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# CHICMAX

**Shanghai Chicmax Cosmetic Co., Ltd.**

**上海上美化妝品股份有限公司**

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

**(Stock code: 2145)**

## **I. CONNECTED TRANSACTION: FORMATION OF THE JOINT VENTURE;**

### **II. PROPOSED CONTINUING CONNECTED TRANSACTIONS:**

**(1) PRODUCT SALES FRAMEWORK AGREEMENT; (2) CHICMAX OPERATIONAL SUPPORT SERVICE AGREEMENT; (3) DONGYIN OPERATIONAL SUPPORT SERVICE AGREEMENT; AND (4) LOGISTICS AND WAREHOUSING SERVICE AGREEMENT; AND**

### **III. CONTINUING CONNECTED TRANSACTION WITH SUZHOU XIONGZE: REVISION OF THE 2024 ANNUAL CAP**



## **I. CONNECTED TRANSACTION: FORMATION OF THE JOINT VENTURE**

### **Formation of the Joint Venture**

On 22 August 2024, Shanghai One Leaf and Hangzhou Mangken entered into the Joint Venture and Cooperation Agreement, pursuant to which Shanghai One Leaf and Hangzhou Mangken agreed to form the Joint Venture whereby Shanghai One Leaf will contribute RMB10.2 million in cash to the Joint Venture, accounting for 51% of the total initial registered capital of the Joint Venture.

### **Listing Rules Implications**

As at the date of this announcement, Hangzhou Mangken is a company owned as to 99.5% by Mr. Lyu Zeqi (呂澤奇) and 0.5% by Mr. Lyu Zecai (呂澤財), both being cousins of Mr. Lyu Yixiong (呂義雄), an executive Director, the chairperson of the Board, the chief executive officer and a controlling shareholder of the Company. Pursuant to Rule 14A.21 of the Listing Rules, Hangzhou Mangken is a deemed connected person of the Company. Therefore, the formation of the Joint Venture constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the formation of the Joint Venture is more than 0.1% but less than 5%, the formation of the Joint Venture is only subject to the reporting and announcement requirements but exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of his relationship with Mr. Lyu Zeqi and Mr. Lyu Zecai, Mr. Lyu Yixiong is considered to have a material interest in the transaction contemplated under the Joint Venture and Cooperation Agreement, and he has abstained from voting on the relevant Board resolution approving the above transactions.

## **II. PROPOSED CONTINUING CONNECTED TRANSACTIONS**

### **(1) PRODUCT SALES FRAMEWORK AGREEMENT**

The Company and the Joint Venture proposed to enter into the Product Sales Framework Agreement, pursuant to which the Joint Venture agrees to purchase certain products from the Group (excluding the Joint Venture).

#### **Listing Rules Implications**

After its establishment, the Joint Venture shall be held as to 49% by Hangzhou Mangken, a deemed connected person of the Company, and 51% indirectly by the Company. Pursuant to Rule 14A.16 of the Listing Rules, the Joint Venture is a connected subsidiary of the Company. Therefore, the transactions contemplated under the Product Sales Framework Agreement shall constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the Product Sales Framework Agreement for the three years ending 31 December 2024, 2025 and 2026 exceeds 5%, such continuing connected transactions are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of his relationship with Mr. Lyu Zeqi and Mr. Lyu Zecai, Mr. Lyu Yixiong is considered to have a material interest in the transactions contemplated under the Product Sales Framework Agreement, and he has abstained from voting on the relevant Board resolution approving the above transactions.

## **(2) CHICMAX OPERATIONAL SUPPORT SERVICE AGREEMENT**

The Company and the Joint Venture proposed to enter into the Chicmax Operational Support Service Agreement, pursuant to which the Group (excluding the Joint Venture) agrees to provide certain operational support services to the Joint Venture.

### **Listing Rules Implications**

After its establishment, the Joint Venture shall be held as to 49% by Hangzhou Mangken, a deemed connected person of the Company, and 51% indirectly by the Company. Pursuant to Rule 14A.16 of the Listing Rules, the Joint Venture is a connected subsidiary of the Company. Therefore, the transactions contemplated under the Chicmax Operational Support Service Agreement shall constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the Chicmax Operational Support Service Agreement for the three years ending 31 December 2024, 2025 and 2026 is more than 0.1% but less than 5%, such continuing connected transactions are only subject to the reporting and announcement requirements but exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of his relationship with Mr. Lyu Zeqi and Mr. Lyu Zecai, Mr. Lyu Yixiong is considered to have a material interest in the transactions contemplated under the Chicmax Operational Support Service Agreement, and he has abstained from voting on the relevant Board resolution approving the above transactions.

## **(3) DONGYIN OPERATIONAL SUPPORT SERVICE AGREEMENT**

Zhejiang Dongyin and the Joint Venture proposed to enter into the Dongyin Operational Support Service Agreement, pursuant to which Zhejiang Dongyin agrees to provide certain operational support services to the Joint Venture.

### **Listing Rules Implications**

As at the date of this announcement, Zhejiang Dongyin is a company owned as to 99% by Mr. Lyu Zeqi and 1% by Mr. Lyu Zewen (呂澤文), both being cousins of Mr. Lyu Yixiong, an executive Director, the chairperson of the Board, the chief executive officer and a controlling shareholder of the Company. Pursuant to Rule 14A.21 of the Listing Rules, Zhejiang Dongyin is a deemed connected person of the Company. After its establishment, the Joint Venture will be a non-wholly owned subsidiary of the Company. Therefore, the transactions contemplated under the Dongyin Operational Support Service Agreement shall constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the Dongyin Operational Support Service Agreement for the three years ending 31 December 2024, 2025 and 2026 is more than 0.1% but less than 5%, such continuing connected transactions are only subject to the reporting and announcement requirements but exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of his relationship with Mr. Lyu Zeqi and Mr. Lyu Zewen, Mr. Lyu Yixiong is considered to have a material interest in the transactions contemplated under the Dongyin Operational Support Service Agreement, and he has abstained from voting on the relevant Board resolution approving the above transactions.

#### **(4) LOGISTICS AND WAREHOUSING SERVICE AGREEMENT**

Hangzhou Rongheng and the Joint Venture proposed to enter into the Logistics and Warehousing Service Agreement, pursuant to which Hangzhou Rongheng agrees to provide logistics and warehousing services to the Joint Venture.

##### **Listing Rules Implications**

As at the date of this announcement, Hangzhou Rongheng is wholly owned by Mr. Lyu Zecai, a cousin of Mr. Lyu Yixiong, is an executive Director, the chairperson of the Board, the chief executive officer and a controlling shareholder of the Company. Pursuant to Rule 14A.21 of the Listing Rules, Hangzhou Rongheng is a deemed connected person of the Company. After its establishment, the Joint Venture will be a non-wholly owned subsidiary of the Company. Therefore, the transactions contemplated under the Logistics and Warehousing Service Agreement shall constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the Logistics and Warehousing Service Agreement for the three years ending 31 December 2024, 2025 and 2026 is more than 0.1% but less than 5%, such continuing connected transactions are only subject to the reporting and announcement requirements but exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of his relationship with Mr. Lyu Zecai, Mr. Lyu Yixiong is considered to have a material interest in the transactions contemplated under the Logistics and Warehousing Service Agreement, and he has abstained from voting on the relevant Board resolutions approving the above transactions.

### **III. CONTINUING CONNECTED TRANSACTION WITH SUZHOU XIONGZE: REVISION OF THE 2024 ANNUAL CAP**

Considering the need for the rapid business expansion of our Group in 2024, the Company proposed to revise the annual cap for the year ending 31 December 2024 under the Products Purchasing Framework Agreement.

### ***Listing Rules Implications***

As at the date of this announcement, Suzhou Xiongzhe is a company wholly owned by the spouse of Ms. Lyu Lichun (呂麗純), a sibling of Mr. Lyu Yixiong, an executive Director, the chairperson of the Board, the chief executive officer and a controlling shareholder of the Company. Pursuant to Rule 14A.21 of the Listing Rules, Suzhou Xiongzhe is a deemed connected person of the Company. Therefore, the transactions contemplated under the Products Purchasing Framework Agreement shall constitute continuing connected transactions under the Listing Rules.

As the highest applicable percentage ratio in respect of the Revised 2024 Annual Cap exceeds 5%, the revision of the 2024 Annual Cap is subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of his relationship with Lyu Lichun, Mr. Lyu Yixiong is considered to have a material interest in the revision of the 2024 Annual Cap, and he has abstained from voting on the relevant Board resolution approving the Revised 2024 Annual Cap.

#### **IV. INDEPENDENT BOARD COMMITTEE, INDEPENDENT FINANCIAL ADVISOR AND FIRST 2024 EGM**

An Independent Board Committee has been established to advise the Independent Shareholders on (i) the terms of the Product Sales Framework Agreement and the proposed annual caps for such transactions for each of the three years ending 31 December 2024, 2025 and 2026; and (ii) the revision of the 2024 Annual Cap. Innovax Capital Limited has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this regard.

The First 2024 EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among other things, (i) the terms of the Product Sales Framework Agreement and the proposed annual caps for such transactions for each of the three years ending 31 December 2024, 2025 and 2026; and (ii) the revision of the 2024 Annual Cap.

Mr. Lyu Yixiong and his associates will abstain from voting on any of the above ordinary resolutions to be proposed at the First 2024 EGM.

As more time is required to finalise the circular to the Shareholders, the Company expects to despatch to the Shareholders the circular on or before 13 September 2024 containing, among other things, (i) further information relating to (a) the terms of the Product Sales Framework Agreement and the proposed annual caps for such transactions for each of the three years ending 31 December 2024, 2025 and 2026; and (b) the revision of the 2024 Annual Cap; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Innovax Capital Limited to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the First 2024 EGM.

## I. CONNECTED TRANSACTION: FORMATION OF THE JOINT VENTURE

### Formation of the Joint Venture

On 22 August 2024, Shanghai One Leaf and Hangzhou Mangken entered into the Joint Venture and Cooperation Agreement (as supplemented by a supplemental agreement dated the same date), pursuant to which Shanghai One Leaf and Hangzhou Mangken agreed to form the Joint Venture whereby Shanghai One Leaf will contribute RMB10.2 million in cash to the Joint Venture, accounting for 51% of the total initial registered capital of the Joint Venture. The principal terms of the Joint Venture and Cooperation Agreement are summarised as follows.

Date:	22 August 2024
Parties:	(1) Shanghai One Leaf; and (2) Hangzhou Mangken
Proposed name of the Joint Venture:	Shanghai One Leaf Skincare Products Co., Ltd.* (上海一葉子護膚品有限公司) (subject to final approval by administration for market regulation (市場監督管理部門))
Nature of the Joint Venture:	limited liability company
Registered capital and capital contribution:	The registered capital of the Joint Venture shall be RMB20.0 million.  The proportion of capital contribution of the Joint Venture is set out below:

Parties	Amount of Capital Contribution (RMB'000)	Proportion of Capital Contribution (%)
Shanghai One Leaf	10,200	51
Hangzhou Mangken	9,800	49
Total	<u>20,000</u>	<u>100</u>

The shareholders of the Joint Venture will pay 50% of their respective capital contribution in cash within 60 days from the date of the establishment of the Joint Venture, and will negotiate the payment date of the remaining capital contribution based on operation of the Joint Venture.

The amount of capital contribution was determined by the parties of the Joint Venture and Cooperation Agreement after arm's length negotiations, taking into account various factors such as the business nature, working capital requirements and future development plans of the Joint Venture.

Proposed business scope: Sales of cosmetics

Term of operation: 20 years

Management structure: Board of shareholders

The Joint Venture shall set up a board of shareholders consisting of all of its shareholders. The board of shareholders shall be the highest authority of the Joint Venture.

#### Board of directors

The board of directors of the Joint Venture shall consist of three directors who shall be nominated by the shareholders (two shall be nominated by Shanghai One Leaf and one shall be nominated by Hangzhou Mangken) and appointed by the shareholders of the Joint Venture. The chairperson of the board of directors shall be the director nominated by Shanghai One Leaf.

#### Supervisors

The Joint Venture shall have one supervisor, who shall be nominated by Shanghai One Leaf and appointed by the shareholders of the Joint Venture.

#### Senior management

The Joint Venture shall have one general manager who shall be nominated by Hangzhou Mangken, and one chief financial officer, whom shall be nominated by Shanghai One Leaf, and both the general manager and the chief financial officer shall be appointed by the board of directors of the Joint Venture.

Distribution of profits: After making up losses of the Joint Venture, repaying loans and payments provided by the parties to the Joint Venture (if any), and allocating to statutory reserve funds in sequence, at least 50% of the after-tax net profits of the Joint Venture shall be distributed to the shareholders of the Joint Venture proportional to their respective paid-up capital contribution.

Termination: Any party of the Joint Venture and Cooperation Agreement is entitled to terminate the cooperation upon the occurrence of the following circumstances:

- (1) the accumulative losses of the Joint Venture exceeding RMB50 million;
- (2) the Joint Venture recording losses for three consecutive years; and
- (3) the Joint Venture failing to reach an annual sales revenue of RMB1 billion (tax inclusive) within the third year after the establishment of the Joint Venture.

Shanghai One Leaf is entitled to terminate the cooperation if Hangzhou Mangken and its actual controller, Mr. Lyu Zeqi, breach the non-competition undertaking in the Joint Venture and Cooperation Agreement.

Non-competition: Hangzhou Mangken and its actual controller, Mr. Lyu Zeqi, undertake that, during the term of operation of the Joint Venture and before the annual sales revenue (tax inclusive) of the Joint Venture exceeds RMB2 billion for two consecutive years, other than the business conducted by them prior to the execution of the Joint Venture and Cooperation Agreement, Hangzhou Mangken and its actual controller shall not, directly or indirectly, engage in any business that competes with *One Leaf* (the “**Competing Business**”), hold any position or equity interest in the entities that conduct the Competing Business, or, directly or indirectly, invest in, participate in, assist, provide consulting or advisory services to or otherwise engage in the Competing Business in any manner.

Special arrangement: During the term of operation of the Joint Venture, if the sales revenue (tax inclusive) of facial skincare products under *One Leaf* in the channels that the Joint Venture operates exceeds RMB2 billion and the net profit margin after tax is no less than 10%, and Hangzhou Mangken intends to dispose part of its equity interest in the Joint Venture, Shanghai One Leaf and Hangzhou Mangken shall negotiate on the reasonable price, transaction structure, transaction method, etc. of such acquisition. Shanghai One Leaf and the Company may acquire no more than 10% of the equity interest in the Joint Venture held by Hangzhou Mangken at a reasonable price after completion of necessary internal review and decision-making procedures, subject to the requirements under the then applicable laws and regulations, Listing Rules and relevant provisions of securities regulatory authorities.

### **Reasons for and benefits of the formation of the Joint Venture**

Mr. Lyu Zeqi, the actual controller of Hangzhou Mangken, and his team have been engaged in the cosmetics industry for over 15 years, with extensive experience in operating in e-commerce channels and the operational strength in brand building. Mr. Lyu Zeqi and his team have developed a cosmetics brand, which was established in 2016, into a brand with annual gross merchandise volume exceeding RMB1 billion within several years. Leveraging on the resources and strengths of the Group and Mr. Lyu Zeqi and his team, the formation of the Joint Venture aims to operate and further develop *One Leaf* and to achieve favourable economic benefits.



The Directors (including the executive Directors, non-executive Directors and independent non-executive Directors) consider that the terms of the Joint Venture and Cooperation Agreement are on normal commercial terms, which are fair and reasonable and in the interests of the Company and our Shareholders as a whole.

### **Listing Rules Implications**

As at the date of this announcement, Hangzhou Mangken is a company owned as to 99.5% by Mr. Lyu Zeqi and 0.5% by Mr. Lyu Zecai, both being cousins of Mr. Lyu Yixiong, an executive Director, the chairperson of the Board, the chief executive officer and a controlling shareholder of the Company. Pursuant to Rule 14A.21 of the Listing Rules, Hangzhou Mangken is a deemed connected person of the Company. Therefore, the formation of the Joint Venture constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the formation of the Joint Venture is more than 0.1% but less than 5%, the formation of the Joint Venture is only subject to the reporting and announcement requirements but exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of his relationship with Mr. Lyu Zeqi and Mr. Lyu Zecai, Mr. Lyu Yixiong is considered to have a material interest in the transaction contemplated under the Joint Venture and Cooperation Agreement, and he has abstained from voting on the relevant Board resolution approving the above transactions.

## **II. PROPOSED CONTINUING CONNECTED TRANSACTIONS**

### **(1) PRODUCT SALES FRAMEWORK AGREEMENT**

The Company and the Joint Venture proposed to enter into the Product Sales Framework Agreement, pursuant to which the Joint Venture agrees to purchase certain products from the Group (excluding the Joint Venture). The principal terms of the Product Sales Framework Agreement are summarised as follows.

Parties:	(1) The Group (excluding the Joint Venture); and (2) the Joint Venture (for itself and on behalf of its subsidiaries)
Term:	From the date of approval of the ordinary resolution regarding the Product Sales Framework Agreement at the First 2024 EGM to 31 December 2026
Nature of transaction:	The Joint Venture agreed to (1) purchase facial skincare products under <i>One Leaf</i> (the “ <b>One Leaf Cosmetics Products</b> ”) during the term of the Product Sales Framework Agreement; and (2) purchase inventories of facial skincare products of online sales channels under <i>One Leaf</i> manufactured by Shanghai Zhongyi as at the effective date of the Product Sales Framework Agreement (the “ <b>One Leaf Inventories</b> ”) from the Group (excluding the Joint Venture), which will be a one-off transaction in 2024.

Condition precedent:	The Product Sales Framework Agreement is conditional upon the approval by the Independent Shareholders at the First 2024 EGM.
Pricing principles:	The pricing of the sales of certain products to the Joint Venture will be made on a fair and reasonable basis at industrial cost price, which is substantially the same as the pricing principles of other joint ventures and operation projects of the Group.
Payment:	Time and manner of payment will be agreed upon by specific contracts entered into between the parties for purchase of One Leaf Cosmetics Products, which shall conform in all material respects to the principles and provisions of the Product Sales Framework Agreement; and payment for purchase of One Leaf Inventories will be settled after the effective date of the Product Sales Framework Agreement in the estimated amount of RMB58 million, and time, manner and accurate amount of payment will be confirmed in writing by the parties.

### **Annual Caps**

The sales amounts payable to the Group (excluding the Joint Venture) for the three years ending 31 December 2024, 2025 and 2026 shall not exceed the caps as set out in the table below:

	<b>Proposed annual caps for the year ending December 31</b>		
	<i>(RMB' million)</i>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
Sales amount	105.73	490.29	735.43

### **Basis of Annual Caps**

The proposed annual caps for the sales amount under the Product Sales Framework Agreement are determined after taking into account the estimated growth in sales revenue of the Joint Venture and its increasing needs for purchasing facial skincare products from the Group, which is based on (i) the historical revenue growth of other brands of the Group, such as *KANS*; (ii) the extensive experience of Mr. Lyu Zeqi and his team in operating in e-commerce channels in the cosmetics industry and the operational strength in brand building; and (iii) the expected increase in market share of domestic cosmetics brands.

## **Reasons for and Benefits of entering into the Product Sales Framework Agreement**

After its establishment, the Joint Venture will engage in operation of facial skincare products under *One Leaf* in the online channels. In order to achieve stable development of the Joint Venture in the long term and meet its business needs, and leveraging on the resources and strengths of the Group, the Group will be responsible for the manufacture of the products under *One Leaf* and the provision of facial skincare products to the Joint Venture.

The Directors (excluding members of the Independent Board Committee who will express their opinion after considering the advice of the Independent Financial Advisor) are of the view that the transactions contemplated under the Product Sales Framework Agreement will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better that are fair and reasonable and in the interests of the Company and our Shareholders as a whole; and that the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026 for the transactions are fair and reasonable and in the interests of the Company and our Shareholders as a whole.

### **Listing Rules Implications**

After its establishment, the Joint Venture shall be held as to 49% by Hangzhou Mangken, a deemed connected person of the Company, and 51% indirectly by the Company. Pursuant to Rule 14A.16 of the Listing Rules, the Joint Venture is a connected subsidiary of the Company. Therefore, the transactions contemplated under the Product Sales Framework Agreement shall constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the Product Sales Framework Agreement for the three years ending 31 December 2024, 2025 and 2026 exceeds 5%, such continuing connected transactions are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of his relationship with Mr. Lyu Zeqi and Mr. Lyu Zecai, Mr. Lyu Yixiong is considered to have a material interest in the transactions contemplated under the Product Sales Framework Agreement, and he has abstained from voting on the relevant Board resolution approving the above transactions.

## **(2) CHICMAX OPERATIONAL SUPPORT SERVICE AGREEMENT**

The Company and the Joint Venture proposed to enter into the Chicmax Operational Support Service Agreement, pursuant to which the Group (excluding the Joint Venture) agrees to provide certain operational support services to the Joint Venture. The principal terms of the Chicmax Operational Support Service Agreement are summarised as follows.

- Parties:
- (1) The Group (excluding the Joint Venture); and
  - (2) the Joint Venture (for itself and on behalf of its subsidiaries)

Term: From the date of affixation of seal by the parties to the agreement to 31 December 2026

Nature of transaction: It is agreed by the parties that the Group (excluding the Joint Venture) will provide the following operational support services to the Joint Venture:

- research and development;
- logistics;
- advertising and promotion; and
- other services, including management of intellectual property, compliance, auditing and coordination with governmental authorities.

Pricing principles:

- Research and development of products

The pricing for providing research and development services to the Joint Venture will be calculated with reference to 3% of the sales revenue (tax inclusive) of the Joint Venture. If the actual research and development expenses of the Group (excluding the Joint Venture) account for less than 3% of the sales revenue, the pricing will be calculated with reference to the actual percentage of the sales revenue of the Joint Venture.

- Logistics

The pricing for providing logistics services to the Joint Venture will be calculated with reference to 0.5% of the sales revenue (tax inclusive) of the Joint Venture.

- Advertising and promotion

The pricing for providing advertising and promotion services to the Joint Venture will be calculated based on a certain percentage of the advertising and promotion fees under the relevant advertising and promotion contract(s) entered into by the Group (excluding the Joint Venture) (i.e. the percentage of the sales revenue (tax inclusive) generated by the channels operated by the Joint Venture under *One Leaf* to the total sales revenue (tax inclusive) generated under *One Leaf*).

- Other services

The pricing for providing other services to the Joint Venture will be calculated with reference to 0.5% of the sales revenue (tax inclusive) of the Joint Venture.

The pricing for providing the above operational support services to the Joint Venture was determined based on normal commercial terms at arm's length negotiation, taking into account the estimated costs, a proper level of premium for providing the operational support services, and the service fees charged to other Independent Third Parties by the Group (excluding the Joint Venture) for providing similar operational support services.

**Payment:** The fees for providing operational support services will be paid by the Joint Venture to the Group (excluding the Joint Venture) on a monthly basis.

### **Annual Caps**

The transaction amounts payable to the Group (excluding the Joint Venture) for the three years ending 31 December 2024, 2025 and 2026 shall not exceed the caps as set out in the table below:

	<b>Proposed annual caps for the year ending December 31</b> <i>(RMB' million)</i>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
Transaction amount	9.42	51.30	69.44

### **Basis of Annual Caps**

The proposed annual caps for the transaction amount under the Chicmax Operational Support Service Agreement are determined after taking into account the expected growth in operational support service fees based on the expected growth in the sales revenue (tax inclusive) of the Joint Venture, which is based on (i) the historical revenue growth of other brands of the Group, such as KANS; (ii) the extensive experience of Mr. Lyu Zeqi and his team in operating in e-commerce channels in the cosmetics industry and the operational strength in brand building; and (iii) the expected increase in market share of domestic cosmetics brands.

### **Reasons for and Benefits of entering into the Chicmax Operational Support Service Agreement**

After its establishment, the Joint Venture will engage in operation of facial skincare products under *One Leaf* in the online channels. In order to achieve stable development of the Joint Venture in the long term and meet its business needs, and leveraging on the resources and strengths of the Group, the Group will be responsible for provision of certain operational support services to the Joint Venture.

The Directors (including the executive Directors, non-executive Directors and independent non-executive Directors) are of the view that the transactions contemplated under the Chicmax Operational Support Service Agreement will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better that are fair and reasonable and in the interests of the Company and our Shareholders as a whole; and that the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026 for the transactions are fair and reasonable and in the interests of the Company and our Shareholders as a whole.

**Listing Rules Implications**

After its establishment, the Joint Venture shall be held as to 49% by Hangzhou Mangken, a deemed connected person of the Company, and 51% indirectly by the Company. Pursuant to Rule 14A.16 of the Listing Rules, the Joint Venture is a connected subsidiary of the Company. Therefore, the transactions contemplated under the Chicmax Operational Support Service Agreement shall constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the Chicmax Operational Support Service Agreement for the three years ending 31 December 2024, 2025 and 2026 is more than 0.1% but less than 5%, such continuing connected transactions are only subject to the reporting and announcement requirements but exempt from circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

By virtue of his relationship with Mr. Lyu Zeqi and Mr. Lyu Zecai, Mr. Lyu Yixiong is considered to have a material interest in the transactions contemplated under the Chicmax Operational Support Service Agreement, and he has abstained from voting on the relevant Board resolution approving the above transactions.

**(3) DONGYIN OPERATIONAL SUPPORT SERVICE AGREEMENT**

Zhejiang Dongyin and the Joint Venture proposed to enter into the Dongyin Operational Support Service Agreement, pursuant to which Zhejiang Dongyin agrees to provide certain operational support services to the Joint Venture. The principal terms of the Dongyin Operational Support Service Agreement are summarised as follows.

- Parties: (1) Zhejiang Dongyin; and  
(2) the Joint Venture (for itself and on behalf of its subsidiaries)
- Term: From the date of affixation of seal by the parties to the agreement to 31 December 2026
- Nature of transaction: It is agreed by the parties that Zhejiang Dongyin will provide the following operational support services to the Joint Venture:
  - provision of office space and supplies; and
  - human resources management.
- Pricing principles: The pricing for providing operational support services as set out above to the Joint Venture will be calculated with reference to 2% of the sales revenue (tax inclusive) of the Joint Venture, which was determined on normal commercial terms at arm’s length negotiation, taking into account the estimated costs and a reasonable level of premium for providing the operational support services.
- Payment: The fees for providing operational support services will be paid by the Joint Venture to Zhejiang Dongyin on a monthly basis.

## Annual Caps

The transaction amounts payable to Zhejiang Dongyin for the three years ending 31 December 2024, 2025 and 2026 shall not exceed the caps as set out in the table below:

	<b>Proposed annual caps for the year ending December 31</b> <i>(RMB' million)</i>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
Transaction amount	2.21	23.15	34.72

## Basis of Annual Caps

The proposed annual caps for the transaction amount under the Dongyin Operational Support Service Agreement are determined after taking into account the expected growth in operational support service fees based on the expected growth in the sales revenue (tax inclusive) of the Joint Venture, which is based on (i) the historical revenue growth of other brands of the Group, such as KANS; (ii) the extensive experience of Mr. Lyu Zeqi and his team in operating in e-commerce channels in the cosmetics industry and the operational strength in brand building; and (iii) the expected increase in market share of domestic cosmetics brands.

## Reasons for and Benefits of entering into the Dongyin Operational Support Service Agreement

After its establishment, the Joint Venture will engage in operation of facial skincare products under *One Leaf* in the online channels. In order to achieve stable development of the Joint Venture in the long term and meet its business needs, and leveraging on the resources and strengths of Mr. Lyu Zeqi, the actual controller of Zhejiang Dongyin, and his team, Zhejiang Dongyin will be responsible for provision of certain operational support services to the Joint Venture.

The Directors (including the executive Directors, non-executive Directors and independent non-executive Directors) are of the view that the transactions contemplated under the Dongyin Operational Support Service Agreement will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better that are fair and reasonable and in the interests of the Company and our Shareholders as a whole; and that the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026 for the transactions are fair and reasonable and in the interests of the Company and our Shareholders as a whole.

## Listing Rules Implications

As at the date of this announcement, Zhejiang Dongyin is a company owned as to 99% by Mr. Lyu Zeqi and 1% by Mr. Lyu Zewen, both being cousins of Mr. Lyu Yixiong, an executive Director, the chairperson of the Board, the chief executive officer and a controlling shareholder of the Company. Pursuant to Rule 14A.21 of the Listing Rules, Zhejiang Dongyin is a deemed connected person of the Company. After its establishment, the Joint Venture will be a non-wholly owned subsidiary of the Company. Therefore, the transactions contemplated under the Dongyin Operational Support Service Agreement shall constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the Dongyin Operational Support Service Agreement for the three years ending 31 December 2024, 2025 and 2026 is more than 0.1% but less than 5%, such continuing connected transactions are only subject to the reporting and announcement requirements but exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of his relationship with Mr. Lyu Zeqi and Mr. Lyu Zewen, Mr. Lyu Yixiong is considered to have a material interest in the transactions contemplated under the Dongyin Operational Support Service Agreement, and he has abstained from voting on the relevant Board resolution approving the above transactions.

**(4) LOGISTICS AND WAREHOUSING SERVICE AGREEMENT**

Hangzhou Rongheng and the Joint Venture proposed to enter into the Logistics and Warehousing Service Agreement, pursuant to which Hangzhou Rongheng agrees to provide logistics and warehousing services to the Joint Venture. The principal terms of the Logistics and Warehousing Service Agreement are summarised as follows.

- Parties: (1) Hangzhou Rongheng; and  
(2) the Joint Venture (for itself and on behalf of its subsidiaries)
- Term: From the date of affixation of seal by the parties to the agreement to 31 December 2026
- Nature of transaction: It is agreed by the parties that Hangzhou Rongheng will provide logistics and warehousing services to the Joint Venture.
- Pricing principles: The pricing for providing logistics and warehousing services to the Joint Venture will be calculated by the following formula, which was determined on normal commercial terms at arm's length negotiation, taking into account the estimated costs and a proper level of premium for providing the logistics and warehousing services:  
  
(Actual costs incurred by Hangzhou Rongheng + Allocated costs incurred by Hangzhou Rongheng) × (1+10%)
- Payment: The fees for providing logistics and warehousing services will be paid by the Joint Venture to Hangzhou Rongheng on a monthly basis.



## Annual Caps

The transaction amounts payable to Hangzhou Rongheng for the three years ending 31 December 2024, 2025 and 2026 shall not exceed the caps as set out in the table below:

	<b>Proposed annual caps for the year ending December 31</b> <i>(RMB' million)</i>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
Transaction amount	6.07	63.66	95.48

## Basis of Annual Caps

The proposed annual caps for the transaction amount under the Logistics and Warehousing Service Agreement are determined after taking into account the estimated growth of sales revenue of the Joint Venture and its increasing needs for logistics and warehousing services from Hangzhou Rongheng, which is based on (i) the historical revenue growth of other brands of the Group, such as KANS; (ii) the extensive experience of Mr. Lyu Zeqi and his team in operating in e-commerce channels in the cosmetics industry and the operational strength in brand building; (iii) the expected increase in market share of domestic cosmetics brands.

## Reasons for and Benefits of entering into the Logistics and Warehousing Service Agreement

Hangzhou Rongheng has more than five years of experience in provision of logistics and warehousing services. Located in Hangzhou, Hangzhou Rongheng has convenient transportation access.

The Directors (including the executive Directors, non-executive Directors and independent non-executive Directors) are of the view that the transactions contemplated under the Logistics and Warehousing Service Agreement will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better that are fair and reasonable and in the interests of the Company and our Shareholders as a whole; and that the proposed annual caps for the three years ending 31 December 2024, 2025 and 2026 for the transactions are fair and reasonable and in the interests of the Company and our Shareholders as a whole.

## Listing Rules Implications

As at the date of this announcement, Hangzhou Rongheng is wholly owned by Mr. Lyu Zecai, a cousin of Mr. Lyu Yixiong, an executive Director, the chairperson of the Board, the chief executive officer and a controlling shareholder of the Company. Pursuant to Rule 14A.21 of the Listing Rules, Hangzhou Rongheng is a deemed connected person of the Company. After its establishment, the Joint Venture will be a non-wholly owned subsidiary of the Company. Therefore, the transactions contemplated under the Logistics and Warehousing Service Agreement shall constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the Logistics and Warehousing Service Agreement for the three years ending 31 December 2024, 2025 and 2026 is more than 0.1% but less than 5%, such continuing connected transactions are only subject to the reporting and announcement requirements but exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of his relationship with Mr. Lyu Zecai, Mr. Lyu Yixiong is considered to have a material interest in the transactions contemplated under the Logistics and Warehousing Service Agreement, and he has abstained from voting on the relevant Board resolution approving the above transactions.

### III. CONTINUING CONNECTED TRANSACTION WITH SUZHOU XIONGZE: REVISION OF THE 2024 ANNUAL CAP

Reference is made to the Prospectus and the announcement of the Company dated 2 February 2024 in relation to, among others, the Products Purchasing Framework Agreement entered into between the Group and Suzhou Xiongze on 24 November 2022, pursuant to which the Group agreed to purchase packaging and ancillary materials as well as printing materials from Suzhou Xiongze for a term commencing from the Listing Date and ending on 31 December 2024.

Considering the need for the rapid business expansion of our Group in 2024, the Company proposed to revise the annual cap for the year ending 31 December 2024 under the Products Purchasing Framework Agreement.

Set out below are the (i) actual transaction amounts for the three years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024; (ii) the 2024 Annual Cap; and (iii) the Revised 2024 Annual Cap:

Actual transaction amount for the year ended 31 December/six months ended 30 June				The 2024 Annual Cap	The Revised 2024 Annual Cap
2021	2022	2023	2024 (unaudited)		
<i>RMB'</i> <i>million</i>	<i>RMB'</i> <i>million</i>	<i>RMB'</i> <i>million</i>	<i>RMB'</i> <i>million</i>	<i>RMB' million</i>	<i>RMB' million</i>
44.6	28.2	74.3	67.1	110.0	168.0

As at the date of this announcement, the 2024 Annual Cap has not been exceeded.

#### ***Basis of the Revised 2024 Annual Cap***

The Revised 2024 Annual Cap was determined after taking into account: (i) our historical procurement amount from Suzhou Xiongze for the six months ended 30 June 2024, which was approximately RMB67.1 million, representing over 60.0% of the 2024 Annual Cap; and (ii) our expected growth in procurement from Suzhou Xiongze in the second half of 2024, taking into account the continuous growth in the revenue generated from the Group's major brand, such as *KANS*, from multiple channels, and the expected growth in the sales volume in the second half of the year due to seasonal festivals.

### ***Reasons for and Benefits of the transactions contemplated under the Products Purchasing Framework Agreement***

For over 10 years, the Group has been purchasing packaging and ancillary materials as well as printing materials from Suzhou Xiongze to satisfy the Group's business needs in its ordinary and usual course of business. Owing to the longstanding supplier relationship, Suzhou Xiongze has acquired a comprehensive understanding of the Group's business and operational requirements and has established a foundation for mutual trust. Taking into account the Group's previous procurement experience with Suzhou Xiongze, the Group believes that Suzhou Xiongze is capable of fulfilling its demands efficiently and reliably with a stable supply of products and materials.

The Directors (excluding members of the Independent Board Committee who will express their opinion after considering the advice of the Independent Financial Adviser) are of the view that the transactions contemplated under the Products Purchasing Framework Agreement have been and will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better that are fair and reasonable and in the interests of the Company and our Shareholders as a whole; and that the Revised Annual Cap is fair and reasonable and in the interests of the Company and our Shareholders as a whole.

### ***Listing Rules Implications***

As at the date of this announcement, Suzhou Xiongze is a company wholly owned by the spouse of Ms. Lyu Lichun, a sibling of Mr. Lyu Yixiong, an executive Director, the chairperson of the Board, the chief executive officer and a controlling shareholder of the Company. Pursuant to Rule 14A.21 of the Listing Rules, Suzhou Xiongze is a deemed connected person of the Company. Therefore, the transactions contemplated under the Products Purchasing Framework Agreement shall constitute continuing connected transactions under the Listing Rules.

As the highest applicable percentage ratio in respect of the Revised 2024 Annual Cap exceeds 5%, the revision of the 2024 Annual Cap is subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of his relationship with Lyu Lichun, Mr. Lyu Yixiong is considered to have a material interest in the revision of the 2024 Annual Cap, and he has abstained from voting on the relevant Board resolution approving the Revised 2024 Annual Cap.

#### **IV. INTERNAL CONTROL MEASURES FOR CONTINUING CONNECTED TRANSACTIONS**

In order to ensure that the terms under relevant agreements for the continuing connected transactions are fair and reasonable, or no less favourable than terms available to or from Independent Third Parties, and are carried out under normal commercial terms, the Group will be responsible for maintaining and reviewing its list of designated suppliers and downstream customers on an annual basis. Additionally, the Group has adopted the following internal control procedures:

- the office of the Board is responsible for the control and daily management in respect of the continuing connected transactions;
- the office of the Board and the financial department are jointly responsible for evaluating the terms under the agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;
- the office of the Board and the financial department regularly monitor the fulfillment status of the annual caps and the transaction updates under the agreements for the continuing connected transactions;
- the independent non-executive Directors and auditors of the Group will conduct annual review of the continuing connected transactions under the agreements and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the relevant pricing policies;
- enhancing supervision over and designating a dedicated personnel to closely monitor the actual transaction amounts incurred under the continuing connected transactions of the Company on a monthly basis. If the actual transaction amount reaches 70% or more of the relevant annual cap at any time of the year, the dedicated personnel will inform the Board as soon as possible. The Board would then consider taking appropriate measures in accordance with the requirements of the Listing Rules, including, but not limited to, publishing announcement for an increase annual cap amount and seeking approval from the shareholders of the Company, if applicable; if the actual transaction amount reaches 80% or more of the relevant annual cap at any time of the year (and any 5% increment thereafter), besides informing the Board as soon as possible, the dedicated personnel will closely monitor the actual transaction amounts incurred under the continuing connected transactions of the Company on a weekly basis (or on alternate days if the actual transaction amount reaches 90% or more of the relevant annual cap); and
- arranging trainings for the Directors, senior management and employees of the Group, to strengthen their knowledge of the Listing Rules and enhance their awareness of the importance of compliance with the Listing Rules.

By implementing the above procedures and internal control measures, the Directors consider that the Group has established sufficient internal control measures to ensure the terms under the agreements for the continuing connected transactions will be on market terms and on normal commercial terms and will be fair and reasonable to the Group and the shareholders of the Company as a whole.

## **V. GENERAL INFORMATION**

### **Information of the Company**

The Company is a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Stock Exchange. The Company is primarily engaged in research and development, manufacturing and sales of skincare and maternity and childcare products in the PRC.

### **Information of Shanghai One Leaf**

Shanghai One Leaf is a direct wholly-owned subsidiary of the Company as at the date of this announcement and is principally engaged in sales of cosmetics.

### **Information of the Joint Venture**

After its establishment, the Joint Venture shall be a limited liability company established in the PRC owned as to 51% by Shanghai One Leaf, a wholly-owned subsidiary of the Company, and 49% by Hangzhou Mangken, a deemed connected person of the Company. The Joint Venture will be principally engaged in operation of facial skincare products under *One Leaf* in the online channels.

### **Information of Hangzhou Mangken**

Hangzhou Mangken is a limited liability company established in the PRC and is owned as to 99.5% by Mr. Lyu Zeqi and 0.5% by Mr. Lyu Zecai, both being cousins of Mr. Lyu Yixiong, an executive Director, the chairperson of the Board, the chief executive officer and a controlling shareholder of the Company as at the date of this announcement. Hangzhou Mangken primarily focuses on investment opportunities in the field of cosmetics and skincare.

### **Information of Hangzhou Rongheng**

Hangzhou Rongheng is a limited liability company established in the PRC and is wholly owned by Mr. Lyu Zecai, a cousin of Mr. Lyu Yixiong, an executive Director, the chairperson of the Board, the chief executive officer and a controlling shareholder of the Company as at the date of this announcement. Hangzhou Rongheng is primarily engaged in logistics and warehouse management services.

### **Information of Zhejiang Dongyin**

Zhejiang Dongyin is a limited liability company established in the PRC and is owned as to 99% by Mr. Lyu Zeqi and 1% by Mr. Lyu Zewen, both being cousins of Mr. Lyu Yixiong, an executive Director, the chairperson of the Board, the chief executive officer and a controlling shareholder of the Company as at the date of this announcement. Zhejiang Dongyin primarily engaged in sales of cosmetics products.

## **Information of Suzhou Xiongze**

Suzhou Xiongze is a limited liability company established in the PRC and is wholly owned by the spouse of Ms. Lyu Lichun, a sibling of Mr. Lyu Yixiong, an executive Director, the chairperson of the Board, the chief executive officer and a controlling shareholder of the Company as at the date of this announcement. Suzhou Xiongze is primarily engaged in manufacturing and sales of packaging and printing materials.

## **VI. INDEPENDENT BOARD COMMITTEE, INDEPENDENT FINANCIAL ADVISOR AND THE FIRST 2024 EGM**

An Independent Board Committee has been established to advise the Independent Shareholders on (i) the terms of the Product Sales Framework Agreement and the proposed annual caps for such transactions for each of the three years ending 31 December 2024, 2025 and 2026; and (ii) the revision of the 2024 Annual Cap. Innovax Capital Limited has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this regard.

The First 2024 EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among other things, (i) the terms of the Product Sales Framework Agreement and the proposed annual caps for such transactions for each of the three years ending 31 December 2024, 2025 and 2026; and (ii) the revision of the 2024 Annual Cap.

Mr. Lyu Yixiong and his associates will abstain from voting on any of the above ordinary resolutions to be proposed at the First 2024 EGM.

As more time is required to finalise the circular to the Shareholders, the Company expects to despatch to the Shareholders the circular on or before 13 September 2024 containing, among other things, (i) further information relating to (a) the terms of the Product Sales Framework Agreement and the proposed annual caps for such transactions for each of the three years ending 31 December 2024, 2025 and 2026; and (b) the revision of the 2024 Annual Cap; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Innovax Capital Limited to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the First 2024 EGM.

## **VII. DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“2024 Annual Cap”	the original annual cap under the Products Purchasing Framework Agreement for the year ending 31 December 2024 of RMB110.0 million as disclosed in the announcement of the Company dated 2 February 2024;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;

“Chicmax Operational Support Service Agreement”	an agreement proposed to be entered into between the Company and the Joint Venture in relation to the provision of certain operational support services to the Joint Venture from the Group (excluding the Joint Venture);
“China” or “PRC”	the People’s Republic of China for the purpose of this announcement and for geographical reference only, except where the context requires, references in this announcement to “China” and the “PRC” do not apply to Hong Kong, Macau Special Administrative Region and Taiwan Region;
“Company”	Shanghai Chicmax Cosmetic Co., Ltd. (上海上美化妝品股份有限公司), a joint stock company incorporated in the PRC with limited liability whose H Shares are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Dongyin Operational Support Service Agreement”	an agreement proposed to be entered into between Zhejiang Dongyin and the Joint Venture in relation to the provision of certain operational support services to the Joint Venture from Zhejiang Dongyin;
“First 2024 EGM”	the first 2024 extraordinary general meeting of the Company to be held for the purpose of considering, and if thought fit, approving among others, (i) the terms of the Product Sales Framework Agreement and the proposed annual caps for such transactions for each of the three years ending 31 December 2024, 2025 and 2026; and (ii) the revision of the 2024 Annual Cap;
“Group”	the Company and its subsidiaries;
“Hangzhou Mangken”	Hangzhou Mangken Brand Management Co., Ltd.* (杭州芒壘品牌管理有限公司), a limited liability company established in the PRC and is owned as to 99.5% by Mr. Lyu Zeqi (呂澤奇) and 0.5% by Mr. Lyu Zecai (呂澤財), both being cousin of Mr. Lyu Yixiong (呂義雄), an executive Director, the chairperson of the Board, the chief executive officer and a controlling shareholder of the Company as at the date of this announcement;

“Hangzhou Rongheng”	Hangzhou Rongheng Trading Co., Ltd.* (杭州融恒貿易有限公司), a limited liability company established in the PRC and is wholly owned by Mr. Lyu Zecai (呂澤財), a cousin of Mr. Lyu Yixiong (呂義雄), an executive Director, the chairperson of the Board, the chief executive officer and a controlling shareholder of the Company as at the date of this announcement;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“H Share(s)”	overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Stock Exchange;
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. Leung Ho Sun Wilson, Ms. Luo Yan (羅妍) and Mr. Li Yang, established to advise the Independent Shareholders on (i) the terms of the Product Sales Framework Agreement and the proposed annual caps for such transactions for each of the three years ending 31 December 2024, 2025 and 2026; and (ii) the revision of the 2024 Annual Cap;
“Independent Financial Advisor”	Innovax Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial advisor appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the (i) the terms of the Product Sales Framework Agreement and the proposed annual caps for such transactions for each of the three years ending 31 December 2024, 2025 and 2026; and (ii) the Revised 2024 Annual Cap;
“Independent Shareholder(s)”	Shareholders who are not required to abstain from voting on the resolution(s) to be proposed at the First 2024 EGM to approve (i) the terms of the Product Sales Framework Agreement and the proposed annual caps for such transactions for each of the three years ending 31 December 2024, 2025 and 2026; and (ii) the Revised 2024 Annual Cap;
“Independent Third Party(ies)”	has the meaning ascribed to it under the Listing Rules;
“Joint Venture”	Shanghai One Leaf Skincare Products Co., Ltd.* (上海一葉子護膚品有限公司) (subject to final approval by administration for market regulation (市場監督管理部門)), the company proposed to be established pursuant to the Joint Venture and Cooperation Agreement;



“Joint Venture and Cooperation Agreement”	The joint venture and cooperation agreement entered into between Shanghai One Leaf and Hangzhou Mangken dated 22 August 2024 in relation to the formation of the Joint Venture;
“Listing Date”	22 December 2022;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Logistics and Warehousing Service Agreement”	an agreement proposed to be entered into between Hangzhou Rongheng and the Joint Venture in relation to the provision of logistics and warehousing services to the Joint Venture from Hangzhou Rongheng;
“ <i>One Leaf</i> ”	a brand launched by the Group in 2014, targeting younger women aged from 18 to 35, and blending ingredients from nature using advanced techniques, creating effective and natural skincare products;
“Products Purchasing Framework Agreement”	a framework agreement entered into between the Group and Suzhou Xiongze on 24 November 2022 in relation to the Group’s purchasing of packaging and ancillary materials as well as printing materials from Suzhou Xiongze;
“Product Sales Framework Agreement”	a framework agreement proposed to be entered into between the Company and the Joint Venture in relation to provision of certain products from the Group (excluding the Joint Venture) to the Joint Venture;
“Prospectus”	the prospectus issued by the Company dated 12 December 2022;
“Revised 2024 Annual Cap”	the revised annual cap under the Products Purchasing Framework Agreement for the year ending 31 December 2024;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai One Leaf”	Shanghai One Leaf Cosmetic Co., Ltd. (上海一葉子化妝品有限公司), a wholly-owned subsidiary of the Company;
“Shanghai Zhongyi”	Shanghai Zhongyi Daily Chemical Co., Ltd. (上海中翊日化有限公司), a wholly-owned subsidiary of the Company;
“Share(s)”	share(s) in the capital of the Company with a nominal value of RMB1.00 each, comprising Unlisted Share(s) and H Share(s);
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Suzhou Xiongze”	Suzhou Xiongze Packaging Co., Ltd. (蘇州雄澤包裝有限公司), a company wholly owned by the spouse of Ms. Lyu Lichun (呂麗純), a sibling of Mr. Lyu Yixiong (呂義雄), an executive Director, the chairperson of the Board, the chief executive officer and a controlling shareholder of the Company as at the date of this announcement;
“Unlisted Share(s)”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted shares which are currently not listed or traded on any stock exchange;
“Zhejiang Dongyin”	Zhejiang Dongyin Cosmetics Co., Ltd.* (浙江東印化妝品有限公司), a limited liability company incorporated in the PRC and is owned as to 99% by Mr. Lyu Zeqi (呂澤奇) and 1% by Mr. Lyu Zewen (呂澤文), both being cousins of Mr. Lyu Yixiong (呂義雄), an executive Director, the chairperson of the Board, the chief executive officer and a controlling shareholder of the Company as at the date of this announcement;
“%”	per cent.

By order of the Board  
**Shanghai Chicmax Cosmetic Co., Ltd.**  
 上海上美化妝品股份有限公司  
**Mr. Lyu Yixiong**  
*Chairman of the Board, Executive Director and Chief Executive Officer*

Shanghai, the PRC  
 22 August 2024

*As at the date of this announcement, the Board comprises Mr. Lyu Yixiong, Ms. Luo Yan (羅燕), Mr. Feng Yifeng and Ms. Song Yang as executive Directors; Ms. Li Hanqiong and Mr. Sun Hao as non-executive Directors; Mr. Leung Ho Sun Wilson, Ms. Luo Yan (羅妍) and Mr. Li Yang as independent non-executive Directors.*