>82,001</u>

Payment terms with suppliers are mainly on credit within 60 days from the time when the goods are received. An aged analysis of trade payables, based on invoice date at the end of the reporting period, is presented as follows:

	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
0-30 days	29,216	37,891
31-60 days	<u>3,338</u>	<u>2,436</u>
	<u>32,554</u>	<u>40,327</u>

15. CONTRACT LIABILITIES

	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Current liabilities:		
– Advance payments from distributors	4,903	5,008
– Points accumulation program	<u>381</u>	<u>75</u>
	<u>5,284</u>	<u>5,083</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Business Outlook and Prospects

We are principally engaged in the design, development and sale of copper-based cultural and creative products that integrate traditional craftsmanship with modern design and usage scenarios, and we have expanded our product offerings into other material categories (including gold, silver and plastic) as complements to our core copper-based portfolio. Our principal market is the PRC, where we primarily serve retail consumers, with copper-based cultural and creative products remaining our main revenue contributor during the Track Record Period. Our business model is design-led and product-focused: we conduct in-house design and product development, organize production through a combination of our own manufacturing capabilities and external processing where appropriate, sell primarily through online channels supplemented by offline physical stores and other arrangements.

In 2025, we continued to scale up our cultural and creative craft business by integrating traditional craftsmanship with modern design and usage scenarios, with copper-based cultural and creative products remaining at the core of our offerings. We primarily serve customers in the PRC through an online-first retail model while maintaining an integrated production and procurement model anchored by our in-house manufacturing at our Hangzhou Facility. For the year ended December 31, 2025, our revenue increased to RMB617.3 million from RMB571.2 million in 2024, reflecting continued demand for our products and our ongoing execution across multiple sales channels.

Our product strategy continues to be anchored in original design and self-developed IP creation, which supports our differentiated storytelling, SKU iteration and long-term brand equity. We maintain a “self-creation-first, IP licensing as supplement” approach: we prioritize in-house creative development and IP protection, while selectively adopting co-branded collaborations, IP licensing and other partnerships to broaden themes, reach incremental audiences and enrich our product portfolio. We will also continue to invest in design and research and development capabilities as a key growth driver and strengthening our IP portfolio and SKU pipeline. In alignment with our strategy to enhance original design capabilities and expand our self-developed IP portfolio (see “Business — Strategies”), and consistent with our plan to establish a dedicated research and development center and expand design talent (see “Future Plans and Use of Proceeds”), we will recruit additional design and research and development personnel and upgrade development workflows to support SKU iteration and product expansion.

On the channel side, online sales remain our primary channel and continue to provide scale, efficiency and direct consumer engagement. At the same time, we have been expanding offline touchpoints to strengthen brand presence and consumer experience. Our self-operated store network expanded from 18 stores as of September 30, 2025 to 36 stores as of the Latest Practicable Date, and we intend to continue improving store-level execution and operational discipline as we scale. This offline expansion forms part of our strategy to optimize an integrated, multi-channel retail ecosystem by combining online reach with offline engagement (see “Business — Strategies”), and our planned scaling of self-operated stores will be supported by the relevant use of proceeds (see “Future Plans and Use of Proceeds”). In addition, on top of self-operated stores, we may selectively develop complementary offline touchpoints such as premium retail supermarket placements and museum and cultural tourism collaborations as channel extensions that enhance consumer exposure and experience, while maintaining brand consistency and pricing discipline.

Operationally, we plan to strengthen supply chain management and fulfillment capability to support a larger and more diversified product portfolio. We intend to enhance supply assurance and improve delivery speed by expanding our in-house production capacity and upgrading relevant production lines, with our expanded production lines expected to commence operation in the first half of 2026. We will also continue refining demand forecasting and production planning to better align SKU-level supply with sales dynamics, while maintaining product quality and inventory discipline.

Discussion of Certain Key Items of the Consolidated Statement of Profit or Loss and Other Comprehensive Income

Revenue

Our revenue increased by approximately 8.1% from RMB571.2 million in 2024 to RMB617.3 million in 2025, primarily driven by continued growth in our core copper-based cultural and creative products. This growth was mainly realized through (i) an increase in revenue from direct sales from RMB438.3 million to RMB477.3 million, mainly driven by the growth of online direct sales and retail stores, especially our self-operated stores, and (ii) an increase in revenue from consignment arrangement from RMB15.9 million to RMB31.4 million, partially offset by a decrease in revenue from distribution partnerships from RMB117.0 million to RMB108.7 million.

Our gross profit increased by approximately 2.8% from RMB202.1 million in 2024 to RMB207.8 million in 2025. Our gross profit margin decreased from 35.4% in 2024 to 33.7% in 2025, primarily due to higher raw material costs, mainly attributable to increases in copper prices, and promotional activities undertaken to clear certain accumulated inventories.

Cost of sales

Our cost of sales increased by approximately 10.9% from RMB369.1 million in 2024 to RMB409.5 million in 2025, generally in line with our revenue growth. The increase was mainly attributable to higher direct materials and manufacturing costs in connection with higher sales volume, increase in certain raw material prices (in particular, copper), as well as a higher net inventory write-down recognized in cost of sales.

Other income

Our other income decreased by approximately 13.4% from RMB14.4 million in 2024 to RMB12.4 million in 2025, primarily attributable to lower sales of scrap materials, lower government grants and lower interest income, partially offset by an increase in other income.

Other gains and losses

We recorded net other gains of RMB1.2 million in 2025, compared with RMB0.3 million in 2024. The increase was primarily due to higher fair value gains on financial assets at FVTPL, partially offset by (i) net foreign exchange losses and (ii) higher losses on disposal of property, plant and equipment.

Impairment losses under expected credit loss model, net of reversal

Our impairment losses increased from RMB0.2 million in 2024 to RMB0.4 million in 2025, primarily reflecting increased provisions on trade receivables, which is in line with the growth in sales to certain major customers.

Selling and marketing expenses

Our selling and marketing expenses increased by approximately 18.9% from RMB71.6 million in 2024 to RMB85.1 million in 2025. The increase was primarily attributable to higher platform service fees and marketing and promotional expenses in line with revenue growth, as well as increased sales staff compensation and other expenses in connection with our expansion of offline presence.

Administrative expenses

Our administrative expenses increased by approximately 7.2% from RMB26.9 million in 2024 to RMB28.9 million in 2025, mainly due to increases in staff costs and depreciation and amortization associated with our business expansion.

Research and development expense

Our research and development expenses increased by approximately 25.4% from RMB28.2 million in 2024 to RMB35.4 million in 2025, primarily attributable to (i) higher personnel costs, including increased compensation and bonuses for research and development personnel, (ii) increased licensing fees incurred for newly introduced IPs, including Ne Zha 2 and the Disney series, and (iii) higher product development-related expenses incurred in connection with the adaptation and iteration of new IP-based products, including prototype sampling, mold development and material testing.

Other operating expenses

Our other operating expenses remained relatively stable at RMB1.6 million in 2025, compared with RMB1.6 million in 2024.

Listing expenses

We incurred listing expenses of RMB20.2 million in 2025, compared with nil in 2024, primarily attributable to professional fees and other expenses incurred in connection with our listing application.

Finance costs

Our finance costs increased from RMB0.1 million in 2024 to RMB0.2 million in 2025, mainly due to higher interest on lease liabilities.

Income tax expenses

Our income tax expenses decreased by approximately 78.9% from RMB9.1 million in 2024 to RMB1.9 million in 2025, primarily due to lower taxable income.

Profit and total comprehensive income for the year

Our profit and total comprehensive income for the year decreased by approximately 39.4% from RMB79.0 million in 2024 to RMB47.8 million in 2025. The decrease was primarily attributable to listing expenses incurred during 2025, and was also affected by higher raw material costs, primarily driven by increases in copper prices, as well as higher selling and marketing expenses incurred in connection with our offline channel expansion initiatives toward the end of 2025 as explained above.

Discussion of Certain Key Items of the Consolidated Statement of Financial Position

Net current assets

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,	
	2024	2025
	RMB'000	RMB'000 (unaudited)
Current assets		
Inventories	132,305	170,102
Trade and other receivables	18,631	43,973
Right to returned goods asset	558	648
Tax recoverable	9	3,001
Financial asset at fair value through profit or loss ("FVTPL")	30,097	45,073
Time deposits	17,019	17,013
Restricted bank deposit	—	35,000
Bank balances and cash	88,044	6,411
Total current assets	<u>286,663</u>	<u>321,221</u>
Current liabilities		
Trade and other payables	68,584	82,001
Income tax payable	2,114	448
Lease liabilities	2,016	6,996
Contract liabilities	5,284	5,083
Refund liabilities	889	1,021
Total current liabilities	<u>78,887</u>	<u>95,549</u>
Net current assets	<u>207,776</u>	<u>225,672</u>

Our net current assets increased from RMB207.8 million as of December 31, 2024 to RMB225.7 million as of December 31, 2025, primarily due to (i) an increase in inventories of RMB37.8 million; (ii) increase in trade and other receivables of RMB25.3 million; and (iii) an increase in restricted bank deposit of RMB35.0 million, which was partially offset by (i) a decrease in bank balance and cash of RMB81.6 million; and (ii) an increase in trade and other payables of RMB13.4 million. The decrease in bank balances and cash as of December 31, 2025 compared to as of December 31, 2024 was primarily because, by the end of 2025, we had placed a portion of our funds into a low-risk structured deposit linked to a gold index, which remained recorded as restricted bank deposits as of December 31, 2025 and, pursuant to the relevant investment agreement, was reclassified as a financial asset at fair value through profit or loss on January 4, 2026. For details of movement of our bank balances and cash movements during the Track Record Period and up to January 31, 2026, please refer to "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position" in this prospectus.

Inventories

Our inventory balance increased by RMB37.8 million from RMB132.3 million as of December 31, 2024 to RMB170.1 million as of December 31, 2025.

The following table sets forth the average turnover days of our inventories for the periods indicated:

	For the year ended December 31,	
	2024	2025
	<i>days</i>	
Inventory turnover days ⁽¹⁾	119	136

Note:

- (1) Inventory turnover days is calculated based on the average of the beginning and ending balance of inventory divided by cost of sales for the year/period, then multiplied by the number of days of the year/period.

Our inventory turnover days increased from approximately 119 days for the year ended December 31, 2024 to 136 days for the year ended December 31, 2025, primarily attributable to the expansion of our gold and silver cultural and creative products during 2025. In line with the increased sales of such products, we raised our procurement and holding of gold and silver raw materials to support product development and production planning. Given the higher unit value of gold and silver compared with copper and the need for prudent advance procurement to manage price volatility and secure supply, the higher proportion of gold and silver inventories increased our average inventory balance and contributed to the longer inventory turnover days.

Trade and other receivables

The following table sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,	
	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Trade receivables	9,421	25,454
Less: allowance for credit losses	(359)	(765)
	<u>9,062</u>	<u>24,689</u>
Other receivables	2,394	5,624
Less: allowance for credit losses	(28)	(28)
	<u>2,366</u>	<u>5,596</u>
Advances to suppliers	4,942	5,954

	As of December 31,	
	2024	2025
	RMB'000	RMB'000 (unaudited)
Prepayments in relation to acquisition of property, plant and equipment	–	310
Prepaid expenses	858	1,823
Value added tax recoverable	1,403	3,120
Deferred issued costs	–	2,481
	<u>7,203</u>	<u>13,688</u>
Total trade and other receivables	<u>18,631</u>	<u>43,973</u>

Our trade and other receivables increased from RMB18.6 million as of December 31, 2024 to RMB44.0 million as of December 31, 2025, primarily attributable to the increase in trade receivables. The increase in trade receivables was mainly due to our expansion into new sales channels, in particular premium retail supermarket chains. We entered into cooperation with a major customer under this channel in October 2025 and commenced product supply in December 2025. As a result, sales made toward the end of 2025 under this new channel contributed to a higher year-end trade receivables balance.

The table below sets forth our trade receivables turnover days for the years ended December 31, 2024 and 2025:

	For the year ended December 31,	
	2024	2025
	days	
Trade receivables turnover days ⁽¹⁾	4	10

Note:

- (1) Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables divided by revenue for the year/period, then multiplied by the number of days of the year/period.

Our trade receivables turnover days increased slightly from four days for the year ended December 31, 2024 to 10 days for the year ended December 31, 2025. The increase was primarily attributable to the commencement of cooperation with a major customer under our newly expanded premium retail supermarket channel toward the end of 2025, which resulted in higher trade receivables outstanding at year end and correspondingly increased turnover days. Notwithstanding such increase, our trade receivables turnover days remained at a relatively low level.

Trade and other payables

The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,	
	2024	2025
	RMB'000	RMB'000 (unaudited)
Trade payables	32,554	40,327
Other payables and accruals	7,222	9,059
Payables for purchase of property, plant and equipment	2,607	3,542
Distributor guarantee deposits	3,740	2,771
Accrued listing expense	—	3,067
Accrued issue cost	—	235
Salary and bonus payables	15,513	18,872
Other taxes payables	6,948	4,128
Total trade and other payables	<u>68,584</u>	<u>82,001</u>

Trade and other payables increased from RMB68.6 million as of December 31, 2024 to RMB82.0 million as of December 31, 2025, primarily due to an increase in trade payables, which rose from RMB32.6 million to RMB40.3 million over the same years. The increase in trade payables was generally in line with our revenue growth and the corresponding increase in procurement activities during the year.

The table below sets forth our trade payables turnover days for the years ended December 31, 2024 and 2025:

	For the year ended December 31,	
	2024	2025
	days	
Trade payables turnover days ⁽¹⁾	34	33

Note:

- (1) Trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables divided by cost of sales for the year/period, then multiplied by the number of days of the year/period.

Our trade payables turnover days remained relatively stable, at 34 days for the year ended December 31, 2024 and 33 days for the year ended December 31, 2025.

Contract liabilities

Our contract liabilities primarily represented advance payments received from our distributors for our products that were yet to be delivered as well as points accumulation program, which amounted to RMB5.3 million and RMB5.1 million as of December 31, 2024 and 2025, respectively.

Key Financial Ratio

The following table sets forth the key financial ratios of our Group as of the dates indicated:

	As of December 31/ Year ended December 31,	
	2024	2025
Net profit margin	13.8%	7.7%
Return on equity	21.4%	11.0%
Return on total assets	17.4%	9.1%
Current ratio	3.63	3.36
Quick ratio	1.96	1.58

Our net profit margin decreased from 13.8% for the year ended December 31, 2024 to 7.7% for the year ended December 31, 2025, primarily attributable to listing expenses incurred in 2025 in connection with our listing application. The decrease was also affected by higher raw material costs, mainly driven by increases in copper prices, as well as higher selling and marketing expenses incurred in connection with our offline channel expansion initiatives toward the end of 2025 as explained above.

As a result of the foregoing, our return on equity and return on total assets also decreased in 2025, in line with the decrease in profit for the year.

DISCLOSURE ABOUT MARKET RISK

See “Financial Information — Financial Risk Management” in this prospectus for further information.

CODE ON CORPORATE GOVERNANCE PRACTICES

Since we were not yet listed on the Stock Exchange during the year ended December 31, 2025, the Corporate Governance Code set forth in Appendix C1 to the Listing Rules was not applicable to us during such period under review. After the Listing, save for the deviation from paragraph C.2.1 of the Corporate Governance Code as disclosed in the section headed “Directors and Senior Management”, we will comply with all the code provisions set forth in the Corporate Governance Code.

REVIEW OF OUR PRELIMINARY FINANCIAL INFORMATION

The unaudited financial information in respect of our consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in the 2025 Preliminary Financial Information above have been agreed by the Reporting Accountants to the amounts set out in our draft consolidated financial statements for the year ended December 31, 2025, following their work under Practice Note 730 “Guidance for Auditors Regarding Preliminary Announcement of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants. The work performed by the Reporting Accountants in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance has been expressed by the Reporting Accountants on the Preliminary Financial Information.

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY’S SHARES

Since we were not yet listed on the Stock Exchange during the year ended December 31, 2025, this disclosure requirement is not applicable to us.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this prospectus received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the property interest held by the Group in the PRC as at February 28, 2026.



27/F
One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

March 23, 2026

The Directors
Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd
No. 777 Yading Road,
Yang Xi Street,
Jiande City,
Zhejiang Province,
The PRC

Dear Sirs/Madams,

INSTRUCTIONS, PURPOSE & VALUATION DATE

We refer to the instruction of Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd (the “Company”) for Cushman & Wakefield Limited (“C&W”) to prepare market valuation of the property in which the Company and/or its subsidiaries (together referred to as the “Group”) have interests in the People’s Republic of China (the “PRC”). We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Company with our opinion of the value of the property as at February 28, 2026 (the “valuation date”).

VALUATION BASIS

Our valuation of the property represents its market value which in accordance with The HKIS Valuation Standards 2024 Edition issued by The Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

We confirm that the valuation is undertaken in accordance with The HKIS Valuation Standards, the RICS Global Valuation Standards and the International Valuation Standards.

In valuing the property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules governing the Listing of Securities published by the Stock Exchange of the Hong Kong Limited.

Our valuation of the property is on an entirety interest basis.

VALUATION ASSUMPTIONS

Our valuation of the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuation of the property, we have relied on the information and advice given by the Company's legal adviser, JunHe LLP (the "Company's PRC Legal Adviser"), regarding the title to the property and the interests of the Company in the property in the PRC. Unless otherwise stated in the respective legal opinion, in valuing the property, we have assumed that the Group has an enforceable title to the property and has free and uninterrupted rights to use, occupy or assign the property for the whole of the respective unexpired land use term as granted and that any premium payable has already been fully paid.

The status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the valuation report. We have assumed that all consents, approvals and licences from relevant government authorities for the developments have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the property is in compliance with the local planning regulations and have been approved by the relevant authorities.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

METHOD OF VALUATION

In valuing property, we have used Market Comparison Method by making reference to comparable sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to floor level, size, time, view and other relevant factors. Given that the property is industrial development, comparable sales transactions are frequent and information about such sales is readily available. We have therefore used Market Comparison Method which is in line with the market practice.

SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group and its legal adviser, JunHe LLP, regarding the title to the property and the interests of the Group in the property. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, particulars of occupancy, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas are based on the copies of documents or other information provided to us by the Company and are therefore only approximations. No on-site measurement has been carried out. We have had no reason to doubt the truth and accuracy of the information provided by the Company which is material to the valuation. We were also advised that no material facts have been omitted from the information provided to us.

TITLE INVESTIGATION

We have been provided with copies of the title documents relating to the property but have not carried out any land title searches. Moreover, we have not inspected the original documents to verify ownership or to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the property in the PRC and we have therefore relied on the advice given by the Company regarding its interests in the property.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and its legal adviser, JunHe LLP, in respect of the title to the property in the PRC.

SITE INSPECTION

Ms. Sammie Tse of our Hangzhou Office who is a Registered China Real Estate Appraiser, inspected the exterior and, where possible, the interior of the property on February 27, 2026. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. Moreover, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. We are, however, not able to report that the property is free of rot, infestation or other structural defects. No test was carried out on any of the services. Our valuation is prepared on the assumption that these aspects are satisfactory.

Unless otherwise stated, we have not carried out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the documents handed to us are correct.

CONFIRMATION OF INDEPENDENCE

We hereby confirm that C&W and the undersigned have no pecuniary or other interests that could conflict with the proper valuation of the property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

We also confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

This valuation report is issued only for the use of the Company for incorporation into its prospectus.

CURRENCY

Unless otherwise stated, all monetary amounts stated in our valuation report are in Renminbi (“RMB”), the official currency of the PRC.

We enclose herewith our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace Lam
MRICS, MHKIS, R.P.S. (GP)
Senior Director
Valuation & Advisory Services, Greater China

Note: Grace Lam is a member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Property held by the Group for owner occupation in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at February 28, 2026
An industrial development, No. 777 Yading Road, Yang Xi Street, Jiande City, Zhejiang Province, the PRC.	The property comprises an industrial development erected upon two parcels of land with a total site area of approximately 117,987.00 sq.m. The property comprises 15 buildings and was completed in between 2008 and 2019. The property has a total gross floor area of approximately 155,625.66 sq.m. The property is located in Yang Xi Street. Developments nearby are mainly industrial in nature. According to the information provided by the Group, the property is for industrial uses. The land use rights of the property have been granted for terms due to expire on October 7, 2056 and January 18, 2075 respectively for industrial use.	As at the valuation date, the property was owner occupied.	RMB238,000,000 (RENMINBI TWO HUNDRED AND THIRTY EIGHT MILLION)

Notes:

- (1) According to Certificate of Real Estate Ownership No. (2023) 0467801, the land use rights of the property comprising a site area of 113,961.00 sq.m. and a gross floor area of 155,625.66 sq.m. have been vested in Hangzhou Zhibo Sanitary Ware Co., Ltd. for a term due to expire on October 7, 2056 for industrial use.
- According to Certificate of Real Estate Ownership No. (2025) 0190388, the land use rights of the property comprising a site area of 4,026.00 sq.m. have been vested in Hangzhou Zhibo Sanitary Ware Co., Ltd. for a term due to expire on January 18, 2075 for industrial use.
- (2) As advised by the Company, two self-owned buildings are currently used for paint storage and cleaning workshops. In November 2022, the Company applied to the relevant authorities for permission to retain these buildings in their current condition and continue their use. The competent local authorities have confirmed that such use does not constitute a material violation and does not pose any major safety risks. Accordingly, they have been permitted to retain and continue using these properties. Based on current regulatory communications and the surrounding factual circumstances, the Company's PRC Legal Adviser is of the view that the likelihood of them being required to vacate or demolish these buildings is remote. However, as per instructions of the Company, in the course of valuation, we have disregarded these two buildings.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC Legal Adviser, which contains, inter alia, the following information:
- (a) Hangzhou Zhibo Sanitary Ware Co., Ltd. is the sole legal land user of the property and has obtained the relevant rights certificates and entity approval from the government (except those two buildings in note 2); and
- (b) Hangzhou Zhibo Sanitary Ware Co., Ltd. has the right to freely transfer, lease or dispose of the property.
- (4) In valuing the property, we have used Market Comparison Method. An average unit rate of RMB1,530/sqm has been adopted.

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and all of which are subject to change (possibly with retroactive effect) and do not constitute legal or tax advice. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investor into account, some of which may be subject to special regulations. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in H Shares. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective investors are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

The PRC Taxation***Taxation on Dividends***

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), which was most recently amended on August 31, 2018 and the Implementation Provisions of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), which was most recently amended on December 18, 2018 (hereinafter collectively referred to as the “**IIT Laws**”), dividends distributed by PRC enterprises are subject to an individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by a relevant tax treaty.

Pursuant to the Circular on Issues Concerning Taxation and Administration of Individual Income Tax After the Repeal of the Document Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the SAT on June 28, 2011, for a domestic non-foreign invested enterprise who has been issuing shares in Hong Kong, its foreign individual shareholders may enjoy the relevant preferential tax treatment according to the taxation agreement between the PRC and the country where they reside and the taxation arrangement between the PRC and Hong Kong (or Macau). Domestic non-foreign-invested enterprises that issue shares in Hong Kong generally may withhold individual income tax at the preferential rate of 10% when paying dividends to overseas resident individual shareholders. Where the individuals who receive the dividends are residents of countries where the agreed tax rate is lower than 10%, the withholding agent shall, according to regulations provisions, handle the applications for relevant preferential treatments and refund the extra tax upon the approval of competent tax authorities. Where the individuals are residents of countries where the agreed tax rate is higher than 10% but lower than 20%, the withholding agent shall withhold the individual income tax according to the agreed actual tax rate when paying the dividends and bonuses and no applications are needed in such cases. Where the dividend receiving individuals are residents of countries which have not established tax treaties with the PRC or other circumstances exist, the withholding agent shall withhold the individual income tax based on the rate of 20% when paying dividends and bonuses.

In accordance with the EIT Laws, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise.

The Circular on Issues Relating to the Withholding and Remitting of Enterprise Income Tax on Dividends Distributed by PRC Resident Enterprises to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued and implemented by the SAT on November 6, 2008, further clarified that, when PRC-resident enterprises pay dividends of 2008 and thereafter, such PRC-resident enterprise must withhold enterprise income tax at a rate of 10% in respect of dividends paid to overseas non-resident enterprise shareholders which hold H Shares.

Pursuant to the Arrangement between Chinese Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “**Tax Arrangement**”), which was signed on August 21, 2006, the PRC government may levy taxes on the dividends paid by a PRC-resident enterprise to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC-resident enterprise unless a Hong Kong resident directly holds 25% or more of the equity interest in a PRC-resident enterprise, then such tax shall not exceed 5% of the total dividends payable by such PRC-resident enterprise.

The Fifth Protocol of the Arrangement between Chinese Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》), which came into effect on December 6, 2019, adds a criterion for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Tax Arrangement, the treaty benefits under the criterion shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under the Tax Arrangement, except when the grant of benefits under such a circumstance is consistent with relevant objective and goal under the Tax Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax laws and regulations, such as the Circular on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the PRC enterprise income tax imposed on the dividends received from PRC resident companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the

Netherlands, Singapore, the United Kingdom, the United States and etc. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the relevant PRC tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the relevant PRC tax authorities.

Taxation on Share Transfer

According to the IIT Laws, the gains realized from the disposal of equity interests in PRC resident enterprise is subject to individual income tax rate of 20%.

Pursuant to the Circular on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (the “**Circular 36**”), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to value-added tax (“**VAT**”) and “engaged in the services sale in the PRC” means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in the Circular on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals (《財政部、國家稅務總局關於個人金融商品買賣等營業稅若干免稅政策的通知》) issued by the Ministry of Finance of the PRC and the SAT and effective on January 1, 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside of the PRC, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in the PRC, the holder may be required to pay the PRC VAT. However, it is still uncertain whether the non-PRC resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as “**Local Additional Tax**”), which shall be usually subject to 12% of the VAT, business tax and consumption tax actually paid (if any).

Enterprise Income Tax

In accordance with the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) promulgated by the NPC on March 16, 2007 and most recently amended on December 29, 2018 and the Implementation Regulations for the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, and most recently amended on December 6, 2024 and became effective on January 20, 2025 (hereinafter collectively referred to as the “**EIT Laws**”), resident enterprise which is established inside the PRC, or which is established under the law of a foreign country (region) but whose actual management organization is inside the PRC shall pay enterprise income tax for their income derived from both inside and outside the PRC, calculated at enterprise income tax rate of 25%.

Value-added Tax

According to Circular on Adjusting Value-added Tax Rates (Cai Shui [2018] No. 32) (《財政部、國家稅務總局關於調整增值稅稅率的通知》(財稅[2018]32號)), which was jointly issued by the Ministry of Finance of the PRC and the SAT on April 4, 2018 and effective since May 1, 2018, the VAT rates, deduction rate, export rebate rate were adjusted as follows:

- (1) Where a taxpayer engages in a taxable sales activity for the VAT purpose or imports goods, the previous applicable tax rates of 17% and 11% are adjusted to 16% and 10% respectively;
- (2) Where a taxpayer purchases agricultural products, the previous applicable deduction rate of 11% is adjusted to 10%;
- (3) Where a taxpayer purchases agricultural products for production, sales, or consignment processing, to which the tax rate of 16% is applicable, the input tax amount shall be calculated at the deduction rate of 12%;
- (4) For the export goods to which a tax rate of 17% was originally applicable and the export rebate rate was 17%, the export rebate rate is adjusted to 16%. For the export goods and cross-border taxable activities to which a tax rate of 11% was originally applicable and the export rebate rate was 11%, the export rebate rate is adjusted to 10%;
- (5) For the goods or cross-border taxable activities specified in item (4) hereof that are exported or sold by foreign trade enterprises before July 31, 2018, if VAT has been levied at the rate not adjusted at the time of purchase, the export rebate rate not adjusted shall be applicable; if the VAT has been levied at the adjusted tax rate at the time of purchase, the adjusted export tax rebate rate shall be applicable. For the goods or cross-border taxable activities specified in item (4) hereof that are exported or sold by production enterprises before July 31, 2018, the export rebate rate not adjusted shall be applicable. The execution time to adjust the tax rebates rate of export goods and the time to export goods is made based on the date specified on export goods custom declaration, the execution time to adjust the tax rebates rate of cross-border taxable activities and the time to sell cross-border taxable activities is made based on the date specified on the export invoice.

According to the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (Cai Shui Bu Shui Wu Zong Ju Hai Guan Zong Shu [2019] No. 39) (《關於深化增值稅改革有關政策的公告》(財政部、稅務總局、海關總署公告2019年第39號)) issued by the Ministry of Finance of the PRC, the STA and General Administration of Customs of the PRC on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

The SCNPC promulgated PRC Value-added Tax Law (《中華人民共和國增值稅法》) on December 25, 2024, which will come into effect on January 1, 2026. According to the PRC Value-added Tax Law, the VAT rate for general VAT taxpayers engaging in sale of goods, provision of processing, repair and replacement services, lease of tangible and movable goods or importation of goods was adjusted to 13%, the VAT rate for general VAT taxpayers engaging in, among others,

the sale of transportation services, postal services, basic telecommunications services, construction services, the lease and sale of real properties, the transfer of land use rights, and the sale or importation of certain goods as specified in the PRC Value-added Tax Law, was adjusted to 9%.

Income tax

According to the IIT Laws, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the SAT on March 20, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the most recently amended PRC Individual Income Tax Law.

On December 31, 2009, the Ministry of Finance of the PRC, the SAT and CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), which came into effect on December 31, 2009, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Circular on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued and implemented by such departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

In accordance with the EIT Laws, a non-PRC resident enterprise is generally subject to enterprise income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-PRC resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the PRC Stamp Duty Law (《中華人民共和國印花稅法》), which was promulgated by the SCNPC on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside the PRC. Therefore, the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this prospectus, no estate duty has been levied in the PRC under the PRC laws.

Shanghai-Hong Kong Stock Connect Taxation Policy and Shenzhen-Hong Kong Stock Connect Taxation Policy

On October 31, 2014 and November 5, 2016, the Ministry of Finance of the PRC, the SAT and the CSRC jointly issued the Circular on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) and the Circular on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), pursuant to which, the income from transfer differences and dividend and bonus income derived by PRC enterprise investors from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong stock connect mechanism or Shenzhen-Hong Kong stock connect mechanism shall be included in their total income and subject to enterprise income tax in accordance with the law. In particular, the dividend and bonus income derived by PRC resident enterprises which hold H shares for at least 12 consecutive months shall be exempted from enterprise income tax according to law. The H-share companies do not need to withhold tax on the income from dividends and bonus obtained by PRC enterprise investors. The tax payable shall be declared and paid by the enterprises themselves.

For dividends and bonuses received by PRC individual investors investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong stock connect mechanism and Shenzhen-Hong Kong stock connect mechanism, H-share companies shall submit an application to CSDCC, which shall provide H-share companies with a register of PRC individual investors. H-share companies shall withhold individual income tax at a rate of 20%. Individual investors who have paid withholding tax outside the PRC may apply for tax credits at the competent tax authorities of the CSDCC with valid tax deduction certificates. Individual income tax is levied on dividend and bonus income derived by PRC security investment funds from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong stock connect mechanism or Shenzhen-Hong Kong stock connect mechanism in accordance with the above provisions.

PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Please see the section headed “Regulatory Overview” in this prospectus.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) (the “Foreign Exchange Control Regulations”), which was implemented on April 1, 1996 and most recently amended on August 5, 2008, classifies all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to the approval of foreign exchange administration agencies, and pursuant to the latest amendment to the Foreign Exchange Control Regulations, the PRC will not impose any restriction on international current payments and transfers.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was implemented on July 1, 1996, abolished all other restrictions on convertibility of foreign exchange under current account items, while retaining the existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to relevant PRC laws, PRC enterprises (including foreign-invested enterprises) which need foreign exchange for transactions relating to current account items may, without the approval of SAFE, effect payment for their foreign exchange accounts at the designated foreign exchange banks with the support of valid receipts and proof. Foreign-invested enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as the Company) may, on the strength of resolutions of the board of directors or the shareholders’ meeting approving the distribution of profits, effect payment from their foreign exchange accounts or convert and pay dividends at the designated foreign exchange banks.

According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was promulgated by the State Council on October 23, 2014, it canceled the approval requirement by the SAFE and its branches for the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing.

According to the Circular on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a special account at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the Circular on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by the SAFE and came into effect on June 1, 2015 and partially repealed on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment via the banks.

The Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the “SAFE Circular No. 21”), which took effect from May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019, specifies that the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Circular of the State Administration of Foreign Exchange of the PRC on Revolutionizing and Regulating Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was issued by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

According to the Circular on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) which was issued by SAFE on October 23, 2019, foreign-invested enterprises engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to law on the condition that the then effective Special Administrative Measures (Negative List) for Access of Foreign Investment are not violated and the relevant domestic investment projects are genuine and in compliance with laws.

This Appendix contains a summary of laws and regulations on companies and securities in the PRC, certain major differences between the PRC Company Law and Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to the Company. This summary is with no intention to include all the information which may be important to the potential investors. For discussion of laws and regulations specifically governing the business of the Company, please see the section headed “Regulatory Overview” in this prospectus.

PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) and is made up of laws, administrative regulations, local regulations, separate regulations, autonomous regulations, departmental regulations, local government regulations, international treaties of which the PRC government is a signatory, and other regulatory documents. Court judgments and verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the PRC Legislation Law (《中華人民共和國立法法》), the NPC and the SCNPC are empowered to exercise the legislative power of the state. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people’s congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, environmental protection, and historical and cultural protection based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the Standing Committee of the National People's Congress Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the “**Supreme People's Court**”) has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Court Organization Law (2018 revision) (《中華人民共和國人民法院組織法(2018年修訂)》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels and special people's courts.

The people's courts apply a two-tier appellate system. A party may appeal against a judgment or order of a local people's court to the people's court at the next higher level. Second judgments or orders given at the next higher level are final. First judgments or orders of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at a higher level finds an error in a judgment or an order which has been given in any people's court at a lower level, or the presiding judge of a people's court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The PRC Civil Procedure Law (2023 revision) (《中華人民共和國民事訴訟法(2023年修訂)》), which was promulgated in 1991 and amended in 2007, 2012, 2017 and 2023, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

Where a party applies for enforcement of judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest.

THE COMPANY LAW AND ADMINISTRATIVE MEASURES

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following three laws and regulations in the PRC:

- The PRC Company Law, which was promulgated by the SCNPC on December 29, 1993, came into effect on July 1, 1994, amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023 respectively and the latest amendment of which was implemented on July 1, 2024;
- Overseas Listing Trial Measures, which were promulgated by the CSRC on February 17, 2023, came into effect on March 31, 2023, and its supporting guidelines promulgated by the CSRC from time to time;
- The Guidelines on Articles of Association of Listed Companies (《上市公司章程指引》) (the “Guidelines on Articles of Association”) which was latest amended and came into effect on March 28, 2025 by the CSRC.

Set out below is a summary of the major provisions of the Company Law and the Trial Measures applicable to the Company.

General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Where any laws stipulate that a joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies, such requirements shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. The promoters shall pay the subscription monies in full for the shares they have subscribed for before the company is incorporated.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must authorize a representative to apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value.

If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company shall issue registered share.

Under the Trial Measures, if a domestic enterprise issues shares overseas, it may raise funds and dividend distributions in foreign currency or Renminbi.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations.

Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Where laws, administrative regulations or the securities regulatory authority of the State Council have other provisions on the transfer of shares held by shareholders or de facto controllers of listed companies, such provisions shall prevail. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing date. There is no restriction under the Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Allotment and Issue of Shares

All issuing of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

A company may, according to the articles of association, issue classified shares, which have different rights from those of the common shares.

To issue shares overseas, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas.

Registered Shares

Under the Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary terms and may be transferred in accordance with the law.

Under the Company Law, a company may, according to the articles of association, issue the classified shares, which have different rights from those of the common shares stating the following matters:

- the name and domicile of each shareholder;
- the class and number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder if the shares are issued in paper form; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. Where a company raises shares from the public, it shall register with the security regulatory organization under the State Council and announce the prospectus. After the new share issuance has been paid up, an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper or on the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the reduction has been passed;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts;
- it shall apply to the relevant administration of registration for the registration of the reduction in registered capital.

Repurchase of Shares

According to the Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' meeting; (v) use of shares for conversion of convertible corporate bonds issued by a listed company; and (vi) the share buyback is necessary for a listed company to maintain its company value and protect its shareholders' equity.

The purchase of shares on the grounds set out in (i) and (ii) above shall require the approval by way of a resolution passed by the shareholders' meeting. For a company's share buyback under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by a two-third majority of directors attending the meeting according to the provisions of the company's articles of association or as authorized by the shareholders' meeting.

Following the purchase of shares in accordance with (i), such shares shall be canceled within 10 days from the date of purchase. The shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share buyback under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law. If the share buyback is made under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralized trading shall be adopted publicly.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Where laws, administrative regulations or the securities regulatory authority of the State Council have other provisions on the transfer of shares held by shareholders or de facto controllers of listed companies, such provisions shall prevail. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

Shareholders

Under the Company Law, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to attend or appoint a proxy to attend shareholders' meetings and to vote thereat;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to inspect and copy the company's articles of association, share register, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquiries on the company's operations;
- the right to bring an action in the people's court to rescind resolutions passed by shareholder's general meetings and board of directors where the articles of association is violated by the above resolutions;

- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;
- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and
- other rights granted bylaws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' Meetings

The shareholders' meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law.

Under the Company Law, the shareholders' meeting exercises the following principal powers:

- to elect or remove the directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the Company Law, an extraordinary shareholders' meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations.

Under the Company Law, shareholders' meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for more than 90 days consecutively may unilaterally convene and preside over such meeting.

Under the Company Law, notice of shareholders' meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholders' meetings shall be given to all shareholders 15 days prior to the meeting.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Under the Company Law, shareholders present at shareholders' meeting have one vote for each share they hold, except for class shareholders. Shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law, resolutions of the shareholders' meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the merger, division, dissolution, liquidation or change in the form of the company; and (iv) other matters considered by the shareholders' meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

Under the Company Law, a joint stock limited company shall have a board of directors. If the board of directors has more than three members, it may include an employees' representative of the company. Where a company has 300 or more employees, the board of directors shall include the employees' representatives of the company unless the board of supervisors has been established and includes employees' representatives of the company according to law. The employees' representatives in the board of directors shall be democratically elected by the employees through the employees' representative congress, employees' congress or by other means. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of a director during his term of office results in the number of directors being less than the quorum. If a director resigns, he shall notify the company in writing and the resignation shall take effect on the date of receipt of the notification by the company; however, if the circumstances stipulated in the preceding paragraph exist, the director shall continue to perform his duties.

Under the Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' meetings and report on its work to the shareholders' meetings;
- to implement the resolutions passed in shareholders' meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;

- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association or authorized by the shareholders' meeting.

Board Meetings

Under the Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of the meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman of the board of directors shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

Chairman of the Board

Under the Company Law, the board of directors shall appoint a chairman and may appoint the vice chairman. The chairman and the vice chairman are elected with the approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The PRC Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;

- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence, and in case of a suspended sentence, not more than two years have elapsed since the date of expiry of the probationary period;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation or the order for closure; or
- a person who is liable for a relatively large amount of debts that are overdue and is listed as a dishonest person subject to enforcement by the people's court.

Board of Supervisors

A joint stock limited company has a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with the approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of a supervisor during his term of office results in the number of supervisors being less than the quorum.

The board of supervisors of a company shall hold at least one meeting every six months. According to the Company Law, a resolution of the board of supervisors shall be passed by more than half of all the supervisors.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' meetings and to convene and preside over shareholders' meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' meeting under this law;
- to initiate proposals for resolutions to shareholders' meeting;
- to initiate proceedings against directors and senior management;
- other powers specified in the articles of association; and
- Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

A joint stock limited company may, under the articles of association, set up an audit committee composed of directors in the board of directors, which shall exercise the functions and powers of the board of supervisors as provided for in this Law. It may not have a board of supervisors or supervisors. The audit committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments. Among the members of the board of directors of the company, an employees' representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the articles of association, unless it is otherwise provided for by this Law.

Manager and Senior Management

Under the Company Law, a company shall have a manager who shall be appointed or dismissed by the board of directors.

The manager shall be responsible to the board of directors and shall exercise his duties and powers in accordance with the provisions of the company's articles of association or the authorization of the board of directors. The manager shall attend board meetings.

According to the PRC Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors and senior management are prohibited from:

- embezzlement of company properties and misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- utilizing power to accept bribes or other illegal income;
- accept and possess commissions paid by a third party for transactions conducted with the company;
- unauthorized divulgence of confidential business information of the company; or
- other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

Where a director, supervisor or senior management is required to attend a shareholders' meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish all true information and data to the supervisory board, without impeding the discharge of duties by the supervisory board or supervisors.

Finance and Accounting

Under the PRC Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the PRC Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through the issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. When utilizing reserve funds to make up for a company's losses, the discretionary reserve fund and statutory reserve fund should be used first; if the losses still cannot be made up, the capital reserve fund may be used in accordance with regulations. Upon the conversion of the statutory common reserve fund into increasing the registered capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Dismissal of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' meeting, board of directors or board of supervisors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting, board of directors or board of supervisors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Guidelines on Articles of Association provide that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the general meeting of shareholders.

Distribution of Profits

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' meeting has resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be revoked; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management and the ongoing existence of the company would bring significant losses for shareholders that cannot be resolved through other means.

In the event of (i) or (ii) above and in case that no assets have been distributed to shareholders, it may carry on its existence by amending its articles of association or by a resolution of shareholders' meeting. The amendment of the articles of association or by a resolution of shareholders' meeting in accordance with provisions set out above shall require the approval of more than two thirds of voting rights of shareholders attending a shareholders' meeting.

Where the company is dissolved in the circumstances described in items (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The liquidation committee shall be composed of directors, unless the company's articles of association provide otherwise or the shareholders' meeting resolves to elect someone else. If the liquidation obligator fails to fulfill its liquidation obligations in a timely manner and causes losses to the company or creditors, it shall be liable for compensation. If a liquidation committee is not established within the stipulated period or if the liquidation is not carried out after the establishment of the liquidation committee, the interested parties may apply with the people's court for setting up a liquidation committee with designated relevant personnel to conduct the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to distribute the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers or on the National Enterprise Credit Information Publicity System within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the

liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance with the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy liquidation.

Following the acceptance of application for bankruptcy by the People's Court, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator appointed by the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' meeting or the people's court for verification and the report shall be submitted to the registration authority of the company in order to cancel the company's registration. When performing the duties in relation to the liquidation, members of the liquidation committee shall bear the duties of loyalty and diligence.

If members of the liquidation committee are reluctant to perform their liquidation duties and cause losses to the company, they shall be liable for compensation. A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

According to the Trial Measures, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas.

Suspension and Termination of Listing

The PRC Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law revised in 2019 has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

Where the stock exchange decides on the delisting of securities, it shall promptly announce and file records with the securities regulatory authority of the State Council.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On December 25, 1995, the State Council promulgated and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations deal mainly with the issue, subscription, trading and declaration of dividends and other distributions of domestic listed and foreign invested shares and disclosure of information of joint stock limited companies having domestic listed and foreign invested shares.

The PRC Securities Law took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that domestic enterprises shall comply with the relevant provisions of the State Council for listing their shares outside the PRC. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The PRC Arbitration Law (《中華人民共和國仲裁法》) was promulgated by the SCNPC on August 31, 1994, became effective on September 1, 1995, and was most recently amended on September 1, 2017. Under the PRC Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution and one party filed a lawsuit with the people's court, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the PRC Arbitration Law and the PRC Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity in the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award made by the PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “**New York Convention**”) adopted on June 10, 1958 pursuant to a resolution of the SCNPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the SCNPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Chinese Mainland and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000 and was amended by the Supplemental Arrangement of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (2021) (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排(2021)》). In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

Judicial judgment and its enforcement

The Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Chinese Mainland and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “**Old Arrangement**”) came into effect on August 1, 2008, and ceased to have effect on January 29, 2024. On the same date, the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”) signed by the Supreme People's Court and the government of Hong Kong replaced the Old Arrangement. Under the Old Arrangement, in the case of final judgment, defined with payment amount and enforcement power, made between the

court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Choice of court agreement in written" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve disputes with a particular legal relation that occurred or is likely to occur by the party concerned. The New Arrangement removes the requirement for a written choice of court agreement and establishes a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and the PRC. Nevertheless, where parties entered into a written jurisdiction agreement as defined under the Old Arrangement prior to January 29, 2024, the Old Arrangement shall still apply.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND PRC COMPANY LAW

Hong Kong company law is primarily set out in the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance and is supplemented by common law and the rules of equity that are applicable to Hong Kong. As a joint stock limited company established in the PRC that is seeking a listing of shares on the Hong Kong Stock Exchange, we are governed by the Company Law and all other rules and regulations promulgated pursuant to the Company Law.

Set out below is a summary of certain material differences between Hong Kong company law and the Company Law applicable to a joint stock limited company incorporated and existing under the Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate Existence

Under Hong Kong company law, a company with share capital, is incorporated by the Registrar of Companies in Hong Kong which issues a certificate of incorporation to the Company upon its incorporation and the company will acquire an independent corporate existence. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain certain pre-emptive provisions. A public company's articles of association do not contain such pre-emptive provisions.

Under the Company Law, a joint stock limited company may be incorporated by promotion or public subscription.

Share Capital

The Hong Kong company law does not provide for authorized share capital. The share capital of a Hong Kong company would be its issued share capital. The full proceeds of a share issue will be credited to share capital and become a company's share capital. The directors of a Hong Kong company may, with the prior approval of the shareholders if required, issue new shares of the company. The Company Law does not provide for authorized share capital, either. Our registered capital is the amount of our issued share capital. Any increase in our registered capital must be approved by our shareholders' meeting and file with the relevant PRC governmental and regulatory authorities.

Under the Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). For non-monetary assets to be used as capital contributions, appraisals and verification must be carried out to ensure no overvaluation or undervaluation of the assets. There is no such restriction on a Hong Kong company under Hong Kong Law.

Restrictions on Shareholding and Transfer of Shares

Generally, overseas listed shares, which are denominated in Renminbi and subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau and Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors as allowed under Tentative Regulatory Measures for Qualified Domestic Institutional Investors Investing in Overseas Securities (《合格境內機構投資者境外證券投資管理試行辦法》). If the H shares are eligible securities under the Southbound Trading Link, they may also be subscribed for and traded by PRC investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

Under the Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares in issue prior to our public offering cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares in a joint stock limited liability company held by its directors, supervisors and managers and transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and officers. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law apart from the restriction on the Company to issue additional Shares within six months and the 12-month lockup on controlling shareholders' disposal of shares, as illustrated by the undertakings given by the Company and our controlling shareholder to the Hong Kong Stock Exchange.

Financial Assistance for Acquisition of Shares

The Company Law does not prohibit or restrict a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares.

Directors, Senior Management and Supervisors

The Company Law, unlike Hong Kong company law, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval.

Board of Supervisors

Under the Company Law, a joint stock limited company's directors and managers are subject to the supervision of a supervisors committee. There is no mandatory requirement for the establishment of a board of supervisors for a company incorporated in Hong Kong.

Derivative Action by Minority Shareholders

Hong Kong law permits minority shareholders to initiate a derivative action on behalf of all shareholders against directors who have committed a breach of their fiduciary duties to the company if the directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name.

The Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their fiduciary obligations to a company, the shareholders individually or jointly holding over 1% of the shares in the company for more than 180 consecutive days may request in writing the board of supervisors to initiate proceedings in the people's court. In the event that the board of supervisors violates their fiduciary obligations to a company, the above said shareholders may send a written request to the board of directors to initiate proceedings in the people's court. Upon receipt of such written request from the shareholders, if the board of supervisors or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure to initiate immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the court in their own name.

Minority Shareholder Protection

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition the court to make an appropriate order regulating the affairs of the company. Furthermore, under certain circumstances, the Financial Secretary of Hong Kong may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong. The PRC law does not contain similar safeguards.

Notice of Shareholders' Meetings

Under the Company Law, notice of a shareholder's annual general meeting must be given not less than 20 days before the meeting. According to the Official Reply of the State Council on Adjusting the Provisions Governing Matters Including the Application of the Notice Period for the Convening of Shareholders' Meetings by Companies Listed Overseas (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》) promulgated by the State Council on October 17, 2019, the notice period for a shareholders' meeting, the shareholder proposal right, and the procedures for convening a shareholders' meeting, for those joint stock companies established within the territory of China but listed outside the territory of China, should be governed by the PRC Company Law.

For a company incorporated in Hong Kong, the notice period for an annual general meeting is at least 21 days and in any other case, at least 14 days for a limited company and at least 7 days for an unlimited company. Further, where a meeting involves consideration of a resolution requiring special notice, the company must also give its shareholders notice of the resolution at least 14 days before the meeting.

Quorum for Shareholders' Meetings

Under Hong Kong law, the quorum for a general meeting must be at least two members unless the articles of association of the company otherwise provide. For companies with only one member, the quorum must be one member. The Company Law does not specify any quorum requirement for a shareholders' meeting.

Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting. Under the Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the general meeting except in cases of proposed amendments to a company's articles of association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights represented by the shareholders who attend the general meeting.

Financial Disclosure

Under the Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' annual general meeting. In addition, a joint stock limited company of which the shares are publicly offered must publish its financial report. The Companies Ordinance requires a company incorporated in Hong Kong to send to every shareholder a copy of its financial statements, auditors' report and directors' report, which are to be presented before the company in its annual general meeting, not less than 21 days before such meeting. A joint stock limited liability company is required under the PRC law to prepare its financial statements in accordance with the PRC GAAP.

Information on Directors and Shareholders

The Company Law gives shareholders the right to inspect the company's articles of association, minutes of the shareholders' meetings and financial and accounting reports. Under the Articles of Association, shareholders have the right to inspect and copy (at reasonable charges) certain information on shareholders and directors which is similar to the shareholders' rights of Hong Kong companies under Hong Kong law.

Receiving Agent

Under the Company Law and Hong Kong law, dividends once declared are debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while under the PRC law this limitation period is three years.

Corporate Reorganization

Corporate reorganization involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company in the course of voluntary winding up to another company pursuant to Section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to Section 673 and Division 2 of Part 13 of the Companies Ordinance, which requires the sanction of the court. Under PRC law, merger, division, dissolution or change to the status of a joint stock limited liability company has to be approved by shareholders in general meeting.

Mandatory Deductions

Under the Company Law, a joint stock limited liability company is required to make transfers equivalent to certain prescribed percentages of its after-tax profit to the statutory common reserve fund. There are no corresponding provisions under Hong Kong law.

Remedies of the Company

Under the Company Law, if a director, supervisor or manager in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or manager should be responsible to the company for such damages. In addition, the Listing Rules require listed companies' articles of association to provide for remedies of the company similar to those available under Hong Kong law (including rescission of the relevant contract and recovery of profits from a director, supervisor or senior management).

Dividends

The company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC law on any dividends or other distributions payable to a shareholder. Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of declared dividends) is six years, whereas under PRC laws, the relevant limitation period is three years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Fiduciary Duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors.

Closure of Register of Shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas, as required by the Company Law, share transfers shall not be registered within 30 days before the date of a shareholders' meeting or within five days before the base date set for the purpose of distribution of dividends.

Any person wishing to have detailed advice on PRC law or the laws of any jurisdiction is recommended to seek independent legal advice.

APPENDIX VI SUMMARY OF THE ARTICLES OF ASSOCIATION

This appendix mainly provides investors with an overview of the Articles of Association. The following information is only a summary and are not exhaustive of information that may be important to investors.

SHARES AND REGISTERED CAPITAL

The issuance of the Company's shares shall follow the principles of openness, fairness and justice, and each share of each class shall have the same rights. Shares of the same class issued at the same time shall be issued on the same terms and at the same price. Any unit or individual subscribed for the shares shall pay the same amount for each share.

The Domestic Unlisted Shares issued by the Company shall be deposited at China Securities Depository and Clearing Corporation Limited in accordance with the relevant regulations in a centralized manner. The registration and settlement arrangements for the oversea-listed shares issued by the Company shall be governed by the regulations of the overseas listing jurisdiction.

Shares issued by the Company, denominated in Renminbi, with a par value of one Renminbi (RMB1.0) per share.

SHARES ADDITIONS, REPURCHASES AND TRANSFERS

Share Increase or Decrease

The Company may, in accordance with the needs of its business operation and development, and in accordance with the provisions of laws and regulations, increase its registered capital in the following methods, upon the resolutions adopted by the shareholders' meeting:

- (1) issuance of shares to non-specific investors;
- (2) issuance of shares to specific investors;
- (3) distribution of bonus shares to existing investors;
- (4) conversion of capital reserve into share capital;
- (5) other methods stipulated by laws, administrative regulations, and the provisions approved by the CSRC.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures stipulated in the PRC Company Law and other relevant regulations as well as the Articles of Association.

Share Repurchase

The Company may repurchase its own shares in accordance with laws, administrative regulations, departmental rules, and the Articles of Association under any of the following circumstances:

- (1) to reduce the registered capital of the Company;

- (2) to merge with another company holding shares of the Company;
- (3) to use the shares for employee stock ownership plans or shares incentives;
- (4) where shareholders request the Company to repurchase their shares due to their dissent against resolutions of the shareholders' meeting on the Company's merger or division;
- (5) to use the shares for the conversion of corporate bonds convertible into shares issued by the Company;
- (6) where necessary for safeguarding the Company's value and shareholders' rights.

The Company may repurchase its own shares through a public centralized transaction or other methods permitted by laws, administrative regulations, the CSRC, or the securities regulatory authority of the stock exchange where the Company's shares are listed.

If the Company repurchases its own shares under items (3), (5), or (6) above, it shall be conducted so through a public centralized transaction.

Where the Company repurchases its own shares under items (1) or (2) above, a resolution of the shareholders' meeting shall be required. Where the Company repurchases its own shares under items (3), (5), or (6) above, a resolution of the directors meeting attended by at least two-thirds of the directors in accordance with the Articles of Association shall suffice.

Where the Company repurchases its own shares under the circumstances set out in item (1) above, the shares shall be canceled within ten (10) days from the repurchase date; where the Company repurchases its own shares under the circumstances set out in item (2) or (4) above, the shares shall be transferred or canceled within six (6) months; where the Company repurchases its own shares under the circumstances set out in item (3), (5), or (6) above, the total number of the Company's repurchased shares shall not exceed ten percent (10%) of the total issued shares of the Company, and such shares shall be transferred or canceled within three (3) years.

Transfer of Shares

The shares of the Company shall be transferred in accordance with applicable laws.

The Company shall not accept its own shares as the subject matter of a pledge.

The shares issued prior to the public offering of the Company's shares shall not be transferable within one (1) year from the date of listing and trading of the Company's shares at Hong Kong Stock Exchange. Directors and senior management of the Company shall declare to the Company their shareholdings in the Company and any changes thereto. During their term of office as determined at the time of appointment, they shall not transfer more than twenty-five percent (25%) of the total number of shares of the same class held by them in the Company each year. Such above personnel shall not transfer their shares in the Company within one (1) year from the date of listing and trading of the Company's shares. For a period of six (6) months after their resignation, they shall not transfer their shares in the Company.

APPENDIX VI SUMMARY OF THE ARTICLES OF ASSOCIATION

Where shares are pledged during the restricted transfer period stipulated by laws or administrative regulations, the pledgee shall not exercise its pledge rights during such restricted transfer period.

Where a shareholder (excluding a recognized clearing institution or its nominee under the limited provisions of Hong Kong law in effect from time to time), director, or senior management holding more than five percent (5%) of the Company's shares sells the Company's domestic shares or other equity-type securities within six (6) months after purchase, or repurchases them within six (6) months after sale, any profits derived therefrom shall belong to the Company, and the Company's board of directors shall recover such profits. This provision shall not apply where a securities firm holds more than five percent (5%) of the shares as a result of underwriting residual shares, or under other circumstances stipulated by the CSRC.

The shares or other equity-type securities held by directors, senior management, or natural person shareholders as mentioned in the preceding paragraph includes shares or other equity-type securities held by their spouses, parents, children, or through nominee accounts.

Where the Company's board of directors fails to enforce the provisions mentioned above, shareholders shall have the right to request the board of directors to enforce such provisions within thirty (30) days. If the board of directors fails to do so within the said period, shareholders shall have the right to directly initiate legal proceedings in the People's Court in their own names for the benefit of the Company.

Where the Company's board of directors fails to enforce the provisions mentioned above, the responsible directors shall be jointly and severally liable in accordance with the law.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The shareholders of the Company shall enjoy the following rights:

- (1) to receive dividends and other forms of distribution of profits in proportion to their respective shareholdings;
- (2) to request, convene, preside over, attend, or appoint a shareholder proxy to attend shareholders' meetings in accordance with the law, and to exercise corresponding voting rights;
- (3) to supervise the Company's operations and to make suggestions or raise inquiries;
- (4) to transfer, gift, or pledge their shares in accordance with laws, administrative regulations, and the Articles of Association;
- (5) to inspect and copy the Company's Articles of Association, register of members, minutes of shareholders' meetings, board resolutions, and financial reports. Shareholders who meet the prescribed requirements may inspect the Company's accounting books and vouchers;

APPENDIX VI SUMMARY OF THE ARTICLES OF ASSOCIATION

- (6) to participate in the distribution of the Company's residual assets in proportion to their respective shareholdings upon the Company's termination or liquidation;
- (7) to require the Company to repurchase their shares if they dissent from resolutions of the shareholders' meeting on the Company's merger or division;
- (8) other rights granted under laws, administrative regulations, departmental rules, the Listing Rules, or the Articles of Association.

Where the content of any resolution of the shareholders' meeting or the board of directors violates laws or administrative regulations, shareholders shall have the right to petition the People's Court to declare such resolution.

Where the convening procedures or voting methods of a shareholders' meeting or board meeting violate laws, administrative regulations, or the Articles of Association, or where the content of a resolution violates the Articles of Association, shareholders may petition the People's Court to rescind such resolution within sixty (60) days from the date the resolution was approved, except for those minor defects in convening or voting procedures without material effect on the resolution. Any shareholder who was not notified to attend a shareholders' meeting may petition the People's Court for rescission within sixty (60) days from the date such shareholder knew or ought to have known of the resolution. The right to rescind shall be extinguished if not exercised within one (1) year from the date the resolution was approved.

Where the validity of a shareholders' meeting resolution is disputed by the board of directors, shareholders, or other relevant parties, such parties shall promptly institute legal proceedings in the People's Court. Pending a court judgment or ruling to rescind the resolution, all parties shall implement such resolution. The Company, its directors, and senior management shall duly perform their duties to ensure the Company's normal operations.

The shareholders of the Company shall assume the following obligations:

- (1) to comply with laws, administrative regulations, and the Articles of Association;
- (2) to pay the subscription monies in accordance with their subscribed shares and the method of capital contribution;
- (3) not to withdraw their capital contributions except as permitted by laws and regulations;
- (4) not to abuse shareholder rights to the detriment of the Company or other shareholders; and not to abuse the Company's independent legal personality or their limited liability as shareholders to harm the interests of the Company's creditors;
- (5) where a shareholder abuses its rights and causes losses to the Company or other shareholders, it shall be liable for compensation in accordance with the law; where a shareholder abuses the Company's independent legal personality or its limited liability to evade debts, thereby seriously harming the interests of the Company's creditors, such shareholder shall be jointly and severally liable for the debts of the Company; and

- (6) other obligations as stipulated by laws, normative documents, and the Articles of Association.

Controlling Shareholder and De Facto Controller

The controlling shareholder and de facto controller of the Company shall comply with the following provisions:

- (1) to exercise shareholder rights in accordance with the law, and shall not abuse controlling rights or utilize connected relationships to impair the lawful rights and interests of the Company or other shareholders;
- (2) to strictly fulfill all public statements and commitments made, and shall not arbitrarily modify or seek exemption therefrom;
- (3) to strictly perform information disclosure obligations in accordance with relevant requirements, actively cooperate with the Company in information disclosure work, and promptly inform the Company of material events that have occurred or are proposed to occur;
- (4) not to misappropriate Company's funds in any manner;
- (5) not to compel, instruct, or demand that the Company or its relevant personnel provide guarantees in violation of laws or regulations;
- (6) not to utilize undisclosed material information of the Company for benefits, disclose any undisclosed material information relating to the Company in any manner, or engage in illegal activities such as insider trading, short-swing trading, or market manipulation;
- (7) not to impair the lawful rights and interests of the Company and other shareholders through non-arm's length connected transactions, profit distributions, asset reorganizations, external investments, or any other means;
- (8) to ensure the Company's asset integrity, personnel independence, financial independence, organizational independence, and business independence, and shall not affect the Company's independence in any manner;
- (9) other requirements under laws, administrative regulations, CSRC provisions, stock exchange business rules, and the Articles of Association.

Where the Company's controlling shareholder or de facto controller does not serve as directors but de facto manage the Company's affairs, the provisions of the Articles of Association regarding directors' fiduciary duties and duty of care shall apply.

Where the controlling shareholder or de facto controller instructs directors or senior management to engage in conduct detrimental to the Company or shareholders' interests, they shall be jointly and severally liable with such directors or senior management.

General Requirements of Shareholders' Meetings

The shareholders' meeting comprises all shareholders, as the Company's organ of authority and shall exercise the following powers in accordance with the law:

- (1) to elect and replace directors, and determine matters relating to their remuneration;
- (2) to review and approve reports of the board of directors;
- (3) to review and approve the Company's profit distribution plans and loss recovery plans;
- (4) to adopt resolutions on increases or decreases to the Company's registered capital;
- (5) to adopt resolutions on the issuance of corporate bonds;
- (6) to adopt resolutions on the Company's merger, division, dissolution, liquidation, or change of corporate form;
- (7) to amend the Articles of Association;
- (8) to adopt resolutions on the appointment or dismissal of accounting firms conducting the Company's audit;
- (9) to review and approve guarantee matters specified in Article 46 of the Articles of Association;
- (10) to review matters where the Company's purchase or sale of material assets within one year exceeds thirty percent (30%) of the Company's most recently audited total assets;
- (11) to review and approve changes to the use of the proceeds;
- (12) to review equity incentive plans and employee stock ownership plans; and
- (13) to review other matters required by laws, administrative regulations, departmental rules, Listing Rules, or the Articles of Association to be decided by the shareholders' meeting.

The following external guarantees provided by the Company shall require approval by the shareholders' meeting:

- (1) any single guarantee exceeding ten percent (10%) of the Company's most recently audited net assets;
- (2) any guarantee provided after the aggregate external guarantees of the Company and its controlled subsidiaries exceed fifty percent (50%) of the Company's most recently audited net assets;

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- (3) guarantees provided to entities with a debt-to-asset ratio exceeding seventy percent (70%);
- (4) guarantees where the Company's aggregate guarantees to others within one year exceed thirty percent (30%) of its most recently audited total assets;
- (5) guarantees provided to shareholders, de facto controllers, or their connected parties; and
- (6) other external guarantees required by laws, administrative regulations, the Listing Rules, or the Articles of Association to be submitted to the shareholders' meeting.

Where the Company provides guarantees to controlling shareholders, de facto controllers, or their connected parties, such parties shall provide counter-guarantees.

Resolutions on guarantee matters under item (4) mentioned above shall require approval by shareholders representing at least two-thirds of the voting rights present at the shareholders' meeting.

The requirements under items (1) to (3) mentioned above shall not apply where:

- (1) the Company provides guarantees to wholly-owned subsidiaries; or
- (2) the Company provides guarantees to controlled subsidiaries and other shareholders of such subsidiaries provide guarantees proportionate to their equity interests, provided the Company's interests are not prejudiced.

Shareholders' meetings shall comprise annual shareholders' meetings and extraordinary shareholders' meetings. An annual shareholders' meeting shall be convened once every year within six months following the end of the preceding fiscal year.

An extraordinary shareholders' meeting shall be convened within two months upon the occurrence of any of the following events:

- (1) where the number of directors falls below the quorum required by the PRC Company Law or two-thirds of the number prescribed by the Articles of Association;
- (2) where the Company's uncovered losses reach one-third of its total share capital;
- (3) upon written request by shareholder(s) individually or collectively holding ten percent (10%) or more of the voting rights (one vote per share, excluding treasury shares) of the Company;
- (4) where the board of directors deems it necessary;
- (5) upon proposal by the audit committee;
- (6) other circumstances specified by laws, administrative regulations, departmental rules, the Listing Rules, or the Articles of Association.

Convening of Shareholders' Meeting

The board of directors shall convene a shareholders' meeting within the prescribed time limit.

A shareholders' meeting shall be convened by the board of directors and presided over by the chairman of the board. Where the chairman is unable or fails to perform such duties, a director nominated by a majority of the directors shall preside.

Independent non-executive directors may propose to the board of directors to convene an extraordinary shareholders' meeting upon obtaining the consent of a majority of all independent non-executive directors. For the proposal of independent non-executive directors of convening an extraordinary shareholders' meeting, the board of directors shall, in accordance with laws, administrative regulations, the Listing Rules and the Articles of Association, provide a written response within ten (10) days upon receipt of such proposal, stating whether it agrees or disagrees to convene the meeting.

Where the board of directors agrees to convene the meeting, it shall issue a notice of meeting within five (5) days after adopting the relevant board resolutions. Where the board of directors disagrees, it shall state the reasons and make an announcement.

The audit committee may propose to the board of directors to convene an extraordinary shareholders' meeting by submitting a written request. The board of directors shall provide a written response within ten (10) days upon receipt of the proposal in accordance with applicable laws and the Articles of Association.

Where the board of directors agrees to convene the meeting, it shall issue a notice of meeting within five (5) days after adopting the relevant resolution. Any amendments to the original proposal in the notice shall require the audit committee's consent.

Where the board of directors disagrees to convene the meeting or fails to respond within ten (10) days upon receipt of the proposal, the audit committee may convene and preside over the meeting if the board of directors is deemed unable or unwilling to perform its convening duties.

Shareholder(s) individually or collectively holding ten percent (10%) or more of the total voting rights (on a one-vote-per-share basis, excluding treasury shares) may request the board of directors to convene an extraordinary shareholders' meeting and add proposed resolutions to the agenda by submitting a written request. The board of directors shall provide a written response on whether to agree or disagree to convene the extraordinary shareholders' meeting within ten (10) days upon receipt in accordance with applicable laws and the Articles of Association.

Where the board of directors agrees, it shall issue a notice of meeting within five (5) days after adopting the relevant board resolution. Any amendments to the original request in the notice shall require the consent of the relevant shareholder(s).

Where the board of directors disagrees or fails to respond within ten (10) days, the shareholder(s) may submit a written request to the audit committee to convene the meeting.

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Where the audit committee agrees, it shall issue a notice of meeting within five (5) days upon receipt. Any amendments to the original proposal in the notice shall require the consent of the relevant shareholder(s).

Where the audit committee fails to issue the notice within the specified period, shareholder(s) individually or collectively holding ten percent (10%) or more of the voting rights of the Company continuously for ninety (90) days or more may convene and preside over the meeting.

Where the audit committee or shareholder(s) decide to convene a meeting independently, they shall notify the board of directors in writing. The shareholding percentage of the convening party shall not fall below ten percent (10%) prior to the announcement of the meeting resolutions.

The audit committee or convening shareholder(s) shall submit supporting documents (if required) to the relevant authorities and the stock exchange in accordance with applicable laws when issuing the meeting notice and resolution announcements.

Proposals and Notice of Shareholders' Meeting

Proposals submitted to a shareholders' meeting shall fall within the scope of powers of the shareholders' meeting; contain clearly defined topics and specific resolution matters; and comply with applicable laws, administrative regulations, the Listing Rules, and the Articles of Association.

When the Company convenes a shareholders' meeting, the board of directors, the audit committee, or shareholder(s) holding one percent (1%) or more of the Company's shares (individually or collectively) may submit proposals to the Company.

Shareholder(s) individually or collectively holding one percent (1%) or more of the Company's shares may submit provisional proposal in writing to the convenor no later than ten (10) days prior to the shareholders' meeting. The convenor shall issue a supplementary notice within two (2) days upon receipt, disclosing the provisional proposal, and shall submit such proposal to the shareholders' meeting for consideration, unless the proposal violates laws, regulations or the Articles of Association; or the matter falls outside the shareholders' meeting's authority.

Where the securities regulations of the Company's listing jurisdiction prescribe special requirements for supplementary notices, such requirements shall prevail provided they do not contravene PRC laws including the PRC Company Law. If the regulations require meeting postponement due to supplementary notices, the meeting shall be deferred accordingly.

Except as provided above, the convenor shall not modify published proposals or add new items after issuing the initial meeting notice.

No voting or resolutions shall be conducted on matters: (a) not included in the meeting notice; or (b) failing to meet the requirements under Article 61 of the Articles of Association.

Notices for annual shareholders' meetings shall be issued at least twenty-one (21) days prior, and for extraordinary shareholders' meetings at least fifteen (15) days prior, excluding the meeting date but including the notice date.

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Shorter notice periods may apply if permitted by laws, regulations, or the Listing Rules.

Shareholders' meeting notices shall contain:

- (1) meeting date, venue and duration;
- (2) agenda items and proposed resolutions;
- (3) prominent disclosure that: (a) All shareholders may attend; (b) Proxy attendance is permitted (the proxy need not be a shareholder);
- (4) record date for voting eligibility;
- (5) name and telephone number of standing contact person for meeting services;
- (6) voting time and procedures for electronic/other channels (if applicable);
- (7) other information required by laws, regulations, departmental rules, the Listing Rules and the Articles of Association.

Notices of shareholders' meeting and supplementary notice shall contain full and complete disclosure of all specific details of all proposals and all information or explanations necessary to enable shareholders to make a reasonable judgment on the matters to be discussed. If the matters to be discussed require the opinions of the independent non-executive directors, the opinions of the independent non-executive directors and the reasons thereof will be attached to the notice of shareholders' meeting or supplementary notice at the same time.

Delegations of Shareholders' Meeting

All shareholders or their proxies registered in the register of members as of the record date shall have the right to attend shareholders' meetings and exercise voting rights in accordance with applicable laws, regulations, the Listing Rules, and the Articles of Association.

Shareholders may attend meetings in person or appoint one or more proxies (who need not be shareholders) to attend and vote on their behalf. Attendees (including proxies) shall enjoy the right to information, the right to address the meetings, the right to raise inquiries, the voting right and other rights stipulated by applicable laws. Shareholders shall retain the right to address the meetings and voting right unless the individual shareholder is required to waive his/her voting right in respect of a specific matter under the Listing Rules, for example, that the shareholder holds substantial interest in a specific transaction or arrangement being voted on.

Any individual shareholder attending a shareholders' meeting in person shall present his/her valid identification document or other valid certificate evidencing his/her identity. Where a shareholder appoints a proxy to attend the meeting, such proxy shall present his/her own valid identification document and a power of attorney executed by the shareholder.

A corporate shareholder shall attend the meeting through its legal representative or authorized representative, or through a proxy appointed by such legal representative or authorized representative. The legal representative or authorized representative attending the meeting shall present his/her valid identification document and valid proof evidencing his/her status as the legal

representative or authorized representative. Where a proxy is appointed to attend the meeting, such proxy shall present his/her valid identification document and a written power of attorney duly executed by the legal representative or authorized representative of such corporate shareholder in accordance with the law (except for recognized clearing houses or their nominees as defined under relevant ordinances of Hong Kong from time to time), or a proxy form signed by a duly authorized person. Where a corporate shareholder has appointed a representative to attend any meeting, it shall be deemed to have attended the meeting in person.

A shareholder may appoint a proxy to attend a shareholders' meeting on his/her behalf. The proxy shall submit to the Company a power of attorney executed by the shareholder and shall exercise voting rights strictly within the scope of authorization. The power of attorney for appointing a proxy to attend a shareholders' meeting shall specify the following contents:

- (1) the name of the shareholder and the class and quantity of shares held;
- (2) the name of the proxy;
- (3) specific voting instructions from the shareholder, including directions to vote for, against or abstain on each proposed resolution listed in the meeting agenda;
- (4) the date of issuance and validity period of the power of attorney; and
- (5) the signature (or seal) of the shareholder, provided that where the shareholder is a domestic corporate entity, the power of attorney shall bear the official seal of such corporate entity.

The power of attorney shall specify whether the proxy may vote at his/her discretion if the shareholder fails to provide specific voting instructions.

Where the appointing party is a corporate entity, its legal representative or a person authorized by board resolutions or other governing body shall attend the Company's shareholders' meeting as its representative.

Voting on the Shareholders' Meeting

Resolutions of shareholders' meetings shall include ordinary resolutions and special resolutions.

An ordinary resolution shall be adopted by a simple majority of the voting rights held by shareholders present at the meeting (excluding voting rights attached to treasury shares). A special resolution shall be adopted by at least two-thirds of the voting rights held by shareholders present at the meeting.

For the purposes of the Article of Associations, the term "shareholders" includes shareholders represented by proxies at the meeting.

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The following matters shall be subject to adoption by ordinary resolution:

- (1) the election and replacement of directors, and matters relating to their remuneration;
- (2) the work report of the board of directors;
- (3) the profit distribution plan and loss recovery plan proposed by the board of directors;
- (4) the Company's annual report;
- (5) the appointment, dismissal and determination of audit fees of the Company's accounting firm; and
- (6) other matters not required by laws, administrative regulations, the Listing Rules or the Articles of Association to be adopted by special resolution.

The following matters shall be subject to adoption by special resolution:

- (1) increase or decrease of the Company's registered capital;
- (2) merger, division, dissolution, change of corporate form or liquidation (including voluntary winding-up) of the Company;
- (3) amendments to the Articles of Association;
- (4) the Company's purchase or sale of material assets or provision of guarantees to others within one year exceeding thirty percent (30%) of the Company's most recently audited total assets;
- (5) equity incentive plans; and
- (6) other matters required by laws, administrative regulations, the Listing Rules or the Articles of Association, or which the shareholders' meeting determines by ordinary resolution will have a material impact on the Company and therefore require adoption by special resolution.

Any variation of rights attached to any class of shares (excluding treasury shares) shall be approved by at least two-thirds of the votes cast by the holders of the affected class of shares present and voting at a separate class meeting.

Unless otherwise provided in the Articles of Association, each shareholder (including proxies) shall have one vote for each share held.

When considering material matters affecting the interests of minority investors, the votes of minority investors shall be counted separately. The results of such separate counting shall be disclosed promptly.

The Company's own shares held by the Company shall carry no voting rights and shall not be counted in the total voting shares present at the meeting.

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Subject to applicable laws, regulations and the requirements of the securities regulatory authority in the Company's listing jurisdiction, the board of directors, independent non-executive directors and shareholders meeting relevant requirements may publicly solicit voting rights from shareholders. Such solicitation shall fully disclose specific voting intentions and other relevant information to the solicited parties. Any form of paid or disguised paid solicitation of voting rights is prohibited. Except as required by law, the Company shall not impose any minimum shareholding requirements for the solicitation of voting rights.

Where any shareholder is required under the Listing Rules to abstain from voting on a resolution or is restricted to voting only for or against a resolution, any votes cast by such shareholder or its proxy in violation of such requirement or restriction shall be disregarded.

When voting, shareholders (including proxies) holding two or more votes need not cast all votes uniformly for or against a resolution.

DIRECTORS AND THE BOARD

Directors

Directors of the Company may include executive directors, non-executive directors and independent non-executive directors. Non-executive directors refer to directors who do not hold operational management positions in the Company. Independent non-executive directors refer to persons who meet the qualifications for office, nomination and election procedures, powers and other relevant matters that must be comply with the relevant regulations of the law, the China Securities Regulatory Commission and the stock exchange where the Company is listed. Directors should hold the qualifications required by laws, administrative regulations and rules.

Directors are elected or replaced by the shareholders' meeting and may be removed by the shareholders' meeting before the expiry of their terms of office. The term of office of a director shall be three years, and he or she may be re-elected upon expiry of the term of office. Unless there are special provisions in the Articles of Association regarding the nomination of independent non-executive directors.

If not otherwise provided by law, the shareholders shall have the right to remove any director (including the managing director or other executive director) before the expiry of his term of office by an ordinary resolution of the shareholders at a shareholders' meeting, with such removal to take effect on the date of the resolution.

Directors shall have the duty of loyalty to the Company. Directors shall comply with the laws, administrative regulations and the provisions of the Articles of Association, shall take measures to avoid conflicts between their own interests and the interests of the Company, and shall not make use of their powers to gain undue benefits.

Directors shall have the duty of diligence to the Company. Directors shall comply with the laws, administrative regulations and the provisions of the Articles of Association and shall exercise the reasonable care normally required of a manager in the best interests of the Company in the performance of his duties.

The duties of an independent non-executive director shall include, but not be limited to:

- (1) attending board meetings and providing independent judgment on matters concerning strategy, policy, corporate performance, accountability, resources, key appointments, and codes of conduct;
- (2) taking a leading role in addressing potential conflicts of interest;
- (3) serving as a member of the audit committee, Remuneration and Assessment Committee, and Nomination Committee upon invitation; and
- (4) scrutinizing whether the company's performance meets the established corporate objectives and goals, and overseeing matters related to the reporting of corporate performance.

Independent non-executive directors shall regularly attend meetings of the board of directors and the committees of which they are members, actively participating in the proceedings and contributing through their skills, professional expertise, and diverse backgrounds and qualifications. They shall also attend shareholders' meetings to develop a comprehensive and impartial understanding of shareholders' views.

Independent non-executive directors shall make active contributions to the formulation of the company's strategies and policies by providing independent, constructive, and well-founded advice.

Board of Directors

The Company shall establish the board of directors, which shall be accountable to the shareholders' meeting.

The board of directors shall be composed of nine (9) directors, classified into executive directors, non-executive directors, and independent non-executive directors. The number of independent non-executive directors shall constitute at least one-third (1/3) of the total number of board members and in no event be fewer than three (3). The Company shall have one (1) director elected by the employees as their representative through democratic election at an employees' congress, employees' meeting, or by other lawful means.

The board of directors shall exercise the following powers and duties:

- (1) convening the shareholders' meeting and reporting its work thereto;
- (2) implementing the resolutions of the shareholders' meeting;
- (3) determining the Company's business plans and investment schemes;
- (4) formulating the Company's profit distribution plans and loss recovery plans;
- (5) drafting proposals for the increase or decrease of the Company's registered capital, issuance of bonds or other securities, and listing;

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- (6) preparing proposals for major acquisitions, repurchase of the Company's shares, mergers, divisions, dissolution, or changes to the Company's corporate form;
- (7) deciding on matters such as the Company's external investments, asset acquisitions or disposals, asset mortgages, external guarantees, entrusted wealth management, and connected transactions, within the scope authorized by the shareholders' meeting;
- (8) determining the establishment of the Company's internal management structure;
- (9) appointing or dismissing the general manager and the Board secretary; based on the nomination of the general manager, appointing or dismissing deputy general managers, the chief financial officer, and other senior management, and determining their remuneration, rewards, and penalties;
- (10) formulating the Company's fundamental management systems;
- (11) drafting proposals for amendments to the Articles of Association;
- (12) proposing to the shareholders' meeting the appointment or replacement of the audit firm engaged by the Company;
- (13) reviewing the work reports of the general manager of the Company and overseeing their performance;
- (14) exercising other powers granted by laws, administrative regulations, departmental rules, the Listing Rules, the Articles of Association, or the shareholders' meeting.

For matters exceeding the scope of authorization by the shareholders' meeting, the board of directors shall submit them to the shareholders' meeting for deliberation.

Board meetings shall be classified as regular meetings and interim meetings. The board shall hold at least four regular meetings each year, approximately quarterly, convened by the chairman. The chairman shall hold at least one meeting annually with independent non-executive directors without the presence of other directors. Notices and documents for regular board meetings shall be delivered to all directors at least fourteen days (excluding the meeting date) prior to the meeting to ensure all directors have adequate opportunity to attend.

The board of directors shall convene interim meetings under any of the following circumstances:

- (1) when proposed by shareholders representing more than one-tenth of the voting rights;
- (2) when jointly proposed by more than one-third of directors;
- (3) when proposed by the audit committee;
- (4) when deemed necessary by the chairman;
- (5) when proposed by a majority of independent non-executive directors;

- (6) in emergency situations, when proposed by the general manager;
- (7) when the company's accumulated losses reach one-third of its total share capital; or
- (8) other circumstances stipulated in the Articles of Association.

For interim board meetings, written notices shall be delivered to all directors at least five days prior to the meeting. For urgent matters, notification may be made orally by telephone or other means to all directors and relevant personnel, with written confirmation to be provided during the board meeting.

Board meeting notices shall include:

- (1) date and venue;
- (2) duration;
- (3) reasons and agenda items;
- (4) date of notice issuance.

Board meetings shall require the attendance of a majority of directors to constitute a quorum. Unless otherwise stipulated in the Articles of Association, the board resolutions shall be adopted by a simple majority of all directors. For external guarantee matters specified in Article 46 of the Articles of Association, resolutions shall require both a simple majority of all directors and consent from at least two-thirds of directors present at the meeting. Each director shall have one vote in board resolutions.

Chairman of the Board

The board of directors shall have one chairman, who shall be elected by a simple majority vote of all the directors.

The chairman shall exercise the following powers and functions:

- (1) presiding over shareholders' meetings and convening and presiding over board meetings;
- (2) supervising and inspecting the implementation of board resolutions;
- (3) signing important board documents or other documents that should be signed by the legal representative of the company;
- (4) exercising the powers and functions of the legal representative;
- (5) in the event of emergencies caused by force majeure such as severe natural disasters, exercising special handling authority over company affairs in compliance with laws and in the interests of the company, and reporting to the board of directors and shareholders' meeting afterwards;

- (6) deciding on transactional matters that may be determined by the chairman as stipulated in the articles of association;
- (7) other powers and functions granted by the board of directors or prescribed by laws, administrative regulations or the Listing Rules.

If the chairman is unable or fails to perform his/her duties, a director shall be jointly recommended by a simple majority of the directors to perform such duties.

Special Committees of the Board of Directors

Audit Committee

The board of directors shall establish an audit committee, which shall exercise the powers and functions of a board of supervisors as stipulated by the PRC Company Law.

The audit committee shall consist of three (3) members, all of whom shall be directors not serving as senior management personnel of the Company. Among them, two (2) shall be independent non-executive directors, and the convenor shall be an accounting professional from among the independent non-executive directors.

The audit committee shall be responsible for reviewing the Company's financial information and its disclosures, supervising and evaluating internal and external audits, and internal controls. The following matters shall be submitted to the board of directors for deliberation only after obtaining the approval of a simple majority of all audit committee members:

- (1) disclosure of financial accounting reports, financial information in periodic reports, and internal control evaluation reports;
- (2) appointment or dismissal of the accounting firm engaged for the Company's audit services;
- (3) appointment or dismissal of the Company's chief financial officer;
- (4) changes in accounting policies or accounting estimates, or corrections of material accounting errors, except those due to changes in accounting standards; and
- (5) other matters stipulated by laws, administrative regulations, the China Securities Regulatory Commission, or the Articles of Association.

The audit committee shall meet at least once every quarter. Interim meetings may be convened upon the proposal of two (2) or more members or when the convenor deems it necessary. A meeting of the audit committee shall require the attendance of at least two-thirds (2/3) of its members to constitute a quorum.

Resolutions of the audit committee shall be passed by a simple majority of its members. Each member of the audit committee shall have one (1) vote in resolutions.

Minutes of audit committee resolutions shall be duly prepared, and members present at the meeting shall sign the minutes.

The working procedures or detailed rules for the audit committee shall be formulated by the board of directors.

Strategy Committee

The board of directors shall establish a strategy committee, which shall perform their duties in accordance with the Articles of Association and the authorization of the board of directors. Proposals from the strategy committee shall be submitted to the board for deliberation and decision. The working procedures or detailed rules for the strategy committee shall be formulated by the board of directors.

The strategy committee shall consist of three members, including the chairman of the board of directors and at least one independent non-executive director.

The strategy committee shall be primarily responsible for researching the Company's long-term development strategy and major investment decisions, and shall make recommendations to the board of directors on the following matters:

- (1) company's long-term strategic development plan as well as technology and product development direction;
- (2) major investment and financing proposals that require board approval under the Articles of Association;
- (3) major capital operations and asset management projects that require board approval under the Articles of Association;
- (4) other matters stipulated by laws, administrative regulations, the China Securities Regulatory Commission or the articles of association.

Nomination Committee

The board of directors shall establish a nomination committee, which shall perform their duties in accordance with the Articles of Association and the authorization of the board of directors. Proposals from the nomination committee shall be submitted to the board of directors for deliberation and decision. The working procedures or detailed rules for the nomination committee shall be formulated by the board of directors.

The nomination committee shall consist of three members, with the convenor being an independent non-executive director. Independent non-executive directors shall constitute the majority of the committee.

The nomination committee shall be responsible for formulating the selection criteria and procedures for directors and senior management personnel, evaluating and reviewing candidates for such positions and their qualifications, and shall make recommendations to the board of directors regarding the following matters:

- (1) nomination or removal of directors;
- (2) appointment or dismissal of senior management personnel; and

- (3) other matters stipulated by laws, administrative regulations, the CSRC or the Articles of Association.

Where the board of directors does not adopt or only partially adopts the recommendations of the nomination committee, the board resolutions shall record the opinion of the nomination committee and the specific reasons for non-adoption, and such information shall be disclosed.

Remuneration and Assessment Committee

The board of directors shall establish a remuneration and assessment committee, which shall perform their duties in accordance with the Articles of Association and the authorization of the board of directors. Proposals from the remuneration and assessment committee shall be submitted to the board of directors for deliberation and decision. The working procedures or detailed rules for the remuneration and assessment committee shall be formulated by the board of directors.

The remuneration and assessment committee shall consist of three members, with the convenor being an independent non-executive director. Independent non-executive directors shall constitute the majority of the committee.

The remuneration and assessment committee shall be responsible for establishing assessment criteria and conducting evaluations of directors and senior management personnel, formulating and reviewing remuneration policies and schemes including but not limited to remuneration determination mechanisms, decision-making processes, payment arrangements, and shall make recommendations to the board of directors regarding the following matters:

- (1) remuneration of directors and senior management;
- (2) establishment or modification of equity incentive plans or employee shareholding plans, and the fulfillment of conditions for grant or exercise of rights under such plans;
- (3) arrangements for directors and senior management personnel to participate in shareholding plans of subsidiaries intended to be spun off; and
- (4) other matters stipulated by laws, administrative regulations, the CSRC or the Articles of Association.

Where the board of directors does not adopt or only partially adopts the recommendations of the remuneration and assessment committee, the board resolutions shall record the opinion of the committee and the specific reasons for non-adoption, and such information shall be disclosed.

Board Secretary

The Company shall have a board secretary who shall be responsible for arranging shareholders' meetings and board meetings, maintaining corporate records and shareholder documentation, handling information disclosure matters, and performing other related duties. The board secretary shall comply with all applicable laws, administrative regulations, departmental rules, and the relevant provisions of the Articles of Association.

SENIOR MANAGEMENT

The Company shall have one general manager and may have several deputy general managers. The general manager and deputy general managers shall be appointed or dismissed by the board of directors.

A director may concurrently serve as the general manager or other senior management personnel, provided that the number of directors holding such concurrent positions shall not exceed half of the total number of directors.

The general manager and deputy general managers shall serve a term of three years and may be reappointed upon expiration of their term.

The general manager shall be accountable to the board of directors and shall exercise the following powers and functions:

- (1) presiding over the Company's production, operation, and management activities, implementing board resolutions, and reporting to the board of directors;
- (2) implementing the Company's annual business plans and investment schemes;
- (3) proposing the establishment plan for the Company's internal management structure;
- (4) formulating the Company's fundamental management systems;
- (5) establishing the Company's specific rules and regulations;
- (6) recommending to the board of directors the appointment or dismissal of deputy general managers and the chief financial officer;
- (7) deciding on the appointment or dismissal of management personnel not subject to board approval; and
- (8) other powers and functions granted under the Articles of Association, by the board of directors, or under the Listing Rules.

The general manager shall attend board meetings as a non-voting participant unless serving as a director. Deputy general managers shall assist the general manager and report to him/her.

The general manager shall formulate working rules, which shall be implemented upon approval by the board of directors.

The general manager and deputy general managers may resign before the expiration of their term. The specific resignation procedures and measures shall be governed by their employment contracts with the Company.

APPENDIX VI SUMMARY OF THE ARTICLES OF ASSOCIATION

QUALIFICATIONS AND OBLIGATIONS OF THE DIRECTORS AND SENIOR MANAGEMENT

A person shall not serve as a director or senior executive of the Company under any of the following circumstances:

- (1) being legally incapacitated or having limited capacity for civil conduct;
- (2) having been sentenced to criminal penalties for corruption, bribery, embezzlement, misappropriation of property, or disruption of the socialist market economic order, where less than five years have elapsed since the completion of the sentence, or having been deprived of political rights due to a criminal offense, where less than five years have elapsed since the completion of the sentence. In the case of a suspended sentence, less than two years shall have elapsed since the expiration of the probation period;
- (3) having served as a director, factory director, or manager of a company or enterprise that underwent bankruptcy liquidation, where such person bears personal responsibility for the bankruptcy, and less than three years have elapsed since the completion of the bankruptcy liquidation;
- (4) having served as the legal representative of a company or enterprise that had its business license revoked or was ordered to close due to legal violations, where such person bears personal responsibility, and less than three years have elapsed since the revocation or closure;
- (5) having been declared a discredited person subject to enforcement by a People's Court due to significant unpaid debts;
- (6) being subject to a securities market entry ban imposed by the CSRC, where the ban period has not yet expired;
- (7) having been publicly deemed unsuitable by a stock exchange to serve as a director or senior executive, where the disqualification period has not yet expired; or
- (8) other circumstances stipulated by laws, administrative regulations, departmental rules, or the Listing Rules.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations, and relevant departmental rules. Where the securities regulatory authority in the jurisdiction of the Company's stock listing prescribes otherwise, such provisions shall prevail.

The Company shall prepare, publish, distribute, submit, disclose, maintain, and announce its annual reports and interim reports in compliance with applicable laws, administrative regulations, and the Listing Rules.

APPENDIX VI SUMMARY OF THE ARTICLES OF ASSOCIATION

The Company shall prepare annual financial reports at the end of each fiscal year, which shall be audited by a certified public accounting firm in accordance with the law.

Annual financial reports shall be prepared in compliance with laws, administrative regulations, and the provisions of the State Council's finance department. Such reports shall be made available at the Company's premises for shareholder review at least twenty (20) days prior to the annual shareholders' meeting. All shareholders shall have the right to obtain the financial reports mentioned above.

The financial reports referred to above shall include: a board of directors' report; a balance sheet (including all annexures required under PRC laws, administrative regulations, departmental rules, normative documents, or the Listing Rules); an income statement (profit and loss account) or cash flow statement; or (Where not prohibited by applicable PRC laws) a financial summary report approved by the Hong Kong Stock Exchange.

Unless otherwise stipulated in the Articles of Association, the Company shall deliver or mail (postage prepaid) the aforementioned financial reports to each overseas-listed shareholder at least twenty-one (21) days before the annual shareholders' meeting, using the address registered in the shareholder register. Subject to compliance with laws, administrative regulations, departmental rules, and the Listing Rules, the Company may also disclose such reports via public notice (including publication on the Company's website).

The Company shall not maintain separate accounting books beyond those required by law. The Company's funds shall not be deposited in any account under an individual's name.

The Company shall use Renminbi (RMB) as its functional currency. Exchange rates between RMB and other currencies shall be calculated based on the median rate published by the PBOC. The Company's non-RMB transactions shall be handled in accordance with national laws, regulations, and rules on foreign exchange control.

INTERNAL AUDIT

The Company shall implement an internal audit system specifying the governance structure, authorities and responsibilities, staffing, funding, utilization of audit results, and accountability mechanisms. The internal audit system shall be implemented upon approval by the board of directors and publicly disclosed.

The internal audit function shall conduct supervision and inspection of the Company's business operations, risk management, internal controls, and financial information. The internal audit function shall report directly to the board of directors.

In performing its duties, the internal audit function shall accept the oversight and guidance of the audit committee. Upon identifying material issues or leads, the internal audit function shall immediately report directly to the audit committee.

The internal audit function shall be responsible for organizing and implementing the Company's internal control evaluation process. The Company shall prepare its annual internal control evaluation report based on assessment reports and supporting materials issued by the internal audit function and reviewed by the audit committee.

APPENDIX VI SUMMARY OF THE ARTICLES OF ASSOCIATION

The internal audit function shall provide active cooperation and necessary support to facilitate communications between the audit committee and external auditors including accounting firms and state audit authorities.

The audit committee shall participate in the performance evaluation of the head of the internal audit function.

APPOINTMENT OF ACCOUNTING FIRM

The company shall engage an accounting firm qualified under the PRC Securities Law to conduct financial statement audits, net asset verification and other related consulting services, with the engagement period being one year and renewable.

The appointment or dismissal of an accounting firm shall be decided by the shareholders' meeting. The board of directors shall not appoint any accounting firm prior to the shareholders' meeting's decision.

The company shall ensure providing the engaged accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials, and shall not refuse, conceal or make false statements.

The audit fees of the accounting firm shall be determined by a simple majority vote of the shareholders' meeting.

When the company proposes to dismiss or not renew the engagement of an accounting firm, it shall give the accounting firm thirty days' prior notice. The accounting firm shall be allowed to present its views when the shareholders' meeting votes on the dismissal.

If the accounting firm proposes to resign, it shall explain to the shareholders' meeting whether there are any improper circumstances involving the company.

MERGERS, DIVISIONS, CAPITAL INCREASES AND CAPITAL REDUCTIONS OF THE COMPANY

The Company may conduct mergers either by absorption or by new establishment. A merger by absorption occurs when one company absorbs another company, with the absorbed company being dissolved. A merger by new establishment occurs when two or more companies merge to form a new company, with all merging parties being dissolved.

When the Company merges with a company in which it holds more than ninety percent of the shares, the merged company is not required to obtain a resolution from its shareholders' meeting, but shall notify other shareholders, who have the right to request the Company to purchase their equity or shares at a reasonable price. A merger involving payment not exceeding ten percent of the company's net assets may proceed without a shareholders' meeting resolution, unless otherwise stipulated in the Articles of Association, the stock exchange where the Company's shares are listed, or the securities regulatory authority. If a merger under the preceding two paragraphs does not require a shareholders' meeting resolution, it shall be approved by a board resolution.

APPENDIX VI SUMMARY OF THE ARTICLES OF ASSOCIATION

In a merger, the merging parties shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify creditors within ten days from the date of the merger resolution and make a public announcement in newspapers or the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within thirty days. Creditors may, within thirty days from the date of receiving the notice or within forty-five days from the date of the announcement if no notice is received, demand that the Company repay its debts or provide corresponding guarantees.

In a merger, the claims and debts of the merging parties shall be assumed by the surviving company or the newly established company.

In a division, the Company's assets shall be divided accordingly. The Company shall prepare a balance sheet and an inventory of assets. The Company shall notify creditors within ten days from the date of the division resolution and make a public announcement in newspapers or the National Enterprise Credit Information Publicity System within thirty days.

The pre-division debts of the Company shall be jointly assumed by the post-division companies, unless otherwise agreed in a written agreement between the Company and its creditors prior to the division.

When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets. The Company shall notify creditors within ten days from the date of the shareholders' meeting resolution on capital reduction and make a public announcement in newspapers or the National Enterprise Credit Information Publicity System within thirty days. Creditors may, within thirty days from the date of receiving the notice or within forty-five days from the date of the announcement if no notice is received, demand that the Company repay its debts or provide corresponding guarantees. The reduction of registered capital shall proportionally reduce the capital contributions or shares held by shareholders, unless otherwise stipulated by law or the Articles of Association.

If the Company still has losses after making up for them in accordance with Article 169(2) of the Articles of Association, it may reduce its registered capital to cover the losses. In such case, the Company shall not distribute to shareholders or exempt them from their obligations to make capital contributions or pay for shares. A capital reduction under this paragraph shall not be subject to Article 169(2), but the Company shall make a public announcement in newspapers or the National Enterprise Credit Information Publicity System within thirty days from the date of the shareholders' meeting resolution. After a capital reduction under the preceding two paragraphs, the Company shall not distribute profits until the accumulated statutory reserve and discretionary reserve reach fifty percent of the registered capital.

If the registered capital is reduced in violation of the PRC Company Law or other relevant regulations, shareholders shall return the funds received, and any reduction or exemption of shareholder contributions shall be restored; if the Company suffers losses, the shareholders and responsible directors and senior management personnel shall be liable for compensation.

When the Company issues new shares to increase its registered capital, shareholders shall not have preemptive rights, unless otherwise stipulated in the Articles of Association or resolved by the shareholders' meeting.

APPENDIX VI SUMMARY OF THE ARTICLES OF ASSOCIATION

In case of a merger or division, if registration matters change, the Company shall complete the change registration with the Company registration authority in accordance with the law; if the Company is dissolved, it shall complete the deregistration in accordance with the law; if a new Company is established, it shall complete the establishment registration in accordance with the law. An increase or decrease in registered capital shall be registered with the Company registration authority in accordance with the law.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The company shall be dissolved for the following reasons:

- (1) expiration of the business term specified in the Articles of Association or occurrence of other dissolution events stipulated herein;
- (2) dissolution resolved by the shareholders' meeting;
- (3) dissolution required due to merger or division of the company;
- (4) revocation of business license, compulsory closure or cancelation in accordance with law;
- (5) when serious difficulties occur in the company's operation and management, continuing its existence would cause significant harm to shareholders' interests, and such difficulties cannot be resolved through other means, shareholders holding ten percent or more of the voting rights may petition the people's court to dissolve the company. Where any dissolution event specified in the preceding paragraph occurs, the company shall publicize the dissolution cause through the National Enterprise Credit Information Publicity System within ten days.

The Company may continue its existence by amending the Articles of Association or through a resolution of the shareholders' meeting if it falls under items (1) or (2) mentioned above and has not yet distributed assets to shareholders. Any amendment to the Articles of Association or resolution of the shareholders' meeting pursuant to the preceding paragraph shall require approval by at least two-thirds of the voting rights held by shareholders present at the shareholders' meeting.

Where the Company is dissolved under items (1), (2), (4), or (5) mentioned above, it shall undergo liquidation. The directors shall be the liquidation obligors and shall form a liquidation group within fifteen days from the date the dissolution cause arises. The liquidation group shall consist of directors, unless otherwise stipulated in the Articles of Association or resolved by the shareholders' meeting to appoint other persons. Liquidation obligors who fail to perform their liquidation duties in a timely manner and thereby cause losses to the company or creditors shall be liable for compensation.

APPENDIX VI SUMMARY OF THE ARTICLES OF ASSOCIATION

During the liquidation period, the liquidation group shall exercise the following powers and functions:

- (1) liquidating company assets and preparing separate balance sheets and inventories of property;
- (2) notifying and announcing to creditors;
- (3) handling unfinished business related to the liquidation;
- (4) paying outstanding taxes and taxes incurred during the liquidation process;
- (5) settling claims and debts;
- (6) distributing remaining assets after debt repayment;
- (7) representing the company in civil litigation activities.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association under any of the following circumstances:

- (1) when provisions of the Articles of Association conflict with amended laws, administrative regulations or the Listing Rules following revisions to the PRC Company Law or other applicable laws and regulations;
- (2) when changes in the Company's circumstances become inconsistent with matters recorded in the Articles of Association;
- (3) when the shareholders' meeting resolves to amend the Articles of Association.

Where amendments to the Articles of Association adopted by resolution of the shareholders' meeting require approval from competent authorities, such amendments shall be submitted for regulatory approval. Amendments involving Company registration matters shall undergo change registration in accordance with law.

The board of directors shall revise the Articles of Association in accordance with the shareholders' meeting resolution on amendments and the approval opinions of relevant competent authorities.

Amendments to the Articles of Association that constitute information required to be disclosed under laws, regulations or the securities regulatory authority in the jurisdiction of the Company's stock listing shall be publicly announced as prescribed.

A. FURTHER INFORMATION ABOUT THE COMPANY**1. Incorporation of Our Company**

The Company was established as a limited liability company under the laws of the PRC on March 26, 2013 and was converted into a joint stock company with limited liability on November 11, 2014. As at the Latest Practicable Date, the registered share capital of our Company was RMB57,000,000.

The Company has established a place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. The Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on May 22, 2025, with Ms. Leung Hoi Yan (梁靚欣) appointed as the Hong Kong authorized representative of the Company for acceptance of the service of process and any notices required to be served on the Company in Hong Kong.

As the Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendix V and Appendix VI, respectively.

2. Changes in the Share Capital of the Company

Please refer to the section headed "History, Development and Corporate Structure" for changes in the share capital of the Company.

Save as disclosed above, there has been no alteration in the share capital of the Company within two years immediately preceding the date of this prospectus.

3. Changes in the Share Capital of Our Subsidiaries

Save as disclosed in "6. Our Subsidiaries" below, there have been no changes in the share capital of the Company's subsidiaries during the two years immediately preceding the date of this prospectus.

4. Resolutions Passed by Our Shareholders' General Meeting in Relation to the Global Offering

At the extraordinary general meeting of the Shareholders held on April 30, 2025, the following resolutions, among other things, were duly passed:

- (i) the issue by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be listed on the Stock Exchange;
- (ii) the number of H shares to be issued shall be no more than 25% of the total issued share capital upon the Global Offering (before the exercise of the Over-allotment Option), and the grant of the Over-allotment Option in respect of no more than 15% of the number of H Shares issued pursuant to the Global Offering;

- (iii) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the Global Offering, the issue and listing of H Shares on the Stock Exchange; and
- (iv) subject to the completion of the Global Offering, the conditional adoption of the revised Articles of Association, which shall become effective on the Listing Date.

5. Restrictions on Repurchase

Please refer to Appendices IV and V to this prospectus for details.

6. Our Subsidiaries

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, no person is directly or indirectly interested in 10% or more of the issued voting shares of the subsidiary of the Company.

On July 17, 2024, Xijiang Gold Shop was incorporated in the PRC as a limited liability company with a share capital of RMB1 million.

In October 2024, the registered capital of Huanxi Xiaojiang decreased from RMB5 million to RMB1 million.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this prospectus.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of Material Contracts

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

- (a) the cornerstone investment agreement dated March 19, 2026 entered into among our Company, Jiantou International (Hong Kong) Co., Limited and CMB International Capital Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of HK\$30,000,000; and
- (b) the Hong Kong Underwriting Agreement.

2. Intellectual Property

As at the Latest Practicable Date, the following intellectual property rights are material to the Group's business:

(a) Trademarks

As at the Latest Practicable Date, the Group had registered the following trademarks which are material to its business:

No.	Trademark	Class	Registered owner	Place of registration	Registration number	Expiry date (Year/Month/Date)
1. . .		6	Our Company	PRC	62218374	2032-07-20
2. . .	TONGSHIFU	6	Our Company	PRC	62230472	2032-07-20
3. . .		6	Our Company	PRC	34254242	2030-07-13
4. . .	欢喜小将	28	Our Company	PRC	41681075	2030-06-27
5. . .	太 铜	6	Our Company	PRC	12458502	2034-09-27
6. . .		6	Our Company	PRC	54111387	2031-10-13
7. . .		6	Our Company	PRC	33559554	2029-08-20
		14	Our Company	PRC	33552399	2029-06-20
8. . .	玺匠	6	Our Company	PRC	15860442	2036-02-06
9. . .	玺匠金铺	14	Our Company	PRC	79108108	2035-02-06
10. . .	阅银	14	Our Company	PRC	58089672	2032-01-27
11. . .		20	Our Company	PRC	62234601	2032-09-20
12. . .		20	Our Company	PRC	62234435	2032-09-20
13. . .	 铜师傅	6, 16, 35	Our Company	EU	018926127	2033-09-15
14. . .	 铜师傅	6, 16, 35	Our Company	UK	UK00003957151	2033-09-15
15. . .	欢喜小将	6, 9, 11, 14, 16, 19, 20, 21, 28, 35, 36, 40, 41, 42, 45	Our Company	Hong Kong	306774724	2035-01-05

No.	Trademark	Class	Registered owner	Place of registration	Registration number	Expiry date (Year/Month/Date)
16.	玺匠	6, 9, 11, 14, 16, 19, 20, 21, 28, 35, 36, 40, 41, 42, 45	Our Company	Hong Kong	306774733	2035-01-05
17.	铜师傅	6, 9, 11, 14, 16, 19, 20, 21, 28, 35, 36, 40, 41, 42, 45	Our Company	Hong Kong	306774742	2035-01-05
18.	TONGSHIFU	6, 9, 11, 14, 16, 19, 20, 21, 28, 35, 36, 40, 41, 42, 45	Our Company	Hong Kong	306774751	2035-01-05
19.		6, 9, 11, 14, 16, 19, 20, 21, 28, 35, 36, 40, 41, 42, 45	Our Company	Hong Kong	306823729	2035-02-27

As at the Latest Practicable Date, the Group is in the course of registering the following trademarks which are material to its business:

No.	Trademark	Class	Applicant	Place of application	Application number	Application date (Year/Month/Date)
1. . . .	铜师傅	6, 9, 11, 14, 16, 19, 20, 21, 28, 35, 36, 40, 41, 42, 45	Our Company	Hong Kong	306774760	2025-01-06

(b) Domain Names

As at the Latest Practicable Date, the Group had registered the following domain names which are material to its business:

No.	Domain Name	Registered owner	Expiry date (Year/Month/Date)
1. . . .	brassmaster.cn	Our Company	2027-07-24
2. . . .	brassmaster.com.cn	Our Company	2027-07-24
3. . . .	brassmaster.mobi	Our Company	2027-07-16
4. . . .	tongshifu.com.cn	Our Company	2027-04-08
5. . . .	tongshifu.com	Our Company	2027-06-17

(c) Patents

As at the Latest Practicable Date, the Group had registered the following patents which are material to its business:

No.	Patent	Type	Patent holder	Jurisdiction of registration	Patent number	Application date (Year/Month/Date)	Duration of patent right
1.	Handicraft having relief effect and manufacture method thereof (一種具有浮雕效果的工藝品及其製作方法)	Invention	Our Company	PRC	2010101119185	2010-02-23	20 years from the application date
2.	Multi-working-procedure clamp (一種多工序夾具)	Invention	Our Company	PRC	2020100244533	2020-01-10	20 years from the application date
3.	Manufacturing process of blue and white porcelain copper handicrafts (一種青花瓷銅工藝品的製作工藝)	Invention	Our Company	PRC	2021110534310	2021-09-09	20 years from the application date
4.	Fragrance bottle (一種香薰瓶)	Utility Model	Our Company	PRC	2021221706570	2021-09-09	10 years from the application date
5.	Damp-proof picture frame (防潮畫框)	Utility Model	Our Company	PRC	2020223532278	2020-10-21	10 years from the application date
6.	Structure that copper and wood combine (一種銅與實木結合的筆結構)	Utility Model	Our Company	PRC	2016209245969	2016-08-24	10 years from the application date
7.	Damp-proof red copper tea caddy (一種防潮紫銅茶葉罐)	Utility Model	Our Company	PRC	2024206162028	2024-03-28	10 years from the application date
8.	Ornament (Serene Guanyin 1020063) (擺件(自在觀音 1020063))	Design	Our Company	PRC	2022302077785	2022-04-13	15 years from the application date
9.	Ornament (Great Sage Equal to Heaven) (擺件(齊天大聖))	Design	Our Company	PRC	2023306677044	2023-10-16	15 years from the application date
10.	Ornament (5010132 Floral Silk Gourd) (擺件(5010132花絲葫蘆))	Design	Our Company	PRC	2024302058641	2024-04-12	15 years from the application date
11.	Ornament (Floral Blossoms Bring Prosperity 5060016) (擺件(花開富貴 5060016))	Design	Our Company	PRC	2022306393404	2022-09-27	15 years from the application date
12.	Craft (Wang Xizhi) (工藝品(王羲之))	Design	Our Company	PRC	202130497053X	2021-08-03	15 years from the application date
13.	Ornament (Li Bai) (擺件(李白))	Design	Our Company	PRC	2021305484153	2021-08-23	15 years from the application date

No.	Patent	Type	Patent holder	Jurisdiction of registration	Patent number	Application date (Year/Month/Date)	Duration of patent right
14.	Craft (Bull Market) (工藝品(牛市))	Design	Our Company	PRC	2021302716233	2021-05-08	10 years from the application date
15.	Ornament (Big Mouth Pixiu) (擺件(大嘴貔貅))	Design	Our Company	PRC	2021308774105	2021-12-31	15 years from the application date
16.	Ornament (Wealth on a Horse) (擺件(馬上有錢))	Design	Our Company	PRC	2021306706480	2021-10-13	15 years from the application date
17.	Ornament (Huanhuan) (擺件(歡歡))	Design	Our Company	PRC	2021308410556	2021-12-20	15 years from the application date
18.	Ornament (Vassal Title Granting) (擺件(封侯拜相))	Design	Our Company	PRC	2021308216503	2021-12-13	15 years from the application date
19.	Ornament (2020038 Five Jambhalas) (擺件(2020038五路財神))	Design	Our Company	PRC	2023300847662	2023-03-01	15 years from the application date

(d) Copyrights

As at the Latest Practicable Date, the Group had registered the following copyrights which are material to its business:

No.	Title of work	Copyright owner	Registration number	Registration date (Year/Month/Date)
1. . .	A Thousand Miles of Rivers and Mountains (千里江山)	Our Company	Guo Zuo Deng Zi-2020-F-01031078	2020-05-07
2. . .	Time Refines Excellence, the Universe Captured in Copper (醇厚千年 萬象入銅)	Our Company	Guo Zuo Deng Zi-2021-F-00144484	2021-06-29
3. . .	Original Character Design Drawing for Huanxi Xiaojiang (歡喜小將文字獨創設計圖)	Our Company	Guo Zuo Deng Zi-2020-F-01192360	2020-12-10
4. . .	Tai Tong Vermilion Bird Emblem (太銅朱雀標誌)	Our Company	Guo Zuo Deng Zi-2021-F-00091681	2021-04-23
5. . .	Tongshifu (銅師傅)	Our Company	Guo Zuo Deng Zi-2019-F-00816561	2019-06-28
6. . .	“Thousand-Hand Guanyin” Painting (《千手觀音》美術畫)	Our Company	Zhe Zuo Deng Zi 11-2023-F-7587	2023-03-31
7. . .	“Zhao Gongming” Sculpture (《趙公明》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2023-F-7586	2024-01-09
8. . .	“Promising Future” Sculpture (《前程似錦》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2023-F-7578	2023-03-31
9. . .	“Bellwether” Sculpture (《領頭羊》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2023-F-7577	2023-03-31

No.	Title of work	Copyright holder	Registration number	Registration date (Year/Month/Date)
10..	“Wealth Overflow Baoding Ball” Sculpture (《財源滾滾健身球》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2023-F-7576	2023-03-31
11..	“Five Jambhalas” Sculpture (《五路財神》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2023-F-6029	2023-03-17
12..	“Black Whirlwind – Li Kui” Sculpture (《黑旋風-李逵》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2023-F-1519	2023-01-14
13..	“Zodiac Goat” Sculpture (《十二生肖羊》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2023-F-1516	2023-01-14
14..	“Fresh Bamboo Herald of Peace” Sculpture (《新竹報平安》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2023-F-1502	2023-01-14
15..	“Triumph in Every Campaign” Artistic Work (《百戰百勝》美術作品)	Our Company	Zhe Zuo Deng Zi 11-2022-F-41695	2022-11-22
16..	“Festivity Overflowing Household” Painting (《喜氣盈門》美術畫)	Our Company	Zhe Zuo Deng Zi 11-2022-F-38098	2022-11-04
17..	“Sublime Peaks and Flowing Streams” Sculpture (《高山流水》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2022-F-34078	2022-10-10
18..	“Floral Blossoms Bring Prosperity” Sculpture (《花開富貴》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2022-F-34076	2022-10-10
19..	“Five Tiger Generals: Guan Yu” Sculpture (《五虎上將之關公》雕塑)	Our Company	Zhe Zuo Deng Zi 11-2022-F-27932	2022-08-16
20..	“Cosmic Righteousness” Sculpture (《義薄雲天》雕塑)	Our Company	Zhe Zuo Deng Zi 11-2022-F-27589	2022-08-12
21..	“Nine Carps Converging Wealth” Painting (九魚聚財美術畫)	Our Company	Zhe Zuo Deng Zi 11-2022-F-8275	2022-04-08
22..	“Auspicious Elephant II” Painting (吉象之二美術畫)	Our Company	Zhe Zuo Deng Zi 11-2022-F-8274	2022-04-08
23..	“Neo-Great Sage” Sculpture (新款大聖雕塑)	Our Company	Zhe Zuo Deng Zi 11-2022-F-5786	2022-03-03
24..	“Honey Badger” Sculpture (平頭哥雕塑)	Our Company	Zhe Zuo Deng Zi 11-2022-F-5539	2022-03-01
25..	“Vassal Title Granting” Sculpture (封侯拜相雕塑)	Our Company	Zhe Zuo Deng Zi 11-2022-F-3742	2022-02-10
26..	“Zhong Kui” Sculpture (鍾馗雕塑)	Our Company	Zhe Zuo Deng Zi 11-2022-F-2916	2022-01-26
27..	“Lin Chong” Sculpture (林沖雕塑)	Our Company	Zhe Zuo Deng Zi 11-2022-F-2915	2022-01-26
28..	“Omnidirectional Auspiciousness” Sculpture (諸事大吉雕塑)	Our Company	Zhe Zuo Deng Zi 11-2022-F-2079	2022-01-20

No.	Title of work	Copyright	Registration number	Registration date (Year/Month/Date)
29..	“Neo-Magpie Perches upon a Branch” Sculpture (喜上眉梢新款雕塑)	Our Company	Zhe Zuo Deng Zi 11-2022-F-2077	2022-01-20
30..	“Adorable Manjusri Bodhisattva” Sculpture (萌版文殊菩薩雕塑)	Our Company	Zhe Zuo Deng Zi 11-2021-F-30943	2021-09-29
31..	“Wang Xizhi” Sculpture (王羲之雕塑)	Our Company	Zhe Zuo Deng Zi 11-2021-F-26272	2021-08-26
32..	“Fame and Fortune” Sculpture (名利雙收雕塑)	Our Company	Zhe Zuo Deng Zi 11-2021-F-20367	2021-07-26
33..	“Western Trinity: Mahasthamaprapta Bodhisattva” Sculpture (西方三聖之大勢至菩薩雕塑)	Our Company	Zhe Zuo Deng Zi 11-2021-F-19016	2021-07-15
34..	“Guan Yu” Sculpture (關公雕塑)	Our Company	Zhe Zuo Deng Zi 11-2021-F-16845	2021-06-21
35..	“Deer Bring Success” Sculpture (鹿鹿大順雕塑)	Our Company	Zhe Zuo Deng Zi 11-2021-F-16836	2021-06-21
36..	“Andalusian Horse” Sculpture (安達盧西亞馬雕塑)	Our Company	Zhe Zuo Deng Zi 11-2021-F-13266	2021-05-26
37..	“Pixiu: Quadrant Wealth Convergence” Sculpture (貔貅之四方來財雕塑)	Our Company	Zhe Zuo Deng Zi 11-2021-F-12623	2021-05-20
38..	“Eternal Loyalty and Righteousness” Sculpture (忠義千秋雕塑)	Our Company	Zhe Zuo Deng Zi 11-2020-F-21227	2020-10-26
39..	“Nine Carps Converging Wealth” Traditional Painting (《九魚聚財》國畫)	Our Company	Zhe Zuo Deng Zi 11-2020-F-21208	2020-10-26
40..	“Filigree Ruyi Scepter” Sculpture (《花絲如意》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2024-F-20088	2024-07-10
41..	“Cosmic Integrity (Revised Edition)” Sculpture (《乾坤正氣(改款)》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2024-F-20093	2024-07-10
42..	“Floral Silk Gourd” Sculpture (《花絲葫蘆》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2024-F-20095	2024-07-10
43..	“Jiang Taigong Angling Sage” Sculpture (《姜太公釣魚》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2024-F-16146	2024-06-21
44..	“Navigating Stormy Seas” Sculpture (《乘風破浪》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2024-F-16175	2024-06-21
45..	“Dragon Gate Leaping Fish” Sculpture (《魚躍龍門》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2024-F-13081	2024-05-25
46..	“Celestial Patron of Literature” Sculpture (《文曲星》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11-2024-F-12050	2024-05-15

No.	Title of work	Copyright	Registration number	Registration date (Year/Month/Date)
47..	“Myriad Blessings Gourd” Sculpture (《百福葫蘆》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11- 2024-F-10873	2024-04-29
48..	“The Imperial Palace-style Dragon Relief” Sculpture (《故宮龍形浮 雕》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11- 2024-F-4480	2024-02-07
49..	“Zhuangzi’s Butterfly Dream” Sculpture (《莊周夢蝶》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11- 2024-F-3722	2024-01-31
50..	“Zhang Sanfeng” Sculpture (《張三 豐》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11- 2024-F-1951	2024-01-18
51..	“Gong Xi Fa Cai Jambhala” Sculpture (《恭喜發財財神》雕塑 作品)	Our Company	Zhe Zuo Deng Zi 11- 2024-F-571	2024-01-09
52..	“Panda Wang Fugui: Rock ‘n’ Roll Lifestyle” Sculpture (《熊貓王富貴 之搖滾人生》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11- 2024-F-823	2024-01-09
53..	“Flying Apsara: Konghou Harp” Sculpture (《飛天之箜篌》雕塑作 品)	Our Company	Zhe Zuo Deng Zi 11- 2023-F-36678	2023-10-31
54..	“Vassal Title Granting” Sculpture (《封侯拜相》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11- 2023-F-27586	2023-08-29
55..	“Single-Reed River Crossing” Sculpture (《一葦渡江》雕塑作品)	Our Company	Zhe Zuo Deng Zi 11- 2023-F-25727	2023-08-24
56..	“Legendary Great Sage” Sculpture (《大聖之傳奇》雕塑作品)	Our Company	Zhe Zuo Deng Zi-2024- F-00022791	2024-07-31
57..	“Wukong” Painting (《悟空》美術 畫)	Our Company	Zhe Zuo Deng Zi-2024- F-00026907	2024-09-03
58..	“Nostalgic Cloth Tiger (Ruyi Orange)” Sculpture (《記憶中的布 老虎(如意橙)》雕塑作品)	Our Company	Zhe Zuo Deng Zi-2024- F-00028174	2024-09-13
59..	“Yi Ethnic” Painting (《彝族》美術 畫)	Our Company	Zhe Zuo Deng Zi-2024- F-00039310	2024-12-09
60..	“Blue-and-White Porcelain and Maiden” Sculpture (《青花瓷少 女》雕塑作品)	Our Company	Zhe Zuo Deng Zi-2024- F-00040320	2024-12-18
61..	Lotus-Throned Serene Guanyin (荷花 自在觀音)	Our Company	Zhe Zuo Deng Zi-2024- F-00040415	2024-12-18
62..	“Sui-Tang Dynasty Heroes: Cheng Yaojin” Sculpture (《隋唐英雄程咬 金》雕塑作品)	Our Company	Zhe Zuo Deng Zi-2024- F-00044955	2024-12-31
63..	“Lu Zhishen” Sculpture (《魯智深》 雕塑作品)	Our Company	Zhe Zuo Deng Zi-2025- F-00001014	2025-01-17
64..	“Filigree Hoop Tea Caddy” Sculpture (《緊箍茶葉罐》雕塑作品)	Our Company	Zhe Zuo Deng Zi-2025- F-00002859	2025-02-28

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interest

(a) *Interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of our Company and our associated corporations*

The following table sets out the interests and short positions of our Directors and chief executive of our Company immediately following completion of the Global Offering (without taking into account the H Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once our H Shares are listed:

Name	Capacity/ Nature of Interest	Class of Shares held after the Global Offering	Number of Shares	Approximate percentage of shareholding in the relevant class of Shares upon completion of the Global Offering (assuming no exercise of the Over-allotment Option) ⁽¹⁾	Approximate percentage of shareholding in the issued share capital of our Company after the Global Offering (assuming no exercise of the Over-allotment Option) ⁽¹⁾
Mr. Yu ⁽²⁾	Beneficial Interest	H Shares	14,971,100 (L)	24.06%	23.24%
Xiao Feng (肖峰) ⁽²⁾ . . .	Beneficial Interest	H Shares	1,067,715 (L)	1.72%	1.66%
He Yun (何贊) ⁽²⁾ . . .	Beneficial Interest	H Shares	360,713 (L)	0.58%	0.56%
Luo Renxiang (羅仁祥) ⁽²⁾ . .	Beneficial Interest	H Shares	288,571 (L)	0.46%	0.45%

Notes:

- (1) The calculation is based on the total number of 64,406,800 Shares, consisting of 2,179,599 Domestic Unlisted Shares and 62,227,201 H Shares) in issue immediately after completion of the Global Offering (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option).
- (2) Mr. Yu, Mr. Xiao Feng, Mr. He Yun and Mr. Luo Renxiang are our Directors.
- (3) The letter (L) denotes the person's long position in the Shares.

(b) *Interests of the substantial shareholders*

Save as disclosed in the section headed “Substantial Shareholders” of this prospectus, immediately following the completion of the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any member of our Group.

2. Particulars of the Directors’ Service Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Hong Kong Listing Rules, we will enter into a contract with each of our Directors in respect of, among other things (i) compliance of relevant laws and regulations, (ii) observance of the Articles of Association, and (iii) provisions on arbitration.

Save as disclosed above, none of the Directors has entered into any service contracts as a director with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Remuneration of Directors

For details of the remuneration of Directors, see “Directors and Senior Management – Emolument of Directors and Senior Management” and note 10 in “Appendix I – Accountant’s Report” to this prospectus.

4. Agency fees or commissions received

Save as disclosed in this section, no commissions, discounts, agency fee, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

5. Disclaimers

- (a) Save as disclosed in “Substantial Shareholders” and “C. Further information about our Directors and Substantial Shareholders” of this section, none of our Directors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed on the Stock Exchange;

- (b) Save as disclosed in “Substantial Shareholders” and “C. Further information about our Directors and Substantial Shareholders” of this section, none of our Directors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange;
- (c) None of the Directors nor any of the experts referred to in “D. Other Information – 8. Qualifications and Consents of Experts” below:
 - (i) has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group; or
 - (ii) is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group;
- (d) Save in connection with the Underwriting Agreements, none of the Directors nor any of the experts referred to in “D. Other Information – 8. Qualifications and Consents of Experts” below:
 - (i) interested legally or beneficially in any shares in any member of our Group; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;
- (e) So far as is known to the Directors, none of the Directors or their associates or any Shareholders who are expected to be interested in 5% or more of the issued share capital of the Company immediately following the completion of the Global Offering, had any interest in any of our top five customers or our top five suppliers of the Group in each year/period during the Track Record Period.

D. OTHER INFORMATION

1. Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group.

2. Litigation

As of the Latest Practicable Date, save as disclosed in the “Business — Legal Proceedings” section to this prospectus, the Company was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions.

3. The Sole Sponsor's Independence

The Sole Sponsor has made an application on our behalf to the Listing Committee for listing of, and permission to deal in, the H Shares, including any additional Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS. The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will receive an aggregate fee of USD600,000 for acting as the sponsor for the Listing.

4. Compliance Adviser

The Company has appointed Innovax Capital Limited as the compliance adviser upon Listing in compliance with Rules 3A.19 and 19A.05 of the Listing Rules.

5. Preliminary Expenses

The Company has not incurred any material preliminary expenses.

6. Taxation of holder of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred. For further details in relation to taxation, please refer to Appendix IV to this prospectus.

7. Promoters

Our promoters comprised 16 of our then Shareholders immediately before our conversion into a joint stock limited liability company on November 11, 2014:

No.	Name of promoters
1.	Mr. Yu
2.	Yang Feng (楊風)
3.	Li Li (李麗)
4.	He Yun (何贇)
5.	Luo Renxiang (羅仁祥)
6.	Liang Yuehua (梁越華)
7.	Lu Huahua (盧華華)
8.	Wang Qiuxia (王秋霞)
9.	Lv Liang (呂亮)
10.	Xu Wei (徐偉)
11.	Ding Hongliang (丁紅良)
12.	Yu Qing (俞清)
13.	Xu Yan (徐燕)
14.	Li Gan (李淦)
15.	Huang Nannan (黃楠楠)
16.	Li Xifang (李希芳)

Within the two years immediately preceding the date of this prospectus, no cash, securities, amount or benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

8. Qualifications and Consents of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) which have given opinions or advice in, or referred to in, this prospectus are as follows:

Name of Expert	Qualifications
CMB International Capital Limited	A licensed corporation to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants (Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance)
JunHe LLP	Legal adviser as to PRC laws to our Company
JunHe LLP	Legal adviser as to PRC cybersecurity and data privacy laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
Cushman & Wakefield Limited . .	Property valuer

Each of the experts listed above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or references to its name and qualifications included herein in the form and context in which they respectively appear.

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. No Material Adverse Change

Our Directors confirm that up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since September 30, 2025 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

12. Miscellaneous

- (a) Save as disclosed in this section, within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiary has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash.
- (b) No Share or loan capital of the Company or any of its subsidiary is under option or is agreed conditionally or unconditionally to be put under option.
- (c) No founder, management or deferred shares of the Company or any of its subsidiary have been issued or have been agreed to be issued.
- (d) Our Company has no outstanding convertible debt securities or debentures.
- (e) None of the experts listed under “– 8. Qualifications and Consents of Experts”:
 - (i) is interested beneficially or non-beneficially in any shares in any member of the Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group save in connection with the Underwriting Agreements.
- (f) There are no procedures for the exercise of any right of pre-emption or transferability of subscription rights.
- (g) There are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business.
- (h) The English text of this prospectus shall prevail over their respective Chinese text.
- (i) There is no arrangement under which future dividends are waived or agreed to be waived.
- (j) There has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.
- (k) Our Company is not presently listed on any stock exchange or traded on any trading system.

- (l) None of our equity and debt securities is presently listed on any stock exchange or traded on any trading system and no such listing or permission to list is being or is proposed to be sought.
- (m) Our Company currently does not intend to apply for the status of a sino-foreign investment joint stock limited liability company and does not expect to be subject to the Law of the PRC on Sino-foreign Equity Joint Ventures.
- (n) There are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from overseas.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of the material contracts referred to in “Appendix VII – Statutory and General Information – B. Further Information about the Business – 1. Summary of Material Contracts”; and
- (b) the written consents referred to in “Appendix VII – Statutory and General Information – D. Other information – 8. Qualifications and Consents of Experts.”

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.tongshifu.com during a period of 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the audited consolidated financial statements of our Group for the financial years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025;
- (c) the Accountants’ Report issued by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this Prospectus;
- (d) the report on the unaudited pro forma financial information of our Group issued by Deloitte Touche Tohmatsu, the text of which is set out in Appendix IIA to this Prospectus;
- (e) the PRC legal opinion from JunHe LLP, our Company’s PRC legal adviser, in respect of, among other things, the general matters of our Company and the property interests of our Group in the PRC;
- (f) the legal due diligence report from JunHe LLP, our Company’s legal adviser as to PRC cybersecurity and data privacy laws;
- (g) the industry report prepared by F&S, the summary of which is set out in “Industry Overview”;
- (h) the property valuation report prepared by Cushman & Wakefield Limited, the text of which are set out in “Appendix III – Property Valuation Report”;
- (i) the PRC Company Law, Securities Law, and the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies together with their unofficial English translations;
- (j) the service contracts between each of our Directors and our Company referred to in “Appendix VII – Statutory and General Information”;

- (k) the material contracts referred to in “Appendix VII – Statutory and General Information – B. Further Information about the Business – 1. Summary of Material Contracts”; and
- (l) the written consents referred to in “Appendix VII – Statutory and General Information – D. Other information – 8. Qualifications and Consents of Experts.”



TONGSHIFU

杭州銅師傅文創(集團)股份有限公司

HANGZHOU TONGSHIFU CULTURAL AND CREATIVE (GROUP) CO., LTD.

Date: March 23, 2026

Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd.

杭州銅師傅文創(集團)股份有限公司

No. 777 Yading Road, Yangxi Subdistrict,

Jiande City,

Zhejiang Province,

PRC

Dear Sirs,

Consent to the issue of the Prospectus of Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd. (杭州銅師傅文創(集團)股份有限公司) (the “Company”) in connection with the Global Offering

We refer to the prospectus of the Company dated March 23, 2026 (the “**Prospectus**”) in connection with the global offering and listing of the H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Unless otherwise stated, capitalized terms used in this letter shall have the same meanings as those defined in the Prospectus.

We hereby give, and confirm that we have not withdrawn, our consent to the issue of the Prospectus and the inclusion of, and all references to, our name, qualification, opinions, legal due diligence report and advice, in the form and context in which they respectively appear in the Prospectus.

We hereby consent to you releasing this letter to the Registrar of Companies in Hong Kong and the Stock Exchange for the purpose of the registration of the Prospectus and referring to it in the Prospectus. We also hereby consent to copies of this letter and our legal opinion and legal due diligence report being made available on display as described in Appendix VIII “Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display” to the Prospectus.

Yours faithfully,

For and on behalf of
JunHe LLP

Jun He LLP

Date: March 23, 2026

Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd.

杭州銅師傅文創(集團)股份有限公司
No. 777 Yading Road, Yangxi Subdistrict,
Jiande City,
Zhejiang Province,
PRC

Dear Sirs,

Re: Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd. (杭州銅師傅文創(集團)股份有限公司) (the “Company”) – Proposed Listing on the Main Board of The Stock Exchange of Hong Kong Limited

We refer to the prospectus of the Company dated March 23, 2026 (the “**Prospectus**”) in connection with the proposed global offering and listing of the H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Unless otherwise stated, terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby consent, and confirm that we have not withdrawn our consent, to the issue of the Prospectus and the inclusion therein of references to our name, qualifications, opinions and industry report, in the form and context in which they respectively appear in the Prospectus.

We hereby consent to you releasing this letter to the Registrar of Companies in Hong Kong and the Stock Exchange for the purpose of the registration of the Prospectus and referring to it in the Prospectus. We also hereby consent to this letter and our industry report referred to in the above being on display as described in the section headed “Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display” in Appendix VIII to the Prospectus.

Yours faithfully,
For and on behalf of
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.



Name: Terry Tse
Title: Consulting Director

Our ref: LR-O-26058.r
GL/DL/jc

March 23, 2026

The Board of Directors
Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd
杭州銅師傅文創(集團)股份有限公司
No. 777 Yading Road,
Yang Xi Street,
Jiande City,
Zhejiang Province,
PRC

Dear Sirs and Madams,

We refer to the prospectus of Hangzhou Tongshifu Cultural and Creative (Group) Co., Ltd (杭州銅師傅文創(集團)股份有限公司) dated March 23, 2026 (the “**Prospectus**”) in connection with the proposed global offering and proposed primary listing of its H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

We hereby give, and confirm we have not withdrawn, our consent to the issue of the Prospectus and the inclusion of, and all references thereto, our name, qualification, opinions and our letter and valuation certificates (the “**Property Valuation Report**”), in the form and context in which they respectively appear in the Prospectus.

We hereby consent to you releasing this letter to the Registrar of Companies in Hong Kong and the Stock Exchange and referring to it in the Prospectus. We also hereby consent to a copy of this letter and the Property Valuation Report being made available on display as described in “Appendix VIII — Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display” to the Prospectus.

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Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited



Grace Lam
Senior Director
Valuation & Advisory Services, Greater China