

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

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)

DISCLOSEABLE TRANSACTION PARTNERSHIP AGREEMENT IN RELATION TO FORMATION OF THE PARTNERSHIP FUND

FORMATION OF THE PARTNERSHIP FUND

The Board is pleased to announce that on 26 October 2023, Hongyi Zhiyuan, the Company and Jingkai Bogu, have entered into the Partnership Agreement in relation to the formation of the Partnership Fund.

The total capital commitments to be subscribed by all Partners to the Partnership Fund is RMB276,380,600. The capital commitments to be subscribed by Hongyi Zhiyuan, the Company and Jingkai Bogu will be RMB3,482,420, RMB189,984,000 and RMB82,914,180 respectively. Hongyi Zhiyuan will be the general partner and executive partner of the Partnership Fund while the Company and Jingkai Bogu will be limited partners.

The main purpose of the formation of the Partnership Fund is, to the extent permitted by applicable laws and regulations and its scope of business, invest in companies in the beauty care related industry chain and to realise profits from such investments.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated pursuant to Chapter 14 of the Listing Rules in respect of the transaction contemplated under the Partnership Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Partnership Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 26 October 2023, Hongyi Zhiyuan, the Company and Jingkai Bogu, have entered into the Partnership Agreement in relation to the formation of the Partnership Fund.

ESTABLISHMENT OF PARTNERSHIP FUND

The major terms of the Partnership Agreement are as follows:

Date

26 October 2023

Parties

- (1) Hongyi Zhiyuan, as general partner and executive partner;
- (2) the Company, as limited partner; and
- (3) Jingkai Bogu, as limited partner.

To the best information, knowledge and belief of the Directors, after having made all reasonable enquiries, Hongyi Zhiyuan and Jingkai Bogu and their respective ultimate beneficial owners are Independent Third Parties.

Name of the Partnership Fund

Huzhou Hongshang 2023 Equity Investment Partnership (Limited Partnership)* (湖州弘尚貳零貳叁股權投資合夥企業(有限合夥)) (the name is subject to the final approval by the relevant government department in the PRC)

Term of the Partnership Fund

The term of the Partnership Fund will be seven years (“**Expiration Date**”) commencing from the payment date stated on the initial capital contribution payment notices issued by the general partner to the limited partners of the Partnership Fund (“**Initial Closing Date**”).

The investment period of the Partnership Fund (the “**Partnership Fund Investment Period**”) shall be four years from the Initial Closing Date.

Investment strategy and business scope of the Partnership Fund

Investment strategy

The main purpose of the formation of the Partnership Fund is, to the extent permitted by applicable laws and regulations and its scope of business, to invest in companies in the beauty care related industry chain and to realise profits from such investments. The investment scope of the Partnership Fund includes investing in interests of non-listed companies.

Business scope

The tentative scope of business of the Partnership Fund covers private equity investment fund management, venture capital fund management services and venture investment activities. The tentative scope of business shall be subject to the final approval and registration by the relevant business registration authorities in the PRC.

Capital Commitments

Pursuant to the Partnership Agreement, the initial capital commitments of the Partnership Fund is RMB276,380,600, the amount and proportion of the capital commitments agreed to be subscribed by each of the Partners are set out below:

Partners	Total capital commitments (RMB)	Approximate proportion of capital commitments of the Partnership Fund
Hongyi Zhiyuan	3,482,420	1.26%
The Company	189,984,000	68.74%
Jingkai Bogu	82,914,180	30.00%
Total	<u>276,380,600</u>	<u>100.00%</u>

The initial capital commitments of the Partnership Fund and the respective capital commitments of the Partners were determined after arm's length negotiations between the Partners and with reference to the expected investment needs of the Partnership Fund. The Company's capital commitments will be funded by the internal resources of the Group other than the net proceeds from the listing of the Company.

Management of the Partnership Fund

Pursuant to the Partnership Agreement, Hongyi Zhiyuan, as an executive partner, will act as the manager of the Partnership Fund to administer and manage the daily operation and investments of the Partnership Fund.

Management fees payable to Hongyi Zhiyuan as manager of the Partnership Fund

The Partnership Fund shall pay the management fee to the manager at a rate of 2% per year. The base during the investment period is the total capital contributions minus the capital contributions paid in investment projects that have already been withdrawn. The base for the withdrawal period and extension period is the capital contributions paid in investment projects that have not yet been withdrawn.

Partners' meeting

Upon the proposal of the general partner or upon the proposal of the limited partners who together hold more than 20% of the total capital commitments of the Partnership Fund, a meeting of the Partners shall be convened. Unless otherwise agreed, the meeting shall be called and presided by the general partner and shall be validly held in the presence of the limited partners who together hold more than 75% of the total capital commitments of the Partnership Fund.

The Partners' meeting will be responsible for approving matters in relation to, among other things, merger, change of the organisation structure, withdrawal from or transfer of interest in the Partnership Fund by the general partner, approval of the pledge of partnership interest held by the general partner, approval of the engagement of a third-party appraiser for non-cash asset distributions, the term of the Partnership Fund, review related transaction matters and other matters as required by the Partnership Agreement or applicable laws and regulations.

Profit distribution and loss sharing

Profit distribution

In accordance with the Partnership Agreement, the distributable portion of the income received by the Partnership Fund (the "**Distributable Income**") shall be divided initially in proportion to the Partners' respective capital contributions to the source of funds from which such Distributable Income is derived. Of which, the amount attributable to the general partner pursuant to such division shall be distributed to the general partner, and the amount attributable to each limited partner shall be further allocated between such limited partner and the general partner in the following agreed principles and order:

- (a) Firstly, 100% to such limited partner until the total amount of distribution of proceeds received by such limited partner pursuant to this paragraph (a) is equal to the cumulative amount of capital contributions then made by such limited partner;
- (b) Secondly, 100% of the balance, if any, shall be distributed to such limited partner until the aggregate amount of the distribution of proceeds received by such limited partner pursuant to this paragraph (b) reaches the amount of interest accruing to such limited partner on the amount of the distribution of proceeds received by such limited partner pursuant to paragraph (a) calculated at 8% per annum interest (such interest shall accrue from the date on which each capital contributions under paragraph (a) is actually made by such limited partner until the date on which the corresponding capital contributions is recovered by such limited partner in accordance with the foregoing paragraph (a));

- (c) Thirdly, 100% of the balance, if any, shall be distributed to the general partner until the cumulative amount distributed to the general partner pursuant to this paragraph (c) equals 20% of the sum of (i) the amount of the distribution of proceeds received by such limited partner pursuant to paragraph (b) above up to the point in time of such distribution and (ii) the amount of the distribution of proceeds received by the general partner pursuant to this paragraph (c); and
- (d) Finally, 80% of the balance, if any, shall be distributed to such limited partner and 20% shall be distributed to the general partner.

Withdrawal from and transfer of interest in the Partnership Fund

Unless the transfer of the general partner's interest in the Partnership Fund has been approved by the Partners' meeting, except for situations where the general partner transfers its interest in the Partnership Fund to its Affiliate(s), the general partner shall not transfer its interest in the Partnership Fund or withdraw from the Partnership Fund.

Subject to the Partnership Agreement and other than the limited partner transferring its interest to its Affiliate(s) subject to the terms of the Partnership Agreement, a limited partner shall not transfer its interest in the Partnership Fund, demand early recovery of the capital contributions or withdraw from the Partnership Fund or demand the sale of its equity in the Partnership Fund unless the general partner consents in writing.

INFORMATION ON THE GROUP

The Group is a multi-brand cosmetics company, focusing on research and development, manufacturing and sales of skincare and maternity and childcare products. The Group focuses on the implementation of multi-brand strategy and has remained dedicated to it since its establishment. With an operational history of more than 20 years, the Group is one of the front runners in China's cosmetics industry, possessing comprehensive multi-brand development and operational capability and expertise, and has successfully built a variety of popular cosmetic brands.

INFORMATION ON HONGYI ZHIYUAN AND JINGKAI BOGU

To the best of the Director's information having made all reasonable enquiries, Hongyi Zhiyuan is a company established under the laws of the PRC with limited liability and is an Independent Third Party ultimately controlled by Mr. Zhao Linghuan (趙令歡), Mr. Cao Yonggang (曹永剛) and Mr. Xu Minsheng (徐敏生) all of which are Independent Third Parties. Hongyi Zhiyuan is a leading investment management company in the PRC focusing on investment in the field of consumer goods, pharmaceuticals and healthcare, catering, entertainment, environmental protection and new energy, as well as machinery and equipment manufacturing.

To the best of the Director's information having made all reasonable enquiries, Jingkai Bogu is a company established under the laws of the PRC with limited liability and is an Independent Third Party ultimately controlled by Huzhoushi Wuxingqu State-owned Assets Supervision and Administration Services Centre (湖州市吳興區國有資本監督管理服務中心). It is principally engaged in equity investment. Jingkai Bogu is a state-owned investment platform in the Huzhou Wuxing Economic Development Zone established specifically to support the development of innovative and entrepreneurial enterprises.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT

The reason for the Company participate in the Partnership Fund is to focus on investing in upstream and downstream enterprises in the beauty industry chain, seizing industry development opportunities, promoting the Company's strategic development, enhancing the Company's overall competitiveness and thereby generating higher return to the Shareholders.

Having considered the above, the Directors are of the view that the terms of the Partnership Agreement are on normal commercial terms that are fair and reasonable, and the Partnership Agreement are in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated pursuant to Chapter 14 of the Listing Rules in respect of the transaction contemplated under the Partnership Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Partnership Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Affiliate” with respect to any specified person or entity, (a) if the specified entity is a legal or non-legal entity, it means any entity controlled by such specified entity, any entity controlling such specified entity, and any entity which is under the common control of the same entity as the specified entity; or (b) if the party is a natural person, it means any immediate family member of the party (i.e. spouse, children, parents, grandparents and siblings)

“Board” the board of Directors

“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 of the People’s Republic of China 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, the H Shares of which are listed on the Stock Exchange (Stock code: 2145)
“Director(s)”	the director(s) of the Company
“Domestic Shares”	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
“Group”	the Company and its subsidiaries from time to time
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongyi Zhiyuan”	Hongyi Zhiyuan Equity Investment Management (Shenzhen) Co., Ltd. (弘毅致遠股權投資管理(深圳)有限公司), a company established in the PRC on 30 November 2015 with limited liability
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“Jingkai Bogu”	Huzhou Wuxing Jingkai Bogu Equity Investment Co., Ltd. (湖州吳興經開博穀股權投資有限公司), a company established in the PRC on 1 March 2023 with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Partners”	The general and executive partner, being Hongyi Zhiyuan, and limited partners, being the Company and Jingkai Bogu, of the Partnership Fund at its formation, and “Partner” shall mean any of them
“Partnership Agreement”	the partnership agreement dated 26 October 2023 entered into among Hongyi Zhiyuan, the Company and Jingkai Bogu in relation to the establishment and management of the Partnership Fund

“Partnership Fund”	Huzhou Hongshang 2023 Equity Investment Partnership (Limited Partnership)* (湖州弘尚貳零貳叁股權投資合夥企業(有限合夥)) (the final name of which is subject to the approval of the relevant PRC government authorities), a limited partnership to be established in the PRC under the Partnership Agreement, and will be registered as fund in Asset Management Association of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the capital of the Company with a nominal value of RMB1.00 each, comprising Domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	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
 26 October 2023

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. Liu Yi as independent non-executive Directors.

* *For identification purposes only*