OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, MINISO is interested in 880,000,000 Shares, representing approximately 86.9% of our total issued share capital. Immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), MINISO will control approximately [**REDACTED**]% of our total issued share capital. Accordingly, our Company will remain as a subsidiary of MINISO after the [**REDACTED**].

Further, as of the Latest Practicable Date, Mr. Ye (the chairman of the Board, executive Director and Chief Executive Officer of MINISO), and Ms. Yang Yunyun, spouse of Mr. Ye, were interested in and controlled, through certain offshore shareholding vehicles, namely, Mini Investment Limited ("**Mini Investment**"), YGF MC Limited ("**YGF MC**"), YGF Development Limited ("**YGF Development**"), YGF MN Limited ("**YGF MN**"), YY Capital Ltd. ("**YY Capital**"), YYY MC Limited ("**YYY MC**") and YYY Development Limited ("**YYY Development**"), an aggregate of 789,541,061 ordinary shares in MINISO, representing approximately 63.7% of the total issued shares of MINISO. Therefore, Mr. Ye, Ms. Yang, Mini Investment, YGF MC, YGF Development, YGF MN, YY Capital, YYY MC and YYY Development will be deemed to be the Controlling Shareholders of our Company after the [**REDACTED**], and together with MINISO, will constitute a group of Controlling Shareholders of our Company.

MINISO is an exempted company incorporated in the Cayman Islands with limited liability in January 2020. Its American depository shares have been listed on the NYSE under the symbol "MNSO" since October 2020 and its shares have been listed on the Stock Exchange under the Stock Code "9896" since June 2022.

DELINEATION OF BUSINESS

MINISO Group Business

MINISO is a global value retailer offering a variety of trendy lifestyle products (the "**MINISO Group Business**"). MINISO mainly offers lifestyle products that span across 11 major categories, including home decor, small electronics, textile, accessories, beauty tools, toys, cosmetics, personal care, snacks, fragrance and perfumes, and stationery and gifts. Since MINISO opened its first store in Chinese Mainland in 2013, it has built its flagship brand "MINISO" as a globally recognized retail brand and established a store network worldwide. MINISO offers a frequently-refreshed assortment of lifestyle products, covering diverse consumer needs, and consumers are attracted to its products' trendiness, creativeness, high quality and affordability.

Clear business delineation

Upon the [**REDACTED**], each of MINISO Group and our Group will be empowered to fully leverage their respective distinctive strengths and business focuses. Our Group will continue to leverage on the distribution network of MINISO Group to maximise our Group's reach geographically for the distribution of pop toys. On the other hand, MINISO Group will draw on our expertise in the design, development and sourcing of pop toys to provide its customers with a more holistic shopping experience, by making available our pop toy products alongside the lifestyle products of MINISO Group.

As of December 31, 2025, our Group had 334 stores, including 304 stores in Chinese Mainland. In terms of overseas market, we have commenced overseas expansion since late 2024, and have established 30 stores in overseas markets with presence in the Asian countries and regions.

MINISO Group has established a much far-reaching network of stores both within the PRC and in the overseas market. MINISO Group's store network in Chinese Mainland spans all city tiers, with a particular emphasis and successful penetration on capturing opportunities in lower-tier cities in China. As of December 31, 2025, MINISO Group has established over 8,100 MINISO stores, including over 4,500 MINISO stores in Chinese Mainland and over 3,500 MINISO stores in overseas markets with presence in more than 90 countries, spanning across Asia, North America, Latin America, Europe and other regions.

Our Directors are of the view that there is clear delineation between the businesses of our Group and MINISO Group as further detailed in the below. The table below sets out the principal difference between our Group and MINISO Group:

	MINISO Group Business	**Our Business**
Business focus	MINISO is a global lifestyle products retailer specializing in the design, procurement, and sale of lifestyle products, operating in the general retail industry.	We are a leading pop toy company specializing in the design, procurement, and sale of pop toys in the pop toy industry.
Product category	MINISO mainly offers lifestyle products that span across 11 major categories, including home decor, small electronics, textile, accessories, beauty tools, traditional toys, cosmetics, personal care, snacks, fragrance and perfumes, and stationery and gifts.	We mainly offers pop toys, which includes model figures, 3D building blocks, vinyl plush toys, and other pop toys.

For details of the Business Rearrangement (as defined below) which have taken place in preparation of the [**REDACTED**], see section headed "— Business Rearrangement" below. For details of the distinction between pop toys and traditional toys, please refer to section headed "Industry Overview — Overview of China's Pop Toy Industry — Definition of Pop Toys" in this document.

Business Rearrangement

Historically, MINISO Group as a lifestyle product retailer has certain pop toy offerings as part of its wide range of product mix and has entered into certain IP licensing agreements with third-party IP licensors covering a full range of lifestyle products as well as certain pop toy categories. On the other hand, our Company has also contracted separately with certain third-party IP licensors for the development and production of pop toys.

In preparation for the [**REDACTED**], MINISO Group and we have undertaken certain steps to rearrange our respective pop toy businesses (the "**Business Rearrangement**") that, since August 31, 2025 and subject to the Transitional Arrangement as set out below, the research and development of such business have been conducted by us, and the Company has obtained all the required licenses for the development of pop toys under the "TOP TOY" brand in respect of the proprietary IP rights of MINISO (i.e. Penpen penguin and Dundun chicken). Going forward, we will continue to leverage on the broad retail footprint of MINISO Group to maximise our reach geographically for the distribution of pop toys. We will supply pop toys to MINISO, including both "TOP TOY" branded pop toys and third-party branded pop toys sourced by us from independent third-party suppliers). For details, see section headed "— Connected Transactions — Supply of pop toy products to MINISO Group" in this document.

Further, for all future pop toy categories (i.e. all toys that meet all of the five features of pop toys as set out in the section headed "Industry Overview — Definitions of Pop Toys" in this document and are therefore not under the existing traditional toy categories, or which may have evolved from an existing traditional toy into a pop toy), we shall have the priority to select. Our Group will conduct periodic review to assess whether any potential new pop toy category may have emerged, and upon discussion with MINISO, we will present the relevant analysis on whether the new toy has met all the five features of pop toys as set out above to our Board for their final determination regarding the future development of such new pop toy.

Transitional Arrangement for the existing IP licensing agreements

In respect of other pop toys developed based on third-party licensed IPs with no overlap in terms of IP licensors or geographical regions, certain transitional arrangement (the "**Transitional Arrangement**") will be in place to ensure smooth transition and to minimize disruption to the businesses of both our Group and MINISO Group. There are currently existing agreements entered by MINISO Group with IP licensors and manufacturers for a full range of authorized product categories covering both lifestyle products and certain pop toy product categories, and it is unduly burdensome and commercially disruptive for the MINISO Group to re-negotiate such commercial agreements with each IP licensor to reduce the authorized product scope to cover lifestyle products only or otherwise to transfer such agreement to our Group before the expiry of such agreements. To ensure smooth business transition and to minimize disruption to existing business operations of both the MINISO Group and our Group, pursuant to the Transitional Arrangement, our Group will enter into such IP licensing agreement in respect of pop toy products with the relevant IP licensors at the time of renewal under our own name. In terms of revenue contribution, approximately 92% of the revenue generated from such licensed IPs subject to the Transitional Arrangement in 2025 was contributed by the IP licensing agreements expiring in 2026 and 2027, and the revenue contribution of the remaining IP licensing agreements is expected to be immaterial. Our Group has dedicated product managers responsible for keeping track of the status of the relevant IP licensing agreements for timely renewal and entering into of such IP agreements by our Group upon their respective expiry dates, and our Group's internal audit department will also conduct quarterly reviews on the renewal and signing status of each relevant IP licensing agreement to ensure compliance and fulfilment of the Transitional Arrangement.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**].

Management Independence

Our business is managed and conducted by our Board and senior management. Upon [**REDACTED**], our Board will consist of seven Directors comprising two executive Directors, two non-executive Directors and three independent non-executive Directors. For more information, please see the section headed "Directors and Senior Management".

Our Directors consider that our Board and senior management are capable of operating our business and managing all actual or potential conflicts of interest independent of MINISO Group for the following reasons:

(a) except for Mr. Ye, there will not be any overlap in terms of directors and senior management between MINISO Group and our Company. Mr. Ye is the chairman of the board of directors of MINISO, and currently a non-executive director of our Company who provides strategic advice to our Board and does not have any executive positions with, or be involved in the day-to-day management and operations of, our business. See the section headed "Directors and Senior Management" in this document for further details of the role of Mr. Ye within MINISO Group;

(b) the executive Directors and the members of our senior management are responsible for the day-to-day management of our business and none of them holds any directorships and/or other roles within MINISO Group;

(c) we have three independent non-executive Directors who are independent of MINISO Group and are professional parties having extensive experience in their respective areas of expertise. See the section headed "Directors and Senior Management" in this document for more details. Our independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions. None of our independent non-executive Directors are directors of MINISO Group or otherwise connected with MINISO Group in any manner that may affect their independent judgment or independence as required under the Listing Rules;

(d) each Director is aware of his fiduciary duties as a director which require, among others, that he acts for the benefit and in the interest of our Company and does not allow any conflict between his duties as a Director and his personal interests. For the avoidance of doubt, the Directors' interest in MINISO (if any) will not compromise their independence of judgment in discharging their fiduciary duty as directors of our Company;

(e) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall declare the nature of such interest and shall not vote or be counted in the quorum in respect of such transactions; and

(f) we have adopted other corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, as detailed in "— Corporate Governance Measures".

Based on the above, our Directors believe that our business is managed independently of our Controlling Shareholders.

Operational Independence

Our Directors believe that our Group is operationally independent from our Controlling Shareholders. Our Company (through our subsidiaries) holds all relevant licenses and owns all relevant intellectual properties and research and development facilities necessary to carry on our business. For the full list of our material intellectual properties, see section headed "Statutory and General Information — Further Information About Our Business — Intellectual Property Rights" in Appendix IV to this document. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders.

Apart from certain IT support services provided by MINISO Group as further detailed in the section headed "Connected Transactions", we have established operational and administrative functions providing operational support for our business which operates independently from our Controlling Shareholders. Given the peripheral nature of IT support services, these services will not give rise to any administrative independence issue.

To the best knowledge of our Directors, save as disclosed above, all of our suppliers are Independent Third Parties. Save in respect of the supply of pop toys by us to MINISO Group as further detailed in the section headed "Connected Transactions" in this document, we have independent access to our customers and an independent management team to operate our business.

Given our close business relationship with MINISO Group, we have entered into certain transactions with MINISO which constitute the framework for our business cooperation with MINISO Group. See the section headed "Connected Transactions" in this document for further details of and the reasons for entering into these transactions.

(A) Supply of pop toy products to MINISO Group

We [have entered] into a Product Supply Framework Agreement with MINISO Group, pursuant to which we will supply certain pop toy products, including model figures, 3D building blocks, vinyl plush toys and other pop toys, to MINISO Group to leverage on the global distribution network of MINISO Group for the distribution of pop toys. Such pop toys will consist of both "TOP TOY" branded pop toys as well as third-party branded pop toys sourced by our Company from independent third-party suppliers.

Our Group has historically been supplying TOP TOY branded products to MINISO Group for sale in the MINISO Group's retail outlets to enhance our reach to a broader base of retail customers in light of the broad retail footprint of MINISO Group and in turn driving our overall sales volume.

On the other hand, for MINISO Group, it will benefit from its enhanced product mix to provide a more holistic shopping experience for its customers in its stores, with pop toys serving as a valuable addition to its broad range of lifestyle products, thereby strategically boosting its customers' overall shopping experience and purchasing appetite, and in turn driving additional sales overall.

See the section headed "Connected Transactions — Supply of pop toy products to MINISO Group" in this document for further details of and reasons for entering into these transactions.

Further, we [have entered] into a IP licensing agreement with MINISO Group, pursuant to which MINISO Group will license to us the IP rights of the IPs currently owned by MINISO Group (such as Penpen penguin and Dundun chicken) for the development of pop toys, in return for licensing fees set as a fixed percentage of the distribution price of the pop toys developed based on such IPs, which is at a similar level as that charged by other independent third party IP licensors for the development of pop toy products. As the highest applicable percentage ratio of the transactions contemplated under such IP licensing agreement is expected to be less than 0.1% on an annual basis for the purpose of Chapter 14A of the Listing Rules, such transactions are exempt from the announcement, annual reporting and independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

The abovementioned arrangements are not expected to give rise to any operational reliance issue given (i) we have established our own distribution channels for the distribution of pop toys and do not solely rely on MINISO's distribution network; (ii) we have our own ability to establish overseas subsidiaries for the distribution of our own products and also intend to partner with the local distributors overseas for our overseas expansion going forward; (iii) the relationship between MINISO and us is not expected to materially and adversely change and the risk of termination of such arrangement will be low given our Company will remain to be a subsidiary of MINISO Group upon the [**REDACTED**] and the abovementioned transactions will be mutually beneficially to both MINISO Group and us, allowing our Group to enhance our reach to a broader base of retail customers through MINISO Group's retail outlets on one hand, and enabling MINISO to enhance its product mix to provide a more holistic shopping experience for its customers in its stores on the other hand, with pop toys serving as a valuable addition to its broad range of lifestyle products, thereby strategically boosting its customers' overall shopping experience and purchasing appetite; and (iv) going forward, we will further diversify our source of revenue through the expansion of our own distribution network by broadening our network distributors, with a focus on large retailers, elevating our footprints overseas, continuing to deepen our penetration in Chinese Mainland and accelerating the establishment of independent distribution channels, and therefore, the contribution of MINISO Group in terms of revenue derived from such continuing connected transactions are expected to decrease on a continuous basis over the next three years, it is expected that by 2028 (i.e. within three years from the [**REDACTED**]), the maximum transaction amount as captured by the annual cap as further detailed in the section headed "Connected Transactions — Supply of pop toy products to MINISO Group" in this document is expected not to exceed 40% of our total revenue for the corresponding year. See also sections headed "Business — Our Customers" in this document for details of the expected decreasing trend of MINISO Group's contribution to our total revenue going forward and the section headed "Business — Our Customers" in this document for the Group's plans and strategies to expand its independent distribution channels going forward.

(B) Provision of IT support to our Group

We [have entered] into an IT Support Framework Agreement with MINISO Group, pursuant to which MINISO Group will provide certain IT support services to our Group, including IT system implementation, authorization of use of software, operation and maintenance, information technology consultation and data analysis services. The IT support services can help enhance utilization and economies of scale of MINISO Group's operational support resources and, on the other hand, reduce the administrative costs of our Group in procuring similar IT services from a wide range of other IT service providers. The IT support services will allow our Group to better leverage the mature IT infrastructure and coverage already built by MINISO Group for administrative convenience of our Group.

Given the established long-term relationship between our Group and MINISO Group, and that our Company will continue to be a consolidated subsidiary of MINISO Group after the [**REDACTED**], such arrangements are unlikely to materially adversely change or terminate.

On the other hand, given such IT support services only relate to the peripheral aspects of our business operations that can be easily replicated by us or replaced by similar services offered by independent third parties should we choose to do so, the services provided pursuant to the IT Support Framework Agreement will not give rise to any business independence or reliance issue.

See the section headed "Connected Transactions — Provision of IT support to our Group" in this document for further details of and reasons for entering into these transactions.

Warehouse Leasing

We have entered into certain lease agreement as tenants for the rental of warehouses located in Zhaoqing City, Guangdong Province, with Miniso (Zhaoqing) Industrial Investment Co., Ltd. which is controlled by Mr. Ye. The Lease Agreement was renewed for a fixed term from June 1, 2025 to December 31, 2027 and recognised as a right-of-use assets pursuant to IFRS 16. The warehouse premises will provide our Group with additional space for the storage of goods and merchandise to satisfy our growing business demand with a high degree of tenancy stability. Entering into the Lease Agreement ensures that we have sufficient space for business development, which will help us improve logistics efficiency, lower business costs and avoid any potential adverse impact on our business from the administrative inconvenience arisen from frequent warehouse relocation.

Given that Mr. Ye will remain to be our Controlling Shareholder after the [**REDACTED**], such arrangements are unlikely to materially adversely change or terminate.

On the other hand, given the peripheral nature of such warehouse leasing and that we can easily find alternative warehouse premises as replacement, the Warehouse Leasing agreement will not give rise to any business independence or reliance issue.

Financial Independence

We have established our own finance department with a team of independent financial staff responsible for financial management, accounting, reporting and funding functions, which is independent from MINISO Group.

As of the date of this document, we have approximately RMB310 million of outstanding loans due to MINISO Group. Nevertheless, we have the ability to obtain independent financing without reliance on our Controlling Shareholders. As of the date of this document, we have obtained a credit facility indication letter from an independent bank for RMB500 million which is valid for a term of 12 months from June 26, 2025, without any guarantee or other security from our Controlling Shareholders. Further, as of December 31, 2025, we have approximately RMB391.8 million of cash and cash equivalent and more than RMB1,337.2 million of current assets, and we have received US$59 million (equivalent to approximately RMB425 million) of cash consideration from our Series A investment which was completed in July 2025.

Other than the above and certain accounts receivables and accounts payables arising from the normal course of business, there are no loans or financial assistance provided by MINISO Group or its associates, and there are no outstanding loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective associates.

Based on the above, our Directors are of the view that our business is financially independent of our Controlling Shareholders.

Disclosure under Rule 8.10 of the Listing Rules

Save as disclosed above, our Controlling Shareholders and Directors confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

We will also adopt the following corporate governance measures to resolve actual or potential conflict of interests between our Group and our Controlling Shareholders:

(a) under the Articles, where any member is, under the [**REDACTED**], required to abstain from voting only for or only against any particular resolution proposed at a Shareholders' meeting, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted in the quorum in respect of such transactions;

(b) our Company has established internal control mechanisms to identify connected transactions, and we will comply with the applicable Listing Rules if we enter into connected transactions with our Controlling Shareholders or any of their associates after [**REDACTED**];

(c) our Company has further established internal control mechanisms to enhance the monitoring of implementation of the Business Rearrangement as further detailed above, pursuant to which quarterly review and periodic sampling at store visits will be conducted by the Company at MINISO's stores;

(d) for addressing any potential conflict of interests in terms of pop toy categorisation, our Company has been granted the priority to select future emerging pop toy categories as further detailed above, and we will conduct periodic review to assess whether any potential new pop toy category may have emerged, and present the relevant analysis to the Board for final determination;

(e) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(f) our Controlling Shareholders will undertake to provide all information necessary or requested by the independent non-executive Directors for the Annual Review, including all relevant financial, operational and market information;

(g) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's [**REDACTED**];

(h) we have appointed Somerley Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and

(i) we have established our audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Code of Corporate Governance and Corporate Governance Report in Appendix C1 to the Listing Rules.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the [**REDACTED**].