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Application Proof of

TOP TOY

TOP TOY International Group Limited

大潮玩國際集團有限公司

(the “Company”)

(A company incorporated in the Cayman Islands with limited liability)

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TOP TOY

TOP TOY International Group Limited

大潮玩國際集團有限公司

(A company incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the : [REDACTED] Shares (subject to the
[REDACTED] [REDACTED])
Number of [REDACTED] : [REDACTED] Shares (subject to
[REDACTED])
Number of [REDACTED] : [REDACTED] Shares (subject to
[REDACTED] and the [REDACTED])
Maximum [REDACTED] : [REDACTED]
Nominal value : US\$[0.00001] per [REDACTED]
[REDACTED] : [REDACTED]

Joint Sponsors, Overall Coordinators, [REDACTED]

J.P.Morgan

 UBS 瑞銀集團

(in alphabetical order)

Overall Coordinator, [REDACTED]



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The Overall Coordinators may, with our consent, reduce the number of the [REDACTED] and/or the indicative [REDACTED] below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, an announcement of the reduction in the number of [REDACTED] and/or the [REDACTED] will be published on the website of the Stock Exchange at www.hkexnews.hk and our website at www.toptoyglobal.com, and the [REDACTED] will be canceled and relaunched at the revised number of [REDACTED] and/or the revised [REDACTED] with a supplemental [REDACTED] or a new [REDACTED], as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging application under the [REDACTED]. See “Structure of the [REDACTED]” and “How to apply for [REDACTED]” for further details.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the Overall Coordinators (for themselves and on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. See “[REDACTED]” for further details.

Prior to making an [REDACTED] decision, prospective [REDACTED] should consider carefully all of the information set out in this document, including the risk factors set out in the second headed “Risk Factors”.

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be [REDACTED] or sold within or to the United States, or for the account or benefit of U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The [REDACTED] are being [REDACTED] and sold (i) solely to QIBs pursuant to an exemption from registration under Rule 144A of the U.S. Securities Act and (ii) outside the United States in offshore transactions in accordance with Regulation S.

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. Moreover, there are risks associated with any [REDACTED]. Some of the particular risks of [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors”. You should read the entire document carefully before you decide to [REDACTED] in the [REDACTED]. Various expressions used in this section are defined in the sections headed “Definitions” and “Glossary of Technical Terms”.

OVERVIEW

We are China’s largest and fastest-growing pop toy collection brand. In 2025, we achieved GMV of RMB4.2 billion in Chinese Mainland, and our self-developed products accounted for over 55% of revenue — the highest among Chinese pop toy collection brands, according to Frost & Sullivan. From 2023 to 2025, we achieved a GMV CAGR exceeding 50%, making us the fastest-growing pop toy collection brand in China, according to Frost & Sullivan.

Since the launch of our first store in December 2020, we have established a fully integrated platform across the pop toy value chain. Leveraging deep insights into pop toy enthusiasts, we have developed industry-leading, consumer-oriented product design and IP operation capabilities. We have successfully built a comprehensive and expanding IP matrix driven by proprietary, licensed and third-party IPs, and created a pop toy universe with a diverse product portfolio. This product portfolio, including model figures, 3D building blocks, vinyl plush toys and others, enables us to meet the diverse needs of pop toy consumers and continuously expand our customer base. Through broad channel consumer reach, we ensure every consumer can experience the pure joy of pop toys and find their unique source of fun and emotional connection.



SUMMARY

Notes:

- (1) Based on the Frost & Sullivan Report. Largest and highest proportion based on 2025 GMV in Chinese Mainland. Fastest-growing based on GMV CAGR from 2023 to 2025.
- (2) As of the Latest Practicable Date.
- (3) Including Tmall, Pinduoduo, JD.com, Douyin, Rednote, Weixin mini-program, and Meituan, among others.

OUR FULLY INTEGRATED POP TOY PLATFORM

We have built a fully integrated platform centered on maximizing IP value, covering all key segments of the industry value chain, which forms our competitive strengths.

IP Matrix and Operations

Through a diversified IP strategy, we have established a rich and high-quality IP resource pool, forming a comprehensive and expanding IP matrix that integrates proprietary, licensed, and third-party IPs. This approach is supported by our strong product R&D and design capabilities and expertise in derivative IP creation and operations. By constantly introducing proprietary IPs and partnering with renowned licensors such as Sanrio, Disney and Crayon Shin-chan, we ensure our portfolio remains dynamic and adaptive to market trends, enabling us to meet the diverse needs of all consumer groups with flexibility and speed.

Sales and Distribution Network

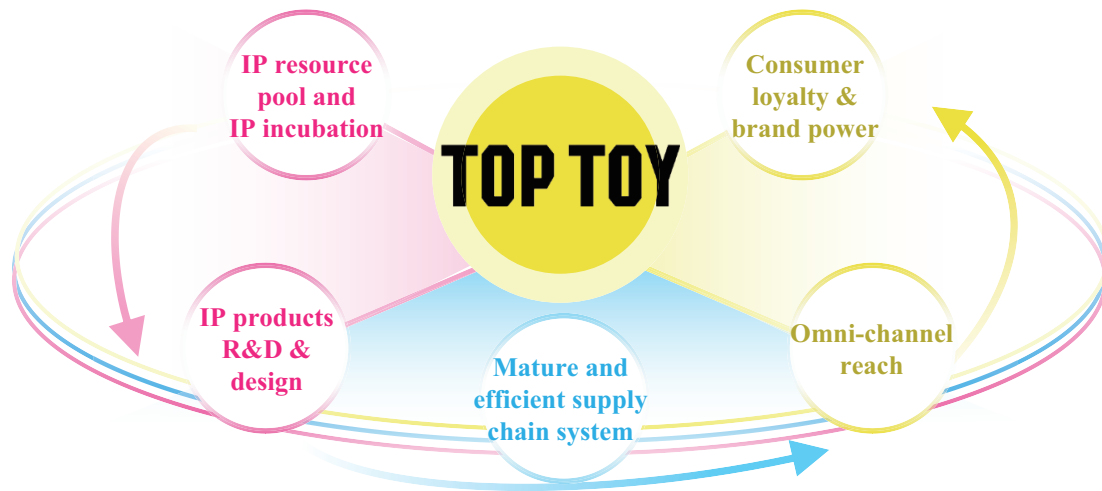
We have established broad and omni-channel consumer reach. Our offline store network offers immersive, interactive experiences and strong brand visibility, serving as a prime venue for direct consumer engagement. This allows us to gather direct and real-time feedback that informs our product design and channel selection strategies. In addition to our own Tmall flagship store and mini-programs, our products are available through other major Chinese e-commerce platforms, emerging content commerce platforms, large retailers such as Sam’s Club and Don Don Donki, and a variety of other retail channels. We are also expanding into emerging overseas markets through adaptable business models.

End-to-End Integration

According to Frost & Sullivan, we are among the few brands in the industry to achieve comprehensive coverage of IP incubation, operation, and direct consumer engagement and a leading position across the entire pop toy value chain. Our strong IP operations enable us to create products that resonate with consumers and foster emotional connections through our omni-channel network. In terms of production, we provide design molds, engage in close collaboration with a network of qualified manufacturing partners, and implement rigorous

SUMMARY

quality control and supply chain management systems to improve manufacturing process and ensure our standards are consistently met. As a fully integrated pop toy platform, we build strong ecosystem partnerships, creating a virtuous cycle that maximizes IP value and promotes pop toy culture.



MARKET OPPORTUNITIES

“Pop toy”, as an industry term, generally refers to the toys that are characterised by their high collectible value, reflecting all five of the following features: (1) high value-add derived from the unique design and IP-driven re-creation; (2) a high emphasis on material selection, trend-driven colour coordination and artistic design innovation; (3) integrating playful; (4) actively cater for fast-moving trends; and (5) distribute primarily through dedicated pop toy channels. China’s pop toy market is experiencing rapid growth. According to Frost & Sullivan, its market size grew from RMB24.9 billion in 2020 to RMB87.5 billion in 2025 (representing a CAGR of 28.6%) and is expected to grow from RMB126.4 billion in 2026 to RMB331.0 billion by 2030 (representing a CAGR of 27.2%). In the future, pop toys are expected to diversify into a wider array of product categories, with consumer experiences becoming more integrated and multifaceted, delivering highly immersive, scenario-based interactions.

OUR IP AND PRODUCT PORTFOLIO

Our IP portfolio is underpinned by our ability to develop proprietary IPs as well as to attract collaborations with recognized IPs. As of the Latest Practicable Date, we had 24 proprietary IPs and 42 licensed IPs.

At the core of our offerings are our self-developed products, which are created through our active participation in the design process and are based on our proprietary IPs as well as licensed collaborations with established IPs. In addition, we enrich our assortment by directly sourcing products through vendor agreements. These items are offered in their original form or produced in partnership with suppliers who already hold the necessary IP licenses.

SUMMARY

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily include TOP TOY Retail Partners, distributors and consumers. For the years ended December 31, 2023, 2024 and 2025, revenue from our five largest customers in each period amounted to RMB1,117.8 million, RMB1,263.3 million and RMB2,130.8 million, representing 76.5%, 66.2% and 59.5% of our total revenue for the respective periods. For the years ended December 31, 2023, 2024 and 2025, revenue from MINISO Group amounted to RMB781.4 million, RMB922.8 million and RMB1,671.4 million, representing 53.5%, 48.3% and 46.6% of our total revenue for the respective periods.

Our suppliers primarily include pop toy and mold factories and IP licensors. For the years ended December 31, 2023, 2024 and 2025, purchases from our five largest suppliers in each period amounted to RMB242.6 million, RMB226.7 million and RMB616.6 million, representing 21.0%, 14.2% and 20.2% of our total purchase amount for the respective periods. For the years ended December 31, 2023, 2024 and 2025, purchases from our largest supplier in each period amounted to RMB62.6 million, RMB49.9 million and RMB214.6 million, representing 5.4%, 3.1% and 7.0% of our total purchase amount for the respective periods.

OUR COMPETITIVE STRENGTHS

The following strengths have enabled us to become who we are today and will support our continued success:

- Our robust brand momentum and commercialization capabilities;
- Our diverse IP matrix with unique IP crossover strategies;
- Our comprehensive and focused product portfolio;
- Our omni-channel and expanding sales network;
- We offer engaging consumer experiences that build brand and IP loyalty;
- Our adaptive and cost-effective supply chain; and
- Our strong shareholder support and management team.

OUR GROWTH STRATEGIES

We intend to pursue the following strategies to achieve further success.

- Enhance IP incubation and operations to drive product excellence;
- Deepen global market engagement through omni-channel expansion;
- Strengthen supply chain to enrich product offerings;
- Invest in branding to expand user base and enhance loyalty;
- Enhance full-process digital capabilities to improve operational efficiency; and
- Attract, cultivate, and retain talent to build a high-quality global team.

OPERATING AND FINANCIAL METRICS

The tables below set forth certain financial metrics for the periods indicated.

SUMMARY

	For the Year Ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>					
Total Revenue from Sales of Pop Toy Products	<u>1,411,838</u>	<u>100.0</u>	<u>1,824,087</u>	<u>100.0</u>	<u>3,488,083</u>	<u>100.0</u>
<i>By Product Source:</i>						
– Self-developed Products	757,334	53.6	896,135	49.1	1,977,010	56.7
– Third-party Products	<u>654,504</u>	<u>46.4</u>	<u>927,952</u>	<u>50.9</u>	<u>1,511,073</u>	<u>43.3</u>
<i>By Product Category:</i>						
– Model Figures	1,016,523	72.0	1,255,596	68.8	1,781,976	51.1
– 3D Building Blocks	304,584	21.6	383,172	21.0	369,947	10.6
– Vinyl Plush Toys	1,147	0.1	63,791	3.5	1,102,409	31.6
– Others	<u>89,584</u>	<u>6.3</u>	<u>121,528</u>	<u>6.7</u>	<u>233,751</u>	<u>6.7</u>
<i>By Sales Channel:</i>						
– Retail Sales in Directly Operated Stores	109,490	7.8	172,543	9.5	444,280	12.7
– Product Sales to Franchisees	356,719	25.3	499,794	27.4	678,043	19.4
– Sales to Offline Distributors	855,457	60.6	1,008,144	55.3	2,044,333	58.6
– Online Sales	75,960	5.4	140,297	7.7	276,050	7.9
– Other Sales Channels	<u>14,212</u>	<u>0.9</u>	<u>3,309</u>	<u>0.1</u>	<u>45,377</u>	<u>1.4</u>
<i>By IP Type:</i>						
– Proprietary IP	8,486	0.6	6,847	0.3	198,827	5.7
– Licensed IP	748,848	53.0	889,288	48.8	1,778,183	51.0
– Third-party IP	<u>654,504</u>	<u>46.4</u>	<u>927,952</u>	<u>50.9</u>	<u>1,511,073</u>	<u>43.3</u>

SUMMARY

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin
	RMB	%	RMB	%	RMB	%
(in thousands, except for percentages)						
Sales of Pop Toy Products	430,292	30.5	584,772	32.1	1,092,314	31.3
<i>By Product Source:</i>						
– Self-developed Products	314,188	41.5	396,605	44.3	802,486	40.6
– Third-party Products	116,104	17.7	188,167	20.3	289,828	19.2
<i>By Product Category:</i>						
– Model Figures	344,649	33.9	436,756	34.8	581,568	32.6
– 3D Building Blocks	75,300	24.7	100,981	26.4	103,847	28.1
– Vinyl Plush Toys	254	22.1	22,302	35.0	354,667	32.2
– Others	10,089	11.3	24,733	20.4	52,232	22.3
<i>By Sales Channel:</i>						
– Retail Sales in Directly Operated Stores	49,453	45.2	82,901	48.0	198,382	44.7
– Product Sales to Franchisees	28,174	7.9	75,916	15.2	94,245	13.9
– Sales to Offline Distributors	323,523	37.8	368,673	36.6	665,419	32.5
– Online Sales	23,845	31.4	56,170	40.0	117,970	42.7
– Other Sales Channels	5,297	37.3	1,112	33.6	16,298	35.9
<i>By IP Type:</i>						
– Proprietary IP	2,882	34.0	3,147	46.0	89,761	45.1
– Licensed IP	311,306	41.6	393,458	44.2	712,725	40.1
– Third-party IP	116,104	17.7	188,167	20.3	289,828	19.2

The table below set forth certain operating metrics for the periods indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Average GMV Per Store (RMB in thousands) ⁽¹⁾	6,143	5,467	5,977
Member Repurchase Rate (%)	29	33	36
Same Store Sales Growth of Directly-operated Stores and TOP TOY Retail Partner Stores (%) ⁽¹⁾	45.5	3.3	1.6

Notes:

- (1) The average GMV per store is calculated by dividing the total GMV from directly operated stores and TOP TOY Retail Partner stores in Chinese Mainland by the average number of directly operated stores and TOP TOY Retail Partner stores in Chinese Mainland at the beginning and end of the period.
- (2) Same store includes directly-operated stores and TOP TOY Retail Partner stores in Chinese Mainland that were open prior to the beginning of the comparison period, remained in operation through the end of the comparison period, and had not closed for more than 30 days during both comparison periods.

SUMMARY

The table below sets forth the sales volume and average selling price of different product categories for the periods indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	<i>In thousands</i>	<i>RMB</i>	<i>In thousands</i>	<i>RMB</i>	<i>In thousands</i>	<i>RMB</i>
Model Figures	45,268	22.5	50,839	24.7	68,467	26.0
3D Building Blocks	15,949	19.1	17,408	22.0	13,900	26.6
Vinyl Plush Toys	23	50.6	1,367	46.7	28,328	38.9
Others	3,576	25.1	6,188	19.6	10,719	21.8
	<u>64,816</u>	<u>21.8</u>	<u>75,802</u>	<u>24.1</u>	<u>121,414</u>	<u>28.7</u>

Note:

- (1) The average selling price is calculated based on the revenue generated from the sales of products of each product category divided by sales volume of such category.

COMPETITION

The pop toy market in China is competitive and fragmented. Our competitors comprise both brand-owned retailers and pop toy collection retailers. We believe that we are positioned favorably against our competitors on the basis of (i) our strong brand momentum and commercialization capabilities, (ii) our diverse IP matrix and comprehensive product portfolio, (iii) engaging in-store shopping experience and engagement driven operation, (iv) our fast-growing store network, (v) our agile, efficient and digitalized supply chain, (vi) our multi-channel operation, (vii) our global scalability and capability penetrating into various tiers of cities, and (viii) our experienced founder and entrepreneurial management team. These competitive advantages all contribute to the core value propositions of our products, which remain the key attraction to consumers. See “Industry Overview” and “Business — Competition” for further details.

[REDACTED]

SUMMARY

[REDACTED]

RISK FACTORS

Our operations and the [REDACTED] involve certain risks and uncertainties, some of which are beyond our control and may affect your decision to [REDACTED] in us and/or the value of your [REDACTED]. See the section headed “Risk factors” for details of our risk factors, which we strongly urge you to read in full before making an [REDACTED] in our Shares. Some of the major risks we face include:

- Our success depends upon the market recognition of our brands. If we are unable to maintain and enhance our brands, our business and operating results may be adversely affected.
- The industry in which we operate may not develop as we expected, and we may fail to compete effectively against our existing or potential competitors. We may not be able to sustain our historical growth rates and may lose market share and consumers if we fail to compete effectively.
- Our success is dependent on the continued popularity of our products, our continued innovation and successful launches of high-quality products at reasonable prices, and our anticipation of and timely responses to changes in consumer preferences.
- Any deterioration in the recognition or popularity of existing IPs in our IP matrix or any failure in successfully sourcing, developing or commercializing existing or new IPs may materially and adversely affect our business, financial condition and results of operations.
- We have undertaken strategic collaborations with IP licensors. If we fail to expand or maintain our collaboration with IP licensors, or our existing collaboration with any of our IP licensors is terminated or curtailed, or if we are no longer able to benefit from such business collaborations, our business and results of operations may be adversely affected.
- If we are unable to operate or expand our store network successfully, our business, results of operations would be adversely affected.

IMPACT OF COVID-19 ON OUR OPERATIONS

The COVID-19 pandemic severely and negatively affected the global macroeconomic environment. From 2020 to 2022, countries and regions around the world, including Chinese Mainland, imposed various measures to contain the spread of the COVID-19 pandemic, resulting in travel restrictions, business shutdowns, social distancing and quarantines.

SUMMARY

Our business and results of operations were adversely affected by the COVID-19 pandemic. At the height of the COVID-19 pandemic, we experienced significant business disruptions. The shutdown policies had caused temporary closure of our offline stores, delay and disruption in logistics services, and a significant decrease in consumer demand, which affected our business and financial performance in 2022. As the effects of COVID-19 subsided from 2023, we achieved overall robust growth in our business and financial performance during the Track Record Period. See “Risk Factors — Risks Related to Our Business and Industry — Natural disasters and unusual weather conditions, power outages, pandemic outbreaks, terrorist acts, global political events and other serious catastrophic events could disrupt business and result in lower sales and otherwise materially adversely affect our financial performance.”

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth a summary of our historical financial information for the Track Record Period, extracted from the Accountants’ Report set out in Appendix I. The summary of combined financial data set forth below should be read together with, and is qualified in its entirety by reference to, the historical financial information in this documents, including the related notes. Our historical financial information has been prepared in accordance with IFRS.

Summary of Combined Statements of Profit or Loss

The following table sets forth a summary of our combined statements of profit or loss for the periods indicated in absolute amounts:

	For the Year ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands)		
Revenue	1,461,107	1,908,825	3,586,960
Cost of sales.	(1,002,282)	(1,284,452)	(2,434,994)
Gross profit	458,825	624,373	1,151,966
Other income	50	69	143
Selling and distribution expenses.	(152,022)	(201,857)	(543,590)
General and administrative expenses	(16,703)	(27,216)	(152,583)
Other net income/(loss)	1,805	1,058	(1,489)
Reversal of credit loss/(credit loss) on trade and other receivables	871	970	(10,483)
Impairment loss on non-current assets	(2,880)	(1,806)	(882)
Operating profit	289,946	395,591	443,082
Finance income.	1,129	1,093	5,101
Finance costs	(4,287)	(5,798)	(8,990)

SUMMARY

	For the Year ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	<i>(in thousands)</i>		
Net finance costs	(3,158)	(4,705)	(3,889)
Changes in the carrying amount of redemption liabilities	—	—	(158,491)
Profit before taxation	286,788	390,886	280,702
Income tax expense	(74,399)	(97,356)	(179,661)
Profit for the year	212,389	293,530	101,041
Attributable to:			
Equity shareholders of the Company	212,389	297,156	92,725
Non-controlling interests	—	(3,626)	8,316
Profit for the year	212,389	293,530	101,041

Note:

- (1) Credit loss on trade and other receivables in 2025 mainly represents the credit loss of the deposit due from a third party amounting to RMB10 million.

Our net profit increased from RMB212.4 million in 2023 to RMB293.5 million in 2024, which was mainly attributable to (i) an increase in our total revenue primarily due to (a) the enhancement of our product portfolio, (b) the expansion in our sales network, and (c) the commencement of our globalization initiative; and (ii) an increase in our gross margin mainly resulted from improved pricing and higher margins due to our enhanced product portfolio with refined discount strategies in offline channels.

Our net profit decreased from RMB293.5 million in 2024 to RMB101.0 million in 2025, which was mainly attributable to an increase in equity-settled share-based payment expenses and the changes in the carrying amount of redemption liabilities.

SUMMARY

Non-IFRS Financial Measure

In evaluating our business, we consider and use adjusted net (loss)/profit (Non-IFRS Measure) as a supplemental measure to review and assess our operating performance. The presentation of this non-IFRS financial measure is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. We define adjusted net (loss)/profit (Non-IFRS Measure) as (loss)/profit for the year excluding equity-settled share-based payment expenses, changes in the carrying amount of redemption liabilities and [REDACTED] expense. Our management considers that (i) equity-settled share-based payment expenses and changes in the carrying amount of redemption liabilities are non-cash in nature and do not result in cash outflow, and (ii) [REDACTED] are expenses relating to the [REDACTED].

The non-IFRS financial measure should not be considered in isolation or construed as an alternative to (loss)/profit for the year or any other measure of performance. [REDACTED] are encouraged to review our historical non-IFRS financial measure as shown below. The non-IFRS financial measure presented here may not be comparable to similarly titled measure presented by other companies. Other companies may calculate similarly titled measures differently, limiting the usefulness of such measures when analyzing our data comparatively. We encourage [REDACTED] and others to review our financial information in its entirety and not rely on a single financial measure.

The following table reconciles our adjusted net (loss)/profit (Non-IFRS Measure), for the years ended December 31, 2023, 2024 and 2025 presented in accordance with IFRS, which is profit for the year.

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands)		
Reconciliation of profit for the year to			
adjusted net profit (Non-IFRS Measure):			
Profit for the year	212,389	293,530	101,041
Add back:			
Equity-settled share-based payment expenses . .	1,025	847	237,075
Changes in the carrying amount of redemption			
liabilities	—	—	158,491
[REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit (Non-IFRS Measure) . . .	213,414	294,377	522,477

SUMMARY

Revenue

We primarily derive our revenue from the sale of pop toy products through directly operated stores, stores operated by TOP TOY Retail Partners, offline distributors and online channels. Other sources of revenue mainly include license fees, sales-based royalties and sales-based management and consultation service fees from TOP TOY Retail Partners. The following table sets forth the components of our revenue by amounts and percentages of our total revenue broken down by revenue source for the periods presented:

	For the Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Revenue:						
– Sales of pop toy products						
– Retail sales in directly operated stores . . .	109,490	7.5	172,543	9.0	444,280	12.4
– Product sales to franchisees ⁽¹⁾	356,719	24.4	499,794	26.2	678,043	18.9
– Sales to offline distributors	855,457	58.5	1,008,144	52.9	2,044,333	57.0
– Online sales ⁽²⁾	75,960	5.2	140,297	7.3	276,050	7.7
– Other sales channels ⁽³⁾	14,212	1.0	3,309	0.2	45,377	1.2
Sub-total	<u>1,411,838</u>	<u>96.6</u>	<u>1,824,087</u>	<u>95.6</u>	<u>3,488,083</u>	<u>97.2</u>
– License fees, sales-based royalties, and sales-based management and consultation service fees						
– License fees and sales-based royalties . . .	6,563	0.4	9,093	0.5	12,843	0.4
– Sales-based management and consultation service fees	<u>19,687</u>	<u>1.4</u>	<u>27,034</u>	<u>1.4</u>	<u>36,515</u>	<u>1.0</u>
Sub-total	<u>26,250</u>	<u>1.8</u>	<u>36,127</u>	<u>1.9</u>	<u>49,358</u>	<u>1.4</u>
– Others ⁽⁴⁾	<u>23,019</u>	<u>1.6</u>	<u>48,611</u>	<u>2.5</u>	<u>49,519</u>	<u>1.4</u>
Total	<u>1,461,107</u>	<u>100.0</u>	<u>1,908,825</u>	<u>100.0</u>	<u>3,586,960</u>	<u>100.0</u>

Notes:

- (1) Product sales to franchisees represents sales to/revenue from TOP TOY Retail Partners.
- (2) Online sales are conducted through our directly operated online stores on third-party e-commerce platform and through online distributors. Online sales does not include sales through online to offline (“O2O”) platforms, which are accounted for in sales through offline channels as such orders are delivered or fulfilled offline.
- (3) Other sales channels mainly represent group-buying channels and vending machines.
- (4) Others mainly represented sales of fixtures to franchisees and distributors.

SUMMARY

The following table breaks down our revenue by geographical market for the periods presented:

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Revenue:						
Chinese Mainland	1,461,107	100.0	1,897,015	99.4	3,291,146	91.8
Overseas.	—	—	11,810	0.6	295,814	8.2
Total	<u>1,461,107</u>	<u>100.0</u>	<u>1,908,825</u>	<u>100.0</u>	<u>3,586,960</u>	<u>100.0</u>

Cost of Sales

The following table sets forth the components of our cost of sales by amounts and percentages of our total cost of sales for the periods presented:

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Cost of inventories	955,890	95.4	1,221,554	95.1	2,291,007	94.1
Depreciation and amortization	23,145	2.3	23,256	1.8	62,625	2.6
Licensing expenses	18,788	1.9	32,780	2.6	65,389	2.7
Logistics expenses.	4,447	0.4	6,862	0.5	15,973	0.6
Total cost of sales	<u>1,002,282</u>	<u>100.0</u>	<u>1,284,452</u>	<u>100.0</u>	<u>2,434,994</u>	<u>100.0</u>

Our cost of sales mainly consists of cost of inventories. Cost of inventories accounted for 95.4%, 95.1% and 94.1% of our total cost of sales for the years ended December 31, 2023, 2024 and 2025, respectively. Cost of inventories comprises carrying amount of inventories sold and inventory write-down. Other than cost of inventories, cost of sales also includes depreciation and amortization expenses, licensing expenses and logistics expenses. Licensing expenses mainly represent licensing fees paid to IP licensors, and logistics expenses mainly represent shipping expenses for the products sold to customers through online-to-offline or online channels.

SUMMARY

The following table sets forth the components of our cost of inventories by amounts and percentages of our total cost of sales for the periods presented:

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Cost of inventories:						
– Carrying amount of inventories sold	957,851	95.6	1,228,433	95.6	2,289,833	94.0
– (Reversal of write-down)/write-down of inventory provision.	(1,961)	(0.2)	(6,879)	(0.5)	1,174	0.1
Total	955,890	95.4	1,221,554	95.1	2,291,007	94.1

Gross Profit and Margin

The following table sets forth our gross profit and gross margin for the periods presented:

	For the Year Ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	<i>(in thousands, except for percentages)</i>		
Gross profit	458,825	624,373	1,151,966
Gross margin (%)	31.4	32.7	32.1

Selected Combined Statements of Financial Position Items

The following table sets forth the selected items of our combined statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	<i>(in thousands)</i>		
Current assets			
Inventories	128,128	227,416	461,375
Trade and other receivables	228,590	334,336	484,002
Cash and cash equivalents	33,421	71,883	391,831
Restricted cash.	118	352	—
Total current assets	390,257	633,987	1,337,208

SUMMARY

	As of December 31,		
	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(in thousands)</i>		
Current liabilities			
Contract liabilities	10,039	15,670	28,400
Loans and borrowings	280,000	340,208	310,000
Trade and other payables	251,632	404,770	579,870
Lease liabilities	39,377	63,766	66,061
Redemption liabilities arising from preferred shares	—	—	573,681
Current taxation	27,272	25,979	57,753
Total current liabilities	608,320	850,393	1,615,765
Net current liabilities	(218,063)	(216,406)	(278,557)
Non-current assets			
Property, plant and equipment	17,731	38,214	66,527
Right-of-use assets	80,523	204,212	191,108
Intangible assets	3,388	7,599	105,913
Deferred tax assets	34,249	26,256	24,562
Other receivables	9,458	16,893	21,065
Total non-current assets	145,349	293,174	409,175
Non-current liabilities			
Contract liabilities	—	305	172
Lease liabilities	41,363	149,717	133,358
Total non-current liabilities	41,363	150,022	133,530
Net non-current assets	103,986	143,152	275,645
Net liabilities	(114,077)	(73,254)	(2,912)

We recorded net current liabilities as of December 31, 2023, 2024 and 2025. The decrease in net current liabilities from RMB218.1 million as of December 31, 2023 to RMB216.4 million as of December 31, 2024, was primarily due to the increase in our current assets, in particular inventories and trade and other receivables, as a result of our business growth. The increase in net current liabilities from RMB216.4 million as of December 31, 2024 to RMB278.6 million as of December 31, 2025 was primarily due to the changes in the carrying amount of redemption liabilities of RMB158.5 million and the increase in trade and other receivables of RMB149.7 million as a result of our business growth. For further details, see “Financial Information — Indebtedness — Loans and Borrowings.”

SUMMARY

We recorded net liabilities as of December 31, 2023, 2024 and 2025. The decrease in net liabilities from RMB114.1 million as of December 31, 2023 to RMB73.3 million as of December 31, 2024 was primarily due to the net profit of RMB293.5 million in 2024, partially offset by the deemed distribution of RMB257.5 million in 2024. The decrease in net liabilities from RMB73.3 million as of December 31, 2024 to RMB2.9 million as of December 31, 2025 was primarily due to the changes in the carrying amount of redemption liabilities of RMB158.5 million and the increase in our working capital of RMB246.0 million as a result of our business growth. We recorded net liabilities of RMB2.9 million as of December 31, 2025, primarily attributable to our trade and other payables of RMB579.9 million in line with our business growth and increased purchases, partially offset by our inventory of RMB461.4 million.

Selected Combined Statements of Cash Flows Items

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

	For the Year ended December 31,		
	2023	2024	2025
	RMB	RMB (in thousands)	RMB
Net cash from operating activities	256,985	333,944	474,862
Net cash used in investing activities	(19,215)	(58,389)	(154,434)
Net cash used in financing activities	(264,751)	(237,093)	(1,901)
Net (decrease)/increase in cash and cash equivalents	(26,981)	38,462	318,527
Cash and cash equivalents at beginning of year	60,402	33,421	71,883
Effect of movements in exchange rates on cash held	—	—	915
Cash and cash equivalents at end of year	<u>33,421</u>	<u>71,883</u>	<u>391,325</u>

Key Financial Metrics

The following table sets forth our key financial ratios for the year indicated:

	As of or for the Year Ended December 31,		
	2023	2024	2025
Revenue growth rate (%)	N/A	30.6	87.9
Gross margin (%)	31.4	32.7	32.1
Net profit growth rate (%)	N/A	38.2	(65.6)
Net margin (%)	14.5	15.4	2.8
Current ratio (%) ⁽¹⁾	64.2	74.6	82.8

Note:

- (1) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective year and multiplied by 100%.

SUMMARY

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. See “Relationship with Our Controlling Shareholders” for further details.

Further, we [have entered] into certain framework agreements with our Controlling Shareholders which constitute continuing connected transactions. See section headed “Connected Transactions” for further details.

RECENT DEVELOPMENTS

We have continued to enrich our proprietary IP portfolio through both acquisitions and internal incubation of several designer IPs, such as Ninimo, FoFo and Mochi. The number of our proprietary IPs increased from 21 as of December 31, 2025, to 24 as of the Latest Practicable Date. Meanwhile, we have further accelerated our expansion in overseas markets, consistently strengthening our brand’s global presence. The number of our overseas stores increased by nine between December 31, 2025 and the Latest Practicable Date.

SUMMARY

No Material Adverse Change

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, which is the end date of the periods reported on in the Accountants’ Report included in Appendix I to this document, and there is no event since December 31, 2025 that would materially affect the information as set out in the Accountants’ Report included in Appendix I to this document.

[REDACTED]

DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. Our board of Directors has discretion as to whether to distribute dividends, subject to certain restrictions under the Cayman Islands law and the Articles of Association. As advised by our legal adviser on Cayman Islands law, our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. We do not currently have a formal dividend policy or pre-determined dividend payout ratio. During the Track Record Period, no dividends have been declared or paid by us to our Shareholders. See “Financial Information — Dividends” for more details.

[REDACTED]

SUMMARY

[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the range of the [REDACTED] stated in this [REDACTED]), we estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED] after deducting the [REDACTED] and other estimated expenses in connection with the [REDACTED] (assuming the [REDACTED] is not exercised). We intend to use our [REDACTED] for the purposes and in the amounts set forth below.

Approximately [REDACTED]% (approximately HK\$[REDACTED], assuming the [REDACTED] is not exercised) is expected to be used to further enrich our diversified IP portfolio and enhance our IP operation capabilities.

Approximately [REDACTED]% (approximately HK\$[REDACTED], assuming the [REDACTED] is not exercised) is expected to be used to deepen our global omni-channel presence.

Approximately [REDACTED]% (approximately HK\$[REDACTED], assuming the [REDACTED] is not exercised) is expected to be used for brand building, consumer engagement, and marketing initiatives.

Approximately [REDACTED]% (approximately HK\$[REDACTED], assuming the [REDACTED] is not exercised) is expected to be used to enhance supply chain capabilities and strengthen end-to-end digitalization.

Approximately [REDACTED]% (approximately HK\$[REDACTED], assuming the [REDACTED] is not exercised) will be used for working capital and general corporate purposes.

See “Future Plans and Use of [REDACTED]” for more information.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have their corresponding meanings set forth below. Certain technical terms are explained in “Glossary of Technical Terms.”

“ Accountants’ Reports ”	the accountants’ report of our Company as included in Appendix I
“ ADS(s) ”	American Depositary Shares, each of which represents four ordinary shares of MINISO
“ affiliate(s) ”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“ AFRC ”	the Accounting and Financial Reporting Council of Hong Kong
“ Articles ” or “ Articles of Association ”	the third amended and restated articles of association of the Company to be conditionally adopted by a special resolution of the shareholders of the Company, which will take effect upon [REDACTED] and a summary of which is set out in “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix III
“ associate(s) ”	has the meaning ascribed to it under the Listing Rules
“ Audit Committee ”	the audit committee of the Board
“ Board ”	the board of Directors
“ business day ”	any day (other than a Saturday, Sunday, or public holiday in Hong Kong) on which banks in Hong Kong are generally open to the public for normal banking business
“ Business Rearrangement ”	the business rearrangement that took place between MINISO Group and our Group as further detailed in the section headed “Relationship with Our Controlling Shareholders — Business Rearrangement”
“ BVI ”	the British Virgin Islands

DEFINITIONS

“CAC”	the Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室)
“CAGR”	compound annual growth rate
	[REDACTED]
“Cayman Companies Act” or “Companies Act”	the Companies Act (As Revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
	[REDACTED]
“China”, “Chinese Mainland” or “the PRC”	the People’s Republic of China, and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
	[REDACTED]
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance” or “CWUMPO”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Company,” “our Company,” or “the Company”	TOP TOY International Group Limited (大潮玩國際集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on April 24, 2025
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to MINISO, Mr. YE Guofu, Ms. YANG Yunyun, Mini Investment Limited, YGF MC Limited, YGF Development Limited, YGF MN Limited, YY Capital Ltd., YYY MC Limited and YYY Development Limited
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company

[REDACTED]

“EIT”	the PRC enterprise income tax
“EIT Law”	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time

[REDACTED]

“GAAP”	generally accepted accounting principles

DEFINITIONS

[REDACTED]

“Governmental Authority(ies)”	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
“Group,” “our Group,” “the Group,” or “we”	the Company and its subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Guide”	the Guide for New Listing Applicants published by the Stock Exchange effective from January 1, 2024
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong dollars” or “HK\$” Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

**“Hong Kong Takeovers Code”
or “Takeovers Code”** Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented, or otherwise modified from time to time

[REDACTED]

DEFINITIONS

[REDACTED]

“IFRS”	IFRS Accounting Standards, as issued from time to time by the International Accounting Standards Board
“Independent Third Party(ies)”	as far as our Directors are aware after having made all reasonable enquiries, any entity or person who is not a connected person of our Company or an associate of such person within the meaning ascribed to it under the Listing Rules

[REDACTED]

DEFINITIONS

[REDACTED]

“Joint Sponsors” the joint sponsors as named in the section headed “Directors and Parties involved in the [REDACTED]”

“Latest Practicable Date” March 22, 2026, being the latest practicable date for ascertaining certain information in this document before its publication

“Laws” all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees, or rulings of any Governmental Authority (including, without limitation, the Stock Exchange and the SFC) of all relevant jurisdictions

[REDACTED]

“Listing Committee” the Listing Committee of the Stock Exchange

[REDACTED]

“Listing Rules” the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

“M&A Rules” the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》)

DEFINITIONS

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
“Major Subsidiaries”	our subsidiaries as identified in the section headed “History, Reorganization and Corporate Structure — Our Major Subsidiaries”
“MIIT” or “MII”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as the Ministry of Information Industry (中華人民共和國信息產業部))
“MINISO”	MINISO Group Holding Limited, one of our Controlling Shareholders, an exempted company incorporated in the Cayman Islands with limited liability on January 7, 2020 and the shares of which are listed on the Main Board (stock code: 9896) and the ADSs of which are listed on the NYSE under the symbol “MNSO”
“MINISO Group”	MINISO and its subsidiaries, including our Group prior to the Reorganization and excluding our Group after the Reorganization. For the avoidance of doubt, the Company will remain as a subsidiary of MINISO upon the [REDACTED]
“MINISO Share(s)”	ordinary share(s) of MINISO with a par value of US\$0.00001
“MINISO Shareholders”	holder of MINISO Share(s)
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of the Board

DEFINITIONS

[REDACTED]

“NPC” the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

“NYSE” the New York Stock Exchange

[REDACTED]

DEFINITIONS

[REDACTED]

“Overall Coordinators”	the overall coordinators as named in “Directors and Parties Involved in the Global Offering”
“PBOC”	the People’s Bank of China (中國人民銀行)
“PIPL”	the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), as amended from time to time
“Post-[REDACTED] Share Incentive Plan”	the post-[REDACTED] share incentive plan to be funded by new Shares adopted by the Company and to take effect upon [REDACTED], the details of which are summarized in the section headed “Statutory and General Information — Share Incentive Plan — Post-[REDACTED] Share Incentive Plan” in Appendix IV
“PRC Civil Code”	the Civil Code of the PRC (《中華人民共和國民法典》), as amended from time to time
“PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as amended, modified and/or otherwise supplemented from time to time
“PRC Legal Adviser”	JunHe LLP, our legal adviser on PRC law

[REDACTED]

DEFINITIONS

“Pre-[REDACTED] Investment(s)”	the investments in our Company undertaken by the Pre-[REDACTED] Investors pursuant to the Series A Share Subscription Agreement, as applicable, prior to this [REDACTED], the details of which are set out in the section headed “History, Reorganization and Corporate Structure — Pre-[REDACTED] Investments”
“Pre-[REDACTED] Investor(s)”	the Series A Preferred Shareholders, further details set out in the section headed “History, Reorganization and Corporate Structure — Pre-[REDACTED] Investments — Information on our Pre-[REDACTED] Investors”
“Pre-[REDACTED] Shareholders’ Agreement”	the shareholder agreement dated July 31, 2025 between, among others, our Company, MINISO Group Holding Limited, TOP TOY Investment Limited, TOP TOY (Guangdong) Cultural Creativity Co., Ltd., SunYW holding Limited, YXJ Holding LIMITED, TOPTOY MANAGEMENT HOLDING LIMITED and Pre-[REDACTED] Investors, as amended from time to time
“Preferred Shares”	Series A Preferred Shares

[REDACTED]

“QIB”	a qualified institutional buyer within the meaning of Rule 144A

[REDACTED]

DEFINITIONS

“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	Renminbi, the lawful currency of China
“Reorganization”	the corporate restructuring of the Group in preparation for the [REDACTED], as described in the section headed “History, Reorganization, and Corporate Structure — Reorganization”
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“Series A Preferred Shareholders”	Emei Investments Pte. Ltd., True Light Investments Pte. Ltd., Joint Creation Investment Management Group Co., Ltd, Oakwise Innovation Fund SPC — New Technology II SP, and other holders of Series A Preferred Shares from time to time
“Series A Preferred Shares”	the series A preferred shares of our Company with par value of US\$0.00001 each, of which 47,632,778 Series A preferred shares are currently in issue as of the Latest Practicable Date and held by the Series A Preferred Shareholders, each having the rights and restrictions as set forth in the Pre-[REDACTED] Shareholders’ Agreement
“Series A Share Subscription Agreement”	the Series A Preferred Shares subscription agreements by and among the Company and certain of the Series A Preferred Shareholders (or their affiliates), as applicable, dated as of July 24, 2025 and July 25, 2025, as amended from time to time
“SFC”	Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Share(s)” the ordinary shares with par value of US\$[0.00001] each in the share capital of the Company

“Shareholder(s)” holder(s) of our Share(s)

“SPC” the Supreme People’s Court of the PRC

[REDACTED]

“STA” the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)

[REDACTED]

“State Council” the State Council of the PRC (中華人民共和國國務院)

[REDACTED]

“Stock Exchange” or “Hong Kong Stock Exchange” The Stock Exchange of Hong Kong Limited

“subsidiary” or “subsidiaries” has the meaning ascribed to it in section 15 of the Companies Ordinance

“substantial shareholder(s)” has the meaning ascribed to it in the Listing Rules

“Track Record Period” the three fiscal years of the Company ended December 31, 2023, 2024 and 2025

“treasury shares” has the meaning ascribed to it under the Listing Rules

[REDACTED]

“United States”, “U.S.” or “US” the United States of America, its territories, its possessions, and all areas subject to its jurisdiction

DEFINITIONS

“US dollars”, “U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. SEC”	the Securities and Exchange Commission of the United States
“U.S. Securities Act”	United States Securities Act of 1933 and the rules and regulations promulgated thereunder
“VAT”	value-added tax

[REDACTED]

“%”	per cent

Unless otherwise specified, in this document:

- Certain amounts and percentage figures have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them; and
- for ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions, and may not be comparable to similarly terms adopted by other companies.

“BJD (Ball-Jointed Doll)”	a type of articulated doll with body parts connected by ball-and-socket joints, allowing for flexible posing and customization
“derivative creation”	reinventing existing IPs through creative transformation, not mere replication. This involves expanding narratives, enriching visual expression and reimagining 2D characters as inventive 3D products. The process emphasizes originality, craftsmanship, and distinctive aesthetic design to create unique products that enhance their collectible value
“ERP system”	enterprise resource planning system, an integrated management system
“GMV”	the total value of all merchandise sold by us, our TOP TOY Retail Partners, and distributors operating TOP TOY stores or online stores to end customers, as well as the total value of all merchandise sold by us to distributors or other customers that do not operate TOP TOY stores, each before deducting sales rebates and including the VAT and sales taxes collected from consumers, as applicable, regardless of whether the merchandises are returned
“Ichiban Kuji”	a prize-draw sales model where consumers purchase tickets to win pop toy prizes. Each ticket guarantees a reward, with prizes ranging from common pop toy items to more exclusive collectibles
“IP”	intellectual property
“kWh”	kilowatt hour, a measure of per-hour energy use
“licensed IP”	intellectual property for which we hold a non-exclusive license
“member repurchase rate”	the number of members that made more than one purchase in a given period as a percentage of the total number of members who made at least one purchase in the same period
“O2O”	online to offline, a business strategy that draws potential customers from online channels to make purchases in physical stores
“proprietary IP”	intellectual property that we own or hold an exclusive license to
“self-developed products”	pop toy products in which we are actively involved throughout the entire design and development process, from conception to market launch. Historically, and subject to Business Rearrangement, self-developed products also includes MINISO-branded pop toy products
“SKU”	stock keeping unit, a unique identifier for each distinct product and service that can be purchased
“third-party IP”	intellectual property born by products that we directly source from third parties
“TOP TOY store”	any store operated under the “TOP TOY” brand name, including those operated by TOP TOY Retail Partners and distributors

FORWARD-LOOKING STATEMENTS

Certain statements in this document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events, or performance (often, but not always, through the use of words or phrases such as “will,” “expect,” “anticipate,” “estimate,” “believe,” “going forward,” “ought to,” “may,” “seek,” “should,” “intend,” “plan,” “projection,” “could,” “vision,” “goals,” “aim,” “aspire,” “objective,” “target,” “schedules,” and “outlook”) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company’s control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- our future general and administrative expenses;
- competition for, among other things, capital, technology and skilled personnel;
- our ability to control costs;
- our dividend policy;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate; and
- all other risks and uncertainties described in the section headed “Risk Factors”.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution [REDACTED] against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

RISK FACTORS

Risks Related to Our Business and Industry

Our success depends upon the market recognition of our brands. If we are unable to maintain and enhance our brands, our business and operating results may be adversely affected.

Our brands mainly include “TOP TOY.” We believe that our brands have significantly contributed to the success of our business and that maintaining and enhancing our brands is critical to retaining and expanding our consumer base. Our marketing, design, research and products are aimed at promoting awareness of our brands.

We seek to promote our brand image through marketing initiatives. Promoting and strengthening our brand image depends on our ability to adapt to a rapidly changing media environment and preferences of consumers to receiving information. If we do not continue to maintain and strengthen our brand image and grow the value of brands, we may lose the opportunity to build a critical mass of consumers.

Furthermore, as we continue to grow in size, expand our product offerings and extend our geographic reach, maintaining high-quality and high-appeal of our products may be more difficult and we cannot assure you that we will be able to maintain consumers’ confidence in our brands. If consumers perceive or experience a reduction in the quality of our products, or consider in any way that we fail to deliver a consistently high-quality products, our brand value could suffer, which could have a material and adverse effect on our business.

In addition, any negative publicity, with or without merits, relating to our products, shareholders, management, employees, TOP TOY Retail Partners, distributors, sub-distributors, suppliers and other business partners, industry or products similar to ours, could materially and adversely affect consumer perceptions of our brands and result in decreased demand for our products.

We consider our trademarks, brand names and our other intellectual properties to be material to our business. Due to the popularity of our products and our brand recognition in the pop toy industry in China, we may become an attractive target of copycat. If consumers misidentify copycat products as our products, our brand image and reputation could also be harmed. If we are unable to adequately protect these intellectual property rights, we may lose these rights, our brand image may be harmed, and our competitive position and business may suffer. See “— We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position” for more information.

RISK FACTORS

The industry in which we operate may not develop as we expected, and we may fail to compete effectively against our existing or potential competitors. We may not be able to sustain our historical growth rates and may lose market share and consumers if we fail to compete effectively.

The development of the pop toy industry is subject to uncertainties and may be impacted by factors such as changes in laws and regulations, evolving consumption patterns and preferences and changes in consumer spending on pop toy products. If the growth of the pop toy industry slows down or even stops, our business prospects may be materially and adversely affected.

The pop toy industry is also highly competitive. There are multiple existing market players and there may be new entrants emerging, and these market players compete to attract, engage and retain consumers. Market size of China’s pop toy industry by GMV reached RMB87.5 billion in 2025. The combined market share of the top five pop toy retailers in China’s pop toy industry by GMV reached 32.5%. The combined market share of the top five pop toy collection retailers in China’s pop toy industry by GMV reached 7.4%. Our Group achieved GMV of RMB4.2 billion in China in 2025, ranking the second as pop toy retailers and the first as pop toy collection retailers in China’s pop toy industry with a market share of 4.8%. Our ability to compete effectively against existing or potential competitors depends on various factors, such as brand reputation, product design and development capabilities, IP operation capabilities, product craftsmanship and quality, production capabilities, sales and marketing capabilities, product experience and consumer acquisition and retention capabilities. Some of our competitors may have competitive advantages in these areas. As competition intensifies and the presence of potential competitors increases, we may need to devote more management, financial or human resources. If we are not able to compete effectively, our market share could decline and our business, financial condition and results of operations could be materially and adversely affected.

Any deterioration in the recognition or popularity of existing IPs in our IP matrix or any failure in successfully sourcing, developing or commercializing existing or new IPs may materially and adversely affect our business, financial condition and results of operations.

We offer IP-themed products. Our product portfolio includes in-house developed products, products developed under IP licensing agreements with licensors, and externally sourced products carrying third-party IPs. The recognition or popularity of IPs in our IP matrix is crucial for the sales performance of our pan-entertainment products and is in part dependent on our IP operation capabilities. We cannot assure you that we can always devise and implement efficient IP operation strategies to successfully maintain the popularity of IPs. In addition, certain factors beyond our control may impede our IP operation efforts. For example, consumers may have evolving preferences that shift away from these existing IPs and there may be unexpected negative publicity in relation to these existing IPs. Any deterioration in the recognition or popularity of the existing IPs in our IP matrix may materially and adversely affect our sales performance and reputation.

RISK FACTORS

In addition, we have been consistently sourcing, developing and commercializing new IPs. However, we cannot guarantee that we will always be capable of identifying and developing IPs that appeal to consumers. Any misperception of market trends and consumer preferences could result in divergence between the expected and actual market acceptance of our newly licensed or proprietary IPs. Furthermore, our newly licensed or proprietary IPs may lose their popularity given rapidly changing market trends and consumer preferences. Moreover, our efforts in IP commercialization may not always be successful. The economic benefits derived from the new IPs may not meet our expectations or even fail to compensate for the licensing fees relating to licensed IPs or research and development expenses relating to proprietary IPs. Any of these events could materially and adversely affect our business, financial condition, results of operations and prospects.

For externally sourced products carrying third-party IPs, the marketing and product innovation of third-party IP owners play a role in driving demand for the products we sell. A lack of responsiveness to evolving consumer preferences by the IP owners may decrease demand for their products, which could in turn adversely affect our sales performance.

Moreover, we may fail to allocate our resources effectively among our diverse portfolio of intellectual property, which could adversely affect our financial results. Our future success depends, in part, on our ability to strategically allocate limited research and development, marketing, capital, and human resources across this diverse portfolio to maximize consumer engagement and return on investment. There can be no assurance that our judgments regarding the potential value of specific proprietary or collaboration IPs will be correct or that we will devote resources to the IPs that ultimately prove to be the most profitable or popular.

We have undertaken strategic collaborations with IP licensors. If we fail to expand or maintain our collaboration with IP licensors, or our existing collaboration with any of our IP licensors is terminated or curtailed, or if we are no longer able to benefit from such business collaborations, our business and results of operations may be adversely affected.

Strategic collaborations with IP licensors is a key strategy for us to expand our product offerings. We collaborate with multiple IP licensors owning a number of popular brands to jointly develop products that attract consumers. If we are unable to expand or maintain our collaboration with them in the future, our business and operating results may be materially and adversely affected. If we are unable to maintain our cooperative relationships with these IP licensors, including a failure to renew licenses for certain key IPs, it may be very difficult for us to identify alternative qualified IP licensors, which may divert significant management attention from existing business operations and adversely impact our daily operation and consumer experience. Our cooperation with IP licensors may also be adversely affected by negative publicities regarding our IP licensors, which could negatively affect our reputation, business and results of operations.

In addition, the license agreements we entered into with IP licensors contain detailed provisions setting forth scope of licenses, such as categories and sub-categories of products authorized to use licensed IPs, authorized sales channels, territories where sales of co-branded

RISK FACTORS

products are allowed, among others. We, our employees and our business partners may inadvertently breach such IP protection provisions and therefore subject us to liabilities under our agreements with IP licensors. Disputes may also arise due to reasons that we are unable to foresee. If we are unable to resolve disputes with IP licensors, we may not be able to continue our cooperation with our IP licensors, which could have a material and adverse effect on our business and operating results.

We are also subject to risks stemming from the standard industry practice of major IP owners granting non-exclusive rights to multiple licensees within the same territory, including China. As a result, we may face direct competition from other IP toy companies, including both established companies and emerging players, who are authorized to produce and commercialize products based on the identical IP characters. The proliferation of licensed products could lead to market saturation, which can diminish the novelty and perceived uniqueness of our offerings to consumers. Consequently, we may face pricing pressures, reduced profit margins, and challenge to differentiate our products in a market where consumers encounter similar character-themed goods from multiple sources. We may also fail to differentiate our products through superior design and quality, or to execute cost-effective marketing and brand-building initiatives for our products, compared to similar character-themed goods.

In addition, if we are unable to sell all of the co-branded products in our inventory within a reasonable period of time after the expiration of relevant agreements, we will not be able to continue to sell those products and may have to destroy our inventories. As a result, we may have to write down such inventories, which would result in negative impacts on our operating results and financial conditions. See “— If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.”

Our success is dependent on the continued popularity of our products, our continued innovation and successful launches of high-quality products at reasonable prices, and our anticipation of and timely responses to changes in consumer preferences.

The success of our operations depends on our ability to continually offer quality products that are attractive to consumers. Consumer preferences differ across and within each of the countries and regions in which we operate or plan to operate and may shift over time in response to changes in demographic and social trends, economic circumstances and the marketing efforts of our competitors. There can be no assurance that our existing products will continue to be favored by consumers or that we will be able to anticipate or respond to changes in consumer preferences in a timely manner. In particular, as we expand into new countries and regions, we may not be able to launch products that appeal to local consumers due to our lack of understanding on local cultures. Our failure to anticipate, identify or react to these particular preferences could adversely affect our sales performance and our profitability.

RISK FACTORS

We devote significant resources to product design and development. We also collaborate with highly popular IP licensors to create co-branded products. However, we may not be successful in developing innovative new products, and our new products may not be commercially successful. We also cannot assure you that our co-branding initiatives will continue to be successful in the future. To the extent that we are not able to successfully identify, develop and launch products in response to changing market preference, our financial results and our competitive position may suffer. Moreover, there are inherent market risks associated with product launches, including uncertainties about marketing and consumer preference, and there can be no assurance that we will be successful in introducing new products with designs that are popular among consumers. We may expend substantial resources developing new products that may not achieve expected sales levels.

If we are unable to operate or expand our store network successfully, our business, results of operations would be adversely affected.

We plan to expand our store network both domestically and internationally. As of December 31, 2025, we operated 334 TOP TOY stores globally, including 50 directly operated stores, 273 stores operated by TOP TOY Retail Partners, and 11 stores operated by distributors. We may not be able to expand our store network as we planned. The number and timing of the stores opened during any given period are subject to a number of risks and uncertainties. For example, we may not be able to identify TOP TOY Retail Partners with sufficient resources and strong ties to collaborate with us. If our TOP TOY Retail Partners fail to operate TOP TOY stores successfully for whatever reasons, they may not be willing or able to renew their agreements with us. As a result, the number of TOP TOY stores in our store network will decrease, which would negatively affect our store expansion plan.

Apart from relying on our TOP TOY Retail Partners to expand our store network, we also establish and operate TOP TOY stores by ourselves. Expanding our store network through opening TOP TOY stores by ourselves also involves certain risks and uncertainties, such as our ability to obtain adequate funding for development and expansion costs, identify strategic markets globally, identify locations with large consumer traffic and commercial potential and secure leases on commercially reasonable terms, supply products in a timely manner to TOP TOY stores in different geographical locations, obtain the required licenses, permits and approvals, and recruit and retain talents with sufficient experience in the retail industry. Any risks and uncertainties listed above, either individually or in aggregate, may delay or fail our plan to increase the number of stores in desirable locations at manageable cost levels.

If we fail to maintain the relationship with our TOP TOY Retail Partners, distributors or other customers or fail to attract new TOP TOY Retail Partners, distributors or other customers, our business, results of operations and financial condition could be materially and adversely affected.

We sell products either directly to consumers or through TOP TOY Retail Partners, distributors. As a result, maintaining stable relationship with them and attracting new TOP TOY Retail Partners and distributors to join our sales network are critical to our business and

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results of operations. As of December 31, 2023, 2024 and 2025, we had 41, 64 and 74 TOP TOY Retail Partners, respectively. However, we may not be able to maintain our relationship with them due to a number of factors, some of which are beyond our control. For example, if our existing products or new products fail to attract consumers, our TOP TOY Retail Partners and distributors may experience sales declines. As a result, they may not be able to generate investment returns as they expected and thus choose not to renew their agreements with us. Sales declines or unsuccessful operation of TOP TOY stores could also arise from failures by our TOP TOY Retail Partners and distributors to lease premises in optimal locations with large consumer traffic and commercial potentials, hire and train qualified store managers or other sales personnel, insufficient experience in operating retail stores, and lack of overall store management experience, among others. We cannot assure you that with these supports our TOP TOY Retail Partners and distributors will be able to successfully operate TOP TOY stores. As a result, our TOP TOY Retail Partners and distributors may terminate their agreements with us or choose not to renew such agreements with us.

In addition, we may also be unable to continually offer attractive terms or economic benefits to our TOP TOY Retail Partners, distributors or other customers. As a result, they may not be effectively motivated to sell more products or continue the cooperative relationships with us. If our TOP TOY Retail Partners decide to shut down the TOP TOY stores they opened, we will refund the corresponding deposit to them. If our TOP TOY Retail Partners decide to shut down a large number of TOP TOY stores within a very short period of time, we may need a large amount of cash to refund the deposits. As a result, we may experience liquidity risks. In addition, we may not be able to attract a sufficient number of new TOP TOY Retail Partners and distributors to join our network and open TOP TOY stores, which will negatively affect our future business growth. The occurrence of any of the above could have a material and adverse effect on our expansion plans, business prospects, results of operations and financial condition.

Illegal actions or misconduct of our TOP TOY Retail Partners, distributors, sub-distributors, third-party suppliers or other business partners, or any failure by them to satisfactorily fulfill their responsibilities and commitments could materially and adversely affect our business, reputation, financial condition and results of operations.

Our business operations are subject to risks arising from our relationships with TOP TOY Retail Partners, distributors, sub-distributors, suppliers and other third-party partners, which could materially and adversely affect our financial condition and operating results. These risks stem from our limited ability to control or monitor all aspects of our partners’ operations.

We face potential exposure to legal and regulatory violations committed by our business partners, including failures to obtain required licenses or permits, non-compliance with labor, environmental or consumer protection laws, and other unlawful activities. Such violations could result in fines, penalties or legal actions against us, even when we are not directly responsible for the misconduct. Our business partners may also engage in fraudulent or unethical business practices, such as bribery, counterfeiting or financial misreporting, which could damage our reputation and subject us to regulatory scrutiny.

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We may also experience supply chain disruptions due to our dependence on third-party manufacturers and logistics providers, which may be affected by geopolitical tensions, trade restrictions, natural disasters or other external factors beyond our control. We cannot guarantee that all products supplied by third parties will be free from defects or safety issues, potentially leading to product recalls, liability claims or reputational harm. Inconsistent service standards among our TOP TOY Retail Partners or delivery providers may result in poor customer experiences and negative brand perception.

In addition, we are subject to financial risks, including the potential insolvency or default of distributors, sub-distributors, suppliers or other business partners, which could disrupt our operations and revenue streams. Our contractual protections may provide limited recourse in such situations, particularly when dealing with partners in foreign jurisdictions where legal enforcement may be difficult or time-consuming.

Our brand reputation could be harmed by association with partners involved in controversies, such as labor violations, data breaches or unethical practices, even when we are not directly at fault. There is also risk of brand dilution if TOP TOY Retail Partners or distributors make unauthorized modifications to products or engage in misleading marketing practices. The lack of real-time sales data from some sales channels may also impair our ability to accurately forecast demand and manage inventory effectively, potentially resulting in excess stock or shortages.

Our ability to control third-party operations remains inherently limited. This limitation is particularly acute in international markets where we have less operational presence. Any misconduct, operational failures or external disruptions affecting our partners could have material adverse impact on our business, financial performance and brand equity.

The revenue each TOP TOY store generates may experience significant fluctuations from period to period.

Our revenue growth historically was partially driven by the expansion of our TOP TOY store network. During the Track Record Period, our revenue generated from TOP TOY Retail Partners was RMB356.7 million, RMB499.8 million, and RMB678.0 million for the years ended December 31, 2023, 2024 and 2025, accounting for 25.3%, 27.4% and 19.4% of our total revenue from sales of pop toy products for the same periods, respectively. During the Track Record Period, our revenue generated from retail sales in directly operated stores was RMB109.5 million, RMB172.5 million, and RMB444.3 million for the years ended December 31, 2023, 2024 and 2025, accounting for 7.8%, 9.5% and 12.7% of our total revenue from sales of pop toy products for the same periods, respectively. A variety of factors may cause fluctuation in the revenue each TOP TOY store generates, including, among others, the size, format and location of TOP TOY stores, the decrease in store openings and closure of stores, changes in our domestic and international store mix, our ability to maintain and increase sales to consumers, changes in our pricing strategies, our TOP TOY Retail Partners and distributors' ability to manage inventory, the competition in the markets we operate, seasonal variations in demand, public health emergencies and global macroeconomic conditions.

RISK FACTORS

As a result, the revenue each TOP TOY store generates may decrease or fluctuate and historical performance of the TOP TOY stores may not indicate future trends.

A significant portion of our revenue has been, and will likely continue to be, associated with MINISO Group in the foreseeable future. We may have different development prospects with MINISO Group and our interest may not always align with MINISO Group and, because of MINISO Group’s controlling ownership interest in our Company, may not be able to resolve such conflicts on favorable terms for us.

Our businesses capitalize, and depend to a certain extent on MINISO Group. For the years ended December 31, 2023, 2024 and 2025, we have generated RMB781.4 million, RMB922.8 million and RMB1,671.4 million of revenue attributable to MINISO Group, respectively, representing 53.5%, 48.3% and 46.6% of our total revenue, respectively. MINISO Group may from time to time make strategic decisions that it believes are in the best interests of its business and shareholders as a whole. These decisions may be different from the decisions that we would have made on our own.

Conflicts of interest may arise between us and MINISO Group, the Controlling Shareholder, and its associates in a number of areas relating to our ongoing relationships. Potential conflicts of interest that we have identified mainly include the following:

Agreements with MINISO Group. We have entered into agreements and expect to enter into additional agreements with MINISO Group and its associates, with respect to material aspects of our operations and their continued cooperation with and support to us. MINISO Group may use its control over us to prevent us from bringing a legal claim against MINISO Group and its associates in the event of a contractual breach, notwithstanding our contractual rights under the agreements and any other agreement we may enter into with the MINISO Group and its associates from time to time.

Employee recruiting and retention. We may compete with MINISO Group in the hiring of employees.

Sales of Shares in our Company. MINISO Group may decide to sell all or a portion of the Shares in our Company it holds to a third party thereby giving that third party substantial influence over our business and our affairs. Such a sale could be contrary to the interests of our employees or our other Shareholders.

Developing business relationships with MINISO Group’s competitors. So long as MINISO Group remains our Controlling Shareholder, we may be limited in our ability to conduct business activities with its competitors. This may limit our ability to market our services or expand our business in the best interests of our Company and our other Shareholders.

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Our Directors and employees may have conflicts of interests. Mr. Guofu Ye, a non-executive director and the chairman of the Board of our Company, is also the chairman of the board of directors and chief executive officer of MINISO Group. The relationship could create, or appear to create, conflicts of interests when the person is faced with decisions with potentially different implications for MINISO Group and us.

Although we will be a stand-alone [REDACTED] company after the [REDACTED], we expect to operate, for as long as MINISO Group remains one of our Controlling Shareholders, as an affiliate of MINISO Group. We have established an audit committee, consisting of three independent non-executive Directors, to review and approve all proposed connected transactions as defined in the Listing Rules, including any transactions between us and MINISO Group and/or its associates. However, we may not be able to resolve all potential misalignments in interests, and even if we do so, the resolution may be less favorable to us than if we were dealing with a non-controlling shareholder. For further details as to how we address such conflicts, see the section headed “Relationship with our Controlling Shareholders” in this document.

We face challenges in expanding our international operations and our international operations are subject to a variety of costs and legal, regulatory, political and economic risks.

Our business and results of operations are affected by our ability to execute our globalization strategy, which primarily involves expanding into new international markets and growing our store network overseas. We began our overseas expansion in 2024. As of the Latest Practicable Date, we have entered into international markets such as Thailand, Malaysia, Indonesia, and Japan. Our revenue from geographical markets outside of Chinese Mainland was nil, RMB11.8 million and RMB295.8 million for the years ended December 31, 2023, 2024 and 2025, accounting for nil, 0.6% and 8.2% of our total revenue for the same periods, respectively. Compared with operating in our home market, China, operating internationally subject us to additional risks and challenges such as: (i) difficulty in sourcing and maintaining relationships with qualified local suppliers and business partners; (ii) inability to predict changing preferences of foreign consumers; (iii) challenges in navigating complex and uncertain local economic, political, and social environments; (iv) Compliance difficulties arising from diverse and complex foreign laws and regulations; (v) Restrictive government actions, such as tariffs and foreign ownership limits, that hinder trade and investment; (vi) uncertainties in enforcing intellectual property and contract rights in foreign legal systems; (vii) restrictions on repatriating funds and on currency exchange; (viii) difficulties in recruiting and retaining skilled local employees; (ix) challenges in securing prime locations for new stores; (x) difficulties in managing the overseas supply chain, including procurement, logistics, and quality control; and (xi) challenges in managing foreign operations to ensure consistent product and service quality.

Our international expansion plans will place increased demands on our operational, managerial and administrative resources. For example, we have limited experience operating in overseas markets and may face competition from major, established competitors in these markets. These competitors usually have more experience and resources for their business

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operations in those markets. In addition, the real estate, employment and labor, transportation and logistics, regulatory, and other operating requirements in these markets differ significantly from those in China. In particular, we face regulatory uncertainties and may incur substantial compliance costs when we enter into a new overseas market. Regulations in different overseas markets could vary significantly. Being compliant with laws and regulations in one jurisdiction does not necessarily mean our business model or business practice would comply with laws and regulations in another jurisdiction and we may need to make adjustments to our business model or business practice accordingly to comply with local laws. Given the complexity, uncertainties and frequent changes in these laws, rules, regulations, policies and measures in overseas markets, including changes in their interpretation and implementation, our business activities and growth may be adversely affected if we do not respond to the changes in a timely manner. Any such failure may subject us to sanctions by regulatory authorities, to monetary penalties, or to restrictions on our activities or revocation of our licenses, which may result in a material adverse effect on our business, financial condition and results of operations in the relevant overseas market. We also have to closely monitor changes in local laws and complete all necessary procedures and filings accordingly. Furthermore, we may also encounter legal disputes with various parties in overseas markets in our ordinary course of business operations.

The demands and challenges arising from our overseas operations may cause us to operate our business less efficiently, which in turn could cause deterioration in the performance of our existing businesses and could have a material adverse effect on our business, results of operations or financial condition.

If we fail to successfully implement our online sales, including our e-commerce initiatives, our business and results of operations could be adversely impacted.

We have been implementing our e-commerce initiative to capture additional consumer base and provide our existing consumers new shopping experience. Our e-commerce initiative includes expanding our online offerings and broadening our online sales channels by collaborating with e-commerce platforms and online-to-offline platforms. In 2023, 2024 and 2025, our revenue from online sales was RMB76.0 million, RMB140.3 million and RMB276.1 million, respectively. However, we cannot assure you that we will be able to make, improve, or develop attractive, user-friendly and secure online sales channels that offer a wide assortment of merchandise at affordable prices with rapid and low-cost delivery options. We may also not be able to continually meet the changing expectations of online shoppers, developments in online and digital platform merchandising and related technology. All of these could place us at a competitive disadvantage, result in the loss of e-commerce and other sales, harm our reputation, and have a material adverse impact on the growth of our e-commerce business, reputation and results of operations. In addition, if our e-commerce channels or our other client-facing technology systems do not function as designed or experience cyber-attacks, we may experience a loss of consumer confidence, data security breaches, lost sales, or be exposed to fraudulent purchases, any of which could adversely affect our business, reputation and results of operations.

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We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We consider our copyrights, trademarks, trade names, internet domain names, patents and other intellectual property rights invaluable to our ability to continue to develop and enhance our brand recognition. We have invested significant resources to develop our own intellectual property. Failure to maintain or protect these rights could harm our business. We rely on a combination of patents, patent applications, trade secrets, including know-how, copyrights, trademarks, intellectual property licenses, contractual rights and any other agreements to establish and protect our proprietary rights in our products. In addition, we enter into confidentiality and non-disclosure agreements with our employees and business partners. Nevertheless, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated. In addition, there can be no assurance that our patent and trademark applications will be approved, that any issued patents or registered trademarks will adequately protect our intellectual property, or that such patents and trademarks will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights.

Any unauthorized use of our intellectual property by third parties may adversely affect our current and future revenues and our reputation. However, preventing unauthorized uses of intellectual property rights could be difficult, costly and time-consuming and the steps we take may be inadequate to prevent the infringement or misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources, and could put our intellectual property at risk of being invalidated or narrowed in scope. We can provide no assurance that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in maintaining, protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We may need to defend ourselves against patent, trademark or other proprietary rights infringement or unfair competition claims, which may be time-consuming and would cause us to incur substantial costs. We may also suffer from negative publicities relating to intellectual property infringement claims.

We cannot assure you that our business practices do not and will not infringe, misappropriate or otherwise violate any trademarks, copyrights, trade secrets, know-how, patents and other proprietary rights of third parties, given the uncertainties inherent in the scope of certain trademarks, copyrights, trade secrets, know-how, patents and other proprietary

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rights. Intellectual property related litigation is usually complex and the results of such litigation are unpredictable. As we gain greater visibility and market exposure as a [REDACTED] company, we may also be at greater risk of being the subject of intellectual property — related litigation. Third parties may claim that our products or activities infringe, misappropriate or otherwise violate their trademarks, copyrights, trade secrets, know-how, patents or other proprietary rights. Defending against these allegations and lawsuits could be costly, take a significant amount of time, distract management from our business operations and delay our product launch. In addition, if we are found to have infringed, misappropriated or otherwise violated a third party’s trademarks, copyrights, trade secrets, know-how, patents or other proprietary rights, we may be required to pay substantial damages or be subject to orders, judgments or administrative penalties that prohibit us from selling certain products or impose other liabilities on us. In addition, any allegation of infringement of the intellectual property rights of others, even if unfounded, could damage our reputation and tarnish our brand image. Furthermore, our use of the disputed intellectual properties may be restricted, which could disrupt our operations. Occurrence of any of these incidents could have a material and adverse impact on our business, results of operations and financial condition.

We rely on third-party suppliers to provide products to us, which present risks to our business.

We rely on third-party factories to produce our products. The loss or unavailability of any of the major factories we work with, even temporarily, could have a negative impact on our business, results of operations and financial condition. While we believe that we have the ability to replace them, if necessary, any such move may be time-consuming and costly. We may face challenges in establishing relationships with new factories on similar terms with matching quality. We may also be required to seek out additional partner factories in response to increased demand for our products, as our current partner factories may not have sufficient production capacity. Furthermore, our partner factories are subject to various laws and regulations in the PRC, including environmental protection, health and safety-related laws. Any violation, non-compliance or issues in connection with these laws and regulations can disrupt their production activities. Any failure to deliver a material portion of the products ordered, or our failure to find alternative factories in time, could have a material and adverse impact on our business, results of operations and financial condition.

Product quality is crucial to our success. We require third-party factories to produce our products according to our quality control procedures and instructions. Nevertheless, we may not have effective control over whether they would strictly follow our quality control procedures and instructions and we may not be able to discover such non-compliance immediately, or at all. Any illegal or policy-violating activities of third-party factories may expose us to product liability claims, administrative penalties, confiscation or destruction of certain products or other legal consequences. If defective products are produced and sold, it could result in damage to our brand reputation, product recalls, consumer litigation and others, which in turn could have a material and adverse impact on our business, results of operations and financial condition.

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We face various risks associated with our sale of third-party products which could adversely affect our business and results of operations.

For the years ended December 31, 2023, 2024 and 2025, our revenue generated from sales of third-party products amounted to RMB654.5 million, RMB928.0 million and RMB1,511.1 million, respectively, accounting for 46.4%, 50.9% and 43.3% of our revenue from sales of pop toy products in the same periods, respectively. We face various risks associated with our sale of third-party products, which could materially and adversely affect our business, financial condition, and results of operations. We generally cannot return unsold third-party products to suppliers, which may result in excess inventory and write-downs if such products fail to meet sales expectations. While we conduct quality inspections on third-party products before sale, we cannot guarantee that all products will be free from defects, which may lead to product liability claims, recalls or reputational harm. Additionally, any product defects, quality issues, or negative consumer experiences may damage our brand reputation and customer trust, even if the deficiencies originate from the third-party supplier rather than our own operations. Furthermore, our ability to seek recourse against suppliers for defective products may be limited by contractual terms, supplier solvency, or enforcement challenges. If we are unable to effectively manage these risks, our revenue, profitability, and growth prospects could be adversely affected.

Should a product liability issue, recall or personal injury issue arise, it may damage our reputation and brand image, which may result in a material adverse effect on our business, reputation, results of operations and financial condition.

Our pop toys may be subject to defects, contamination, mislabeling, or recalls, potentially causing personal injury and exposing us to product liability claims. Successful claims could result in substantial damages, and our insurance coverage or supplier indemnifications may be insufficient to cover all liabilities. In addition, the offerings of such products by us may expose us to liabilities associated with consumer protection laws. Pursuant to the Consumers Rights and Interests Protection Law of the PRC, or the Consumers Rights and Interests Protection Law, business operators must guarantee that the commodities they sell satisfy the requirements for personal safety, provide consumers with authentic information about the commodities, and guarantee the quality, function, usage and term of validity of the commodities. Failure to comply with the Consumer Rights and Interests Protection Law may subject business operators to civil liabilities such as refunding purchase prices, replacement of commodities, repairing, ceasing damages, compensation, and restoring reputation and criminal penalties when personal damages are involved or if the circumstances are severe. Even if the liabilities are attributable to the supplier or manufacturer, attempting to enforce our rights against the supplier or manufacturer may be expensive, time-consuming or unsuccessful. Moreover, government investigations of or other regulatory measures and negative publicity regarding product quality issues or product liability or personal injury claims, even if unsuccessful or not fully pursued, could generate substantial negative publicity about our products and business, which would have material adverse effects on our reputation, brand, business, prospects and operating

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results, and these effects could persist over a long term. Additionally, any voluntary or mandatory product recalls could incur significant costs and harm our brand image, adversely affecting our financial condition and operations.

If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.

We depend on our demand forecasts for various kinds of products to make purchase decisions and to manage our inventory. Demand for products, however, can change significantly between the time inventory is ordered and the date by which we target to sell it. Demand may be affected by seasonality, new product launches, changes in product cycles and pricing, product defects, changes in consumer spending patterns, changes in consumer tastes with respect to our products and other factors, and consumers may not order products in the quantities that we expect. In addition, when we begin selling a new product, we may not be able to accurately forecast demand. The procurement of certain types of inventory may require significant lead time and prepayment, and they may not be returnable.

Our inventories were RMB128.1 million, RMB227.4 million and RMB461.4 million as of December 31, 2023, 2024 and 2025, respectively. Our inventory turnover days were 38.1 days, 50.5 days and 51.6 days for the years ended December 31, 2023, 2024 and 2025, respectively. Any adjustments to our business strategies could impact our turnover days. In addition, as we plan to continue expanding our product offerings, we expect to include more products in our inventory, which will make it more challenging for us to manage our inventory effectively and will put more pressure on our warehousing system.

If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. To reduce inventory level, we usually launch promotional events. If we fail to effectively lower our inventory level, we may be required to commit substantial capital resources, preventing us from using that capital for other important purposes. Any of the above may materially and adversely affect our results of operations and financial condition. On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply quality products in a timely manner, we may experience inventory shortages, which might result in missed sales, diminished brand loyalty and lost revenues, any of which could harm our business and reputation.

We are subject to certain risks relating to the warehousing and shipment of our products.

We operate logistics centers in Zhaoqing and Shenyang. Any significant disruption to the logistic center, whether as a result of natural disasters, public health incidents, labor shortages, fires or other causes, or any unexpected and adverse changes in the storage conditions, could disrupt our operations, cause delay in product deliveries or even destroy our products. Though we maintain insurance to cover our inventory loss and damages, the coverage may not be

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sufficient and any delay in delivery may not be recoverable. Prolonged business disruptions could also result in a loss of sales. Any of these events may adversely affect our business, financial condition and results of operations.

We also engage independent third-party logistics service providers to transport our products from factories to the logistics center, and from the logistics center to customers. Our dependence on third-party logistics providers could expose us to potential service disruptions or inefficiencies. If these providers fail to meet their service obligations due to operational issues, financial difficulties or other unforeseen circumstances, our ability to deliver products to customers or consumers in a timely and cost-effective manner may be impacted, which could cause a decline in product sales and loss of revenue. In addition, improper handling of our products by the logistics service providers could also result in product damage, which could lead to product liabilities or claims and damage our brand image and reputation. Any of these events of which could materially and adversely affect our business, financial condition and results of operations.

We are subject to credit risks related to our trade and other receivables.

During the Track Record Period, our trade and other receivables primarily represented the outstanding amounts receivable from our distributors and TOP TOY Retail Partners. As of December 31, 2023, 2024 and 2025, our current trade and other receivables amounted to RMB228.6 million, RMB334.3 million and RMB484.0 million, respectively. See “Financial Information — Discussion of Certain Key Items of Combined Statements of Financial Position.” We performed impairment assessment under expected credit loss (“ECL”) model for our credit risk exposure during the Track Record Period. See Note 23 of Appendix I to this document. In the event of default and increases in our credit risk exposure, we may incur impairment losses and our financial condition and results of operations could be materially and adversely affected.

If we are unable to honor our obligations in respect of our contract liabilities, our cash or liquidity position could be negatively affected.

Our current contract liabilities primarily consist of advance payments received from customers for purchase of goods from us. We normally request advance payment for purchase of goods from certain distributors prior to our delivery of goods, which gives rise to contract liabilities at the start of a sales order, until the revenue being recognized. Our total contract liabilities amounted to RMB10.0 million, RMB16.0 million and RMB28.6 million as of December 31, 2023, 2024 and 2025, respectively. Were we unable to deliver products to certain distributors, we would have to return the corresponding advance payments we received to distributors. To the extent we refund payments received, our cash position or liquidity position would be negatively affected.

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Unfavorable fluctuations in the price, availability and quality of raw materials to our third-party suppliers could cause material production delays or materially increase our cost of sales.

The success of our overall business depends in part on the ability of third-party suppliers to timely obtain sufficient quantities of the necessary raw materials, of sufficient quality, at commercially acceptable prices to process and manufacture our products. Even though we do not procure raw materials directly, and thus we do not record cost of procurement in this regard, unfavorable fluctuations in price, quality, or availability of necessary raw materials could have a negative effect on our gross profit margins and our ability to deliver our products to the market in a timely manner. If supplies of the necessary raw materials substantially decrease or if there are significant increases in prices of such raw materials, our third-party suppliers may incur additional costs to acquire sufficient quantities of these materials in order to maintain our product offering schedules. We may have to increase the retail prices of our products due to the increase in their procurement prices. Moreover, increases in wages and labor costs in China may also lead to material increases in our cost of sales, thereby decreasing our gross profit margins. Any of the above may materially and adversely harm our business, brand image, financial condition, results of operations or reputation.

Our return and exchange policies may negatively affect our results of operations.

We have adopted consumer-friendly return and exchange policies that make it convenient and easy for consumers to return or exchange the products they purchased. For model figures and building blocks, we accept returns and exchanges before the products are unpacked and generally only accept product exchanges for defective products. For other products, we strictly abide by the seven-day return policy for products sold online where consumers can return the products within seven days of purchase or delivery subject to certain terms and conditions. We may also be required by law to adopt new or amend existing return and exchange policies from time to time. These policies improve consumers’ shopping experience and promote consumer loyalty, which in turn help us acquire and retain consumers. However, these policies also subject us to additional costs and expenses which we may not recoup through increased revenue. Our ability to handle a large volume of returns is unproven. If our return and exchange policy is misused by a significant number of consumers, our costs may increase significantly and our results of operations may be materially and adversely affected. If we revise these policies to reduce our costs and expenses, consumers may be dissatisfied, which may result in loss of existing consumers or failure to acquire new consumers at a desirable pace, which may negatively affect our results of operations.

If we are unable to conduct our marketing activities effectively, our results of operations and financial condition may be materially and adversely affected.

We operate in a highly competitive industry and we have incurred expenses on a variety of different marketing and brand promotion efforts designed to enhance our brand recognition and increase sales of our products. We incurred promotion and advertising expenses of RMB35.6 million, RMB46.0 million and RMB83.8 million for the years ended December 31,

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2023, 2024 and 2025, respectively. However, there is no assurance that our brand promotion and marketing activities will be well-received by consumers or achieve the anticipated sales levels. In extreme cases, our marketing efforts through celebrity endorsement may have a material adverse effect on our brand image. For example, any misconducts by our celebrity spokespersons or any negative publicities that our celebrity spokespersons are involved in, either directly or indirectly, may result in the public’s negative perception of our brands and thus adversely affect our reputation, business and results of operations.

Additionally, we actively promote our brands and products across expanding online sales channels, including collaborations with third-party live-streaming platforms and influencers. Since live-streamed promotions occur in real time, broadcasters may unintentionally make inappropriate, controversial, immoral, disrespectful, or even illegal remarks or engage in such behavior. Such incidents could severely damage our reputation, trigger negative publicity, and potentially subject us to administrative penalties or legal disputes. Negative perceptions of the live-streaming platforms we partner with could also harm our brand image.

Furthermore, marketing strategies are rapidly evolving, requiring us to continuously refine and innovate our approaches to align with industry trends and consumer preferences. If we fail to optimize existing strategies or implement new, cost-effective marketing methods, our market share and revenue could decline, negatively impacting profitability. Ineffective sales and marketing execution, or failure to achieve expected results, may materially harm our business, financial condition, and operational performance.

We may make acquisitions, establish joint ventures and conduct other strategic investments, which may not be successful.

To further expand our business and strengthen our market position, we may form strategic cooperation or make strategic investments and acquisitions to support business growth. Acquisitions involve numerous risks, including difficulties in integrating the operations and personnel of the acquired companies, distraction of management from overseeing our existing operations, difficulties in executing new business initiatives, entering markets or lines of business in which we have no or limited direct prior experience, the possible loss of key employees and customers and difficulties in achieving the synergies we anticipated or levels of revenue, profitability, productivity or other benefits we expected. These transactions may also cause us to (i) significantly increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition or investment, (ii) issue Shares that would dilute our current Shareholders’ percentage ownership, or (iii) incur asset write-offs and restructuring costs and other related expenses. Acquisitions, joint ventures and strategic investments involve numerous other risks, including potential exposure to unknown liabilities of acquired or investee companies and restrictions under regulations relating to anti-monopoly. There can be no assurance that our acquisitions, joint ventures and other strategic investments will be successful and will not have a material and adverse impact on our business, results of operations and financial condition.

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We rely on our information systems to process transactions, summarize results and manage our business. Any malfunction of our systems could harm our ability to conduct our operations.

We depend on a variety of information technology systems, including systems owned and managed by third-party vendors, for the efficient functioning of our business, including, without limitation, transaction processing and the management of our employees, facilities, logistics, inventories, stores and operations. For example, the daily operations of TOP TOY stores rely on SAP ERP system. If we are unable to maintain our cooperation with the provider of our SAP ERP system, we may not be able continue to effectively use such SAP ERP system in our business operations and we may also not be able to find any suitable alternatives at commercially reasonable terms in a timely manner. As a result, our business operations, results of operations and financial condition would be materially and adversely affected. The failure of such technologies to perform effectively or as expected may cause us to misjudge and mismanage store-level inventories, in which case the business of the affected stores, and our operations and financial condition may be adversely affected. Additionally, our technology systems are subject to damage or interruption from power surges and outages, facility damage, physical theft, computer and telecommunications failures, inadequate or ineffective redundancy, malicious code, cyberattacks, software upgrade failures or code defects, natural disasters and human error. Design defects or damage or interruption to these systems may require a significant investment to fix or replace, disrupt our operations, result in the loss or corruption of critical data, and harm our reputation, all of which could materially adversely affect our business or results of operations.

Failure to protect personal or confidential information against security breaches could subject us to significant reputational, financial and legal consequences and substantially harm our business and results of operations.

The protection of consumer, employee, supplier, TOP TOY Retail Partner, distributors and company data is critical to our business. A significant breach of such data could attract a substantial amount of media attention, damage our relationships with consumers and our reputation and result in lost sales, fines or lawsuits. Throughout our operations, we receive, retain and transmit certain personal information that consumers provide to purchase products or services, enroll in promotional programs, participate in our membership program, or otherwise communicate and interact with us. During such information collection process, we take necessary steps and strive to comply with relevant PRC laws and regulations with respect to privacy and personal data protection. We cannot assure you that all stores operated under our brands, especially stores operated by TOP TOY Retail Partners, would be able to fully comply with applicable laws regulating privacy, data security and personal information protection or other statutory requirements at all times. If any of these stores fails to do so, it could harm our reputation and expose us to regulatory actions or claims from third parties, all of which could materially and adversely affect our business, financial position and results of operations. In addition, such failure could incur extra costs for us and possibly disrupt our business.

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In addition, certain aspects of our operations depend upon the secure transmission of confidential information over public networks. A compromise of our data security systems or of those of businesses with whom we interact, which results in confidential information being accessed, obtained, damaged or used by unauthorized or improper persons, could harm our reputation and expose us to regulatory actions and claims from consumers, financial institutions, payment card associations and other persons, any of which could materially and adversely affect our business, financial position and results of operations. In addition, a security breach could require that we expend substantial additional resources related to the security of information systems and disrupt our business.

As we implement our e-commerce initiative, we face heightened risks in the secure storage of personal information or confidential information and its secure transmission over public networks. From time to time, we collect, store and process certain volume of consumers’ personal information through our self-operated e-commerce channels to sell our products or provide our services, and we receive information of orders of and payments by consumers through third-party e-commerce channels in the course of our fulfillment of such orders. Online payments for our products are settled through third-party online payment services. We also share certain personal information about consumers with contracted third-party couriers, such as their names, addresses, and phone numbers. In addition, we have accumulated a large volume of data, which cover consumer’s browsing and consumption behavior information, product manufacturing and sales information, warehousing and distribution information, consumer service information, among others. Maintaining complete security for the storage and transmission of confidential information on our technology system is essential to maintaining our operating efficiency and consumer confidence as well as complying with the applicable laws and standards.

Advances in technology, the expertise of hackers, improper use or sharing of data, new discoveries in the field of cryptography or other events or developments could result in a compromise or breach of the technology that we use to protect confidential information. Our security measures may be undermined due to the actions of outside parties, employee error, malfeasance, or otherwise, and, as a result, an unauthorized party may obtain access to our data systems and misappropriate business and personal information. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may not immediately produce signs of intrusion, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation, and potentially have an adverse effect on our business.

The regulatory environment surrounding information security and privacy is also increasingly demanding, and it frequently imposes new and changing requirements. For example, on December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly issued the Cybersecurity Review Measures, which require that (i) any procurement of network products and services by critical information infrastructure operators, which affects or may affect national security, or (ii) any data processing activities by network platform operators, which affect or may affect national security, or (iii) any network platform operator which has

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personal information of more than one million users and is going to be listed in a foreign country, shall be subject to cybersecurity review. With respect to (i) and (ii), we have not been designated by the relevant PRC authorities as an operator of “critical information infrastructure” and the [REDACTED] does not constitute a “listing abroad” under the Revised Cybersecurity Review Measures. In terms of (iii), we do not believe that our handling of the data stored by our cloud service provider affects or may affect national security, given that we only collect user data necessary for providing our products and services, and none of such data is considered “important data” under the relevant PRC regulations that may endanger national security and public interests if tampered with, damaged, disclosed, illegally obtained or illegally utilized. In addition, we have not received any notice, investigation, or penalty from the relevant authorities indicating that our data processing activities could potentially endanger national security nor have we received any notice from the relevant authorities requiring us to conduct a cybersecurity review. Therefore, we do not believe that we are subject to a cybersecurity review by the CAC. As of the Latest Practicable Date, we have not been notified or identified as a critical information infrastructure operator by any domestic authority responsible for critical information infrastructure security protection. On September 24, 2024, the State Council published the Regulations on Network Data Security Management, or the Cyber Data Regulations, which became effective on January 1, 2025. The Cyber Data Regulations restates and further specifies the legal requirements for personal information, important data, cross-border data transfer, network platform services, and data security. In anticipation of the enhanced implementation of cybersecurity laws and regulations and the continued expansion of our business, we cannot rule out the possibility that we may be deemed to be a “critical information infrastructure operator” or a “network platform operator” that affects or may affect national security under the Cybersecurity Review Measures. If that were to happen, we would be required to follow cybersecurity review procedures. In addition to laws, regulations and other applicable rules regarding data privacy and cybersecurity, industry associations may propose new and different privacy standards.

We are constantly in the process of evaluating the potential impact of laws, regulations and policies relating to cybersecurity, privacy, data protection and information security on our current business practices. We have not experienced any material breaches of any of our cybersecurity measures and we have not been subject to any penalties, fines, suspensions, or investigations from the CAC. However, as uncertainties remain with respect to the interpretation and implementation of these laws, regulations and policies regarding cybersecurity, privacy, data protection and information security and how these laws, regulations and policies will be implemented in practice, any failure or perceived failure to correctly interpret these laws, regulations or policies may result in inquiries and other proceedings or actions against us by governmental authorities, users, consumers or others, such as warnings, fines, penalties, required rectifications, service suspension or removal of mobile apps from the relevant app stores and/or other sanctions, as well as negative publicity and damage to our reputation, which could cause us to lose customers and business partners and have an adverse effect on our business and results of operations. There are relevant laws and regulations in Hong Kong regarding data security, such as the Personal Data (Privacy) Ordinance and the Unsolicited Electronic Messages Ordinance, which impose obligations

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regarding the collection and handling of personal data in Hong Kong. In addition, new laws or regulations related to data security in Hong Kong may be enacted or promulgated in the future, and such new laws and regulations may also have a material impact on our business in Hong Kong.

We may, from time to time, be subject to legal proceedings during the course of our business operations. Our directors, management, shareholders, employees and business partners may also from time to time be subject to legal proceedings, which could adversely affect our reputation and results of operations.

From time to time, we are subject to allegations, and may be party to legal claims and regulatory proceedings, relating to our business operations inside and outside China, such as our cooperation with TOP TOY Retail Partners, distributors, sub-distributors, suppliers, landlords or other third parties, labor disputes with our employees, intellectual property infringement claims, product defect claims, and tort claims. Such allegations, claims and proceedings may be brought by third parties, including consumers, suppliers, employees, business partners, governmental or regulatory bodies, competitors or other third parties. These claims could divert management time and attention away from our business and result in significant costs to investigate and defend, regardless of the merits of the claims. There may also be negative publicity associated with litigation that could decrease consumer acceptance of our product offerings, regardless of whether the allegations are valid or whether we are ultimately found liable. In addition, our directors, management, shareholders and employees may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation and results of operations. As a result, litigation may adversely affect our business, financial condition, results of operations or liquidity. In August 2022, a putative federal securities class action was filed against MINISO and certain of its officers and Directors, including one of our non-executive Directors who was also a director of MINISO at the material time (“Defendants”), alleging that the Defendants made misleading statements or omissions regarding MINISO Group’s business operations and financials in MINISO’s public disclosures, including, among other things, MINISO Group’s franchisee model and profitability. Defendants filed a motion to dismiss the complaint, which was granted by the court in February 2024. Plaintiffs subsequently filed a motion for reconsideration of the court’s decision, which was denied by the court. Plaintiffs then filed a further amended complaint, which Defendants moved to dismiss again. The parties completed briefing on October 17, 2025 and are now awaiting the court’s decision.

Any lack of requisite approvals, licenses, permits, or filing applicable to our business may have a material and adverse impact on our business, financial condition and results of operations.

In accordance with the relevant laws and regulations in jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and filings to operate our business, including but not limited to business license, commercial franchise filing, and fire

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safety inspection. Depending on the investment amount and property area, we may be required to secure additional permits or complete further filings or registrations for the construction and decoration work in the leased properties where our stores are operated. These may include, but are not limited to, obtaining a construction permit, filing for as-built project inspections, and completing the necessary fire safety inspections and filing procedures.

As we continue to expand our business operations, government authorities in jurisdictions where we operate may require additional licenses or permits or provides more strict supervision requirements in the future. We cannot assure you that we would be able to obtain such licenses or permits or meet all the supervision requirements in a timely manner, or at all, and there will not be violations or suspected violations that result in us becoming subject to governmental investigations, fines and other legal or administrative sanctions. If we fail to comply with applicable regulations or maintain and renew the relevant licensed or permits in a timely manner, we could be subject to fines or be forced to close or temporarily cease part or all of our operations or other penalties, any of which could have a material adverse effect on our business, prospects, financial condition and results of operation.

Failure to pay social insurance premiums and housing provident funds for and on behalf of our employees in accordance with applicable laws and regulations may materially and adversely affect our financial condition and results of operations.

According to applicable PRC laws and regulations, employers shall contribute social insurance premiums for employees. During the Track Record Period, we did not make adequate contributions to the social insurance plan for our employees as required under applicable PRC laws. The shortfall amount of contributions of social insurance was RMB1.2 million, RMB2.4 million and RMB6.9 million in 2023, 2024 and 2025, respectively. As advised by our PRC Legal Adviser, pursuant to relevant PRC laws and regulations, if we fail to make the full contribution of social insurance premiums as required, the local social insurance agencies may require us to pay the outstanding amount within a prescribed period and may impose a late payment fee equivalent to 0.05% of the overdue payment per day from the date on which the payment is payable. If such payment is not made within the prescribed period, the competent authority may further impose a fine from one to three times the amount of the overdue payment. If the relevant local authorities require us to pay the outstanding amount and impose late fees or fines on us, our business, financial condition, and results of operations could be adversely affected. On September 1, 2025, the Interpretation (II) of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) came into effect. PRC Legal Advisers are of the view that the aforementioned judicial interpretation does not expand our exposure to additional administrative penalties nor repeal any current laws and regulations in relation to the social insurance. We have not received any fines or penalties or orders of correction from competent authorities as a result of our inadequate contribution to our employees’ social insurance plan. In addition, we have not received notices from the relevant authorities regarding complaints by employees concerning the social insurance contributions. Therefore, our Directors are of the view that the interpretation will not have a material adverse impact on our business operations, financial performance and compliance.

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In addition, employers shall contribute housing provident funds for employees according to applicable PRC laws and regulations. During the Track Record Period, we did not make adequate contributions to housing provident funds for our employees as required under applicable PRC laws. The shortfall amount of contributions of housing provident funds was RMB212 thousand, RMB13 thousand and RMB124 thousand in 2023, 2024 and 2025, respectively. As advised by our PRC Legal Adviser, pursuant to relevant PRC laws and regulations, if we fail to make the full contribution of housing provident funds as required, the housing provident fund administration bodies may also order us to pay the outstanding amount within a prescribed time limit. If the payment is not made within such a time limit, an application may be made to the PRC courts for compulsory enforcement. Although we did not receive any fines or penalties or orders of correction from competent authorities as a result of our inadequate contribution to our employees’ housing provident funds during the Track Record Period, if the relevant local authorities require us to pay the outstanding amount and impose late fees or fines on us, our business, financial condition, and results of operations could be adversely affected.

In addition, during the Track Record Period, one of our subsidiaries engaged third-party agencies to pay social insurance premiums and housing provident funds for certain employees. Under the agreements entered between the third-party agencies and our relevant subsidiary, the third-party agencies have the obligation to pay social insurance premiums and housing provident funds for our relevant employees. There was no material incident of failure to pay social insurance premiums or housing provident funds by the third-party agencies during the Track Record Period. However, if these agencies fail to pay the social insurance premiums or housing provident funds for and on behalf of our employees as required under applicable laws and regulations, we may be subject to penalties imposed by the local social insurance authorities and housing provident fund management centers for failing to discharge our obligations in relation to payment of social insurance premiums and housing provident funds as an employer. This may materially and adversely affect our financial condition and results of operations.

Unexpected termination of leases, failure to renew the lease of existing premises or to renew such leases at acceptable terms could materially and adversely affect our business.

Our TOP TOY stores, including stores operated by TOP TOY Retail Partners and distributors, are situated on leased premises. Consequently, we may be exposed to risks of unexpected early lease termination at the request of the lessors or other reasons out of our control, which may result in store closures if we are not able to identify suitable alternative premises on acceptable terms to relocate in a timely manner.

In addition, we cannot assure you that we, TOP TOY Retail Partners or our distributors would always be able to renew these lease agreements at all or without incurring substantial additional costs or increases in the rental costs. If a lease agreement is renewed at a substantially higher rent or currently existing favorable terms granted by the lessor are not

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extended, our business and results of operations may be materially and adversely affected. Any closure or relocation of TOP TOY stores could subject us or our franchise partners to additional costs, including costs associated with loss of existing consumers.

Our leased property interest may be defective and our leases of certain properties may be challenged.

We currently lease several premises in China. As of the Latest Practicable Date, the lessors of 19 of the leased premises, which are mainly used as stores, offices and warehouses, had not provided copies of the real property title certificates to us. Our leases may be affected, and we may be required to vacate the relevant properties and relocate our brand stores and offices. In such event, our operation on such properties may be impaired and we may not be adequately indemnified by the lessors for our related losses. We will also incur additional costs in relocating our brand stores, offices or warehouses to other suitable sites, thus affecting our business operations, financial condition and results of operations.

In addition, under the PRC laws and regulations, lease agreements in general are required to be registered with the local land and real estate administration bureau. As of the Latest Practicable Date, the lease agreements for 68 leased properties China had not been registered with the relevant PRC government authorities. Although failure to do so does not in itself invalidate the leases, we may be subject to fines if we fail to rectify such non-compliance within the prescribed time frame after receiving notices from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors.

Our insurance coverage may be inefficient, which could expose us to significant costs.

We maintain certain insurance policies to safeguard against various risks and unexpected events associated with our business and operations, such as property insurance covering inventory and warehouse. In addition, we provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees. We also provide accident insurance for certain employees we dispatched to overseas countries. However, insurance companies in China currently offer limited business-related insurance products. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

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We may need additional capital, and financing may not be available on terms acceptable to us, or at all.

We believe our cash and cash equivalents and our anticipated cash flows from operations will be sufficient to meet our current and anticipated needs for general corporate purposes for at least the next 12 months. Our cash and cash equivalents were RMB33.4 million, RMB71.9 million and RMB391.8 million as of December 31, 2023, 2024 and 2025, respectively. Our net cash from operating activities was RMB257.0 million, RMB333.9 million and RMB474.9 million for the years ended December 31, 2023, 2024 and 2025, respectively. We may, however, need additional cash resources in the future if we experience changes in business conditions or other developments. We may also need additional cash resources in the future if we find and wish to pursue opportunities for investment, acquisition, capital expenditure or similar actions. If we determine in the future that our cash requirements exceed the amount of cash and cash equivalents we have on hand, we may seek to issue equity or equity linked securities or obtain debt financing. The issuance and sale of additional equity would result in further dilution to our Shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

We recorded net current liabilities and net liabilities, and incurred net loss during the Track Record Period. Our ability to achieve or maintain profitability is uncertain.

We recorded net current liabilities of RMB218.1 million, RMB216.4 million and RMB278.6 million as of December 31, 2023, 2024 and 2025, respectively. In addition, we recorded net liabilities of RMB114.1 million, RMB73.3 million and RMB2.9 million as of December 31, 2023, 2024 and 2025, respectively. We historically incurred net loss. We may not be able to achieve or maintain profitability in the future. Our ability to achieve profitability depends on, among others, our ability to manage our costs and expenses. We intend to control our costs and expenses but cannot assure you that we are able to achieve this goal. We may experience losses in the future due to our continued investments in IP operations, sales channels, branding, technology, talents and other initiatives. In addition, our ability to achieve and sustain profitability is affected by various factors, some of which are beyond our control, such as regulatory developments or competitive dynamics in the industry. Our expenses will likely increase in the future as we develop and launch new product offerings, expand in existing and new markets, and continue to invest in our IP portfolio. These efforts may be more costly than we expect and may not result in increased revenues or growth in our business. Any failure to increase our revenues sufficiently to keep pace with our investments and other expenses could prevent us from achieving or maintaining profitability on a consistent basis. If we are unable to successfully address these risks and challenges as we encounter them, our business, financial condition, and results of operations could be adversely affected.

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We may continue to grant incentive awards under our share incentive plan, which may result in increased share-based payment expenses.

We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based awards to employees in the future. As a result, our expenses associated with equity-settled share-based payment expenses may increase, which may have an adverse effect on our results of operations. In addition, issuance of Shares with respect to our equity incentive plan will dilute the shareholding of our existing Shareholders.

Changes in international trade policies, or the escalation of tensions in international relations, particularly with regard to China, may adversely impact our business and operating results.

Recently, there have been heightened tensions in international relations, particularly between the United States and China. The U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards China.

The U.S. government has implemented policies restricting international trade and investment, such as tariffs, export controls, economic or trade sanctions, and foreign investment filing and approval requirements. These actions may materially and adversely affect international trade, global financial markets, and the stability of the global economic condition. In the past, the U.S. government has imposed higher tariffs on certain products imported from China to penalize China for what it characterizes as unfair trade practices. Any unfavorable government policies on international trade, such as capital controls or tariffs, or the U.S. dollar payment and settlement system may affect the demand for our products, impact the competitive position of our products, prevent us from selling products in certain countries, or even our participation in the U.S. dollar payment and settlement system, which would materially and adversely affect our international operations, results of operations and financial condition. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition and results of operations.

In addition, the United States government has taken efforts to limit the outbound U.S. investments to China. On October 28, 2024, the U.S. Department of Treasury issued a final rule to implement the executive order, providing details on technical specifications and other aspects of the operative regulations, which came into effect on January 2, 2025. This is referred to as the Outbound Investment Rule. The Outbound Investment Rule imposes investment prohibitions and notification requirements on U.S. persons for a wide range of investments in entities associated with “countries of concern,” currently only China, that are engaged in activities relating to (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. These entities are collectively defined as “Covered Foreign Persons.” U.S. persons subject to the Outbound Investment Rule are

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prohibited from making, or required to report, transactions involving Covered Foreign Persons that are defined as “covered transactions,” although the Outbound Investment Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities. The Outbound Investment Rule introduces new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. We do not believe that TOP TOY International Group Limited would be defined as a Covered Foreign Person under the Outbound Investment Rule because we do not engage in a “covered activity” (as defined in the Outbound Investment Rule) or otherwise meet the definition of Covered Foreign Persons provided in the Outbound Investment Rule. However, there is no assurance that the U.S. Department of Treasury will take the same view as ours. If we were to be deemed a “Covered Foreign Person,” and if U.S. persons were to engage in a “covered transaction” (as defined under the Outbound Investment Rule) that involves the acquisition of our equity interests, such U.S. persons may need to make a notification pursuant to the Outbound Investment Rule. In addition, even though U.S. persons’ acquisitions of publicly traded securities (such as our Shares) will be exempted from the scope of covered transactions under the Outbound Investment Rule, the rule could still limit our ability to raise capital or contingent equity capital from U.S. investors given that the relevant laws, regulations, and policies continue to evolve and we cannot rule out the possibility of being deemed a Covered Foreign Person in the future due to different views taken by the U.S. Department of Treasury, potential amendments to the Outbound Investment Rule or the introduction of additional regulations. For example, on February 21, 2025, the White House released President Trump’s “America First Investment Policy” memorandum, outlining several initiatives to incentivize investment from U.S. allies and partners while restricting investments involving “foreign adversaries,” including China. Among other things, the policy aims to expand the industry sectors covered by the U.S. outbound investment regulations and supplement outbound restrictions through the imposition of sanctions. As of the date of this document, the proposed changes under the America First Investment Policy are not implemented, although the proposed restrictions may further deepen the uncertainties for cross-border collaborations, investments, and funding opportunities for China-based issuers including us. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects, and our Shares may significantly decline in value. Our Directors are of the view that we have not been and are not expected to be, materially and adversely affected by U.S.-China tariffs, export control regulations, or sanctions on the basis that, (i) we do not operate any physical stores in the United States, and sales to the U.S. market have been immaterial, (ii) our supply chain and sourcing strategies are not reliant on routes or components that are exposed to U.S. export controls or sanctions, (iii) we have an established process to continuously monitor updates in the U.S.-China regulatory landscape, and (iv) we maintain sufficient cash resources and financial flexibility, which provides a buffer to absorb potential increased costs arising from broader trade tensions.

In addition to trade related tensions between China and the United States, the U.S. government escalated tensions between the U.S. and China in recent years by revoking Hong Kong’s special trading status and further sanctioning Chinese companies. We review our supplier relationships and make efforts to comply with any new law that may affect us.

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However, there is no assurance that we will be able to identify all activities conducted by our suppliers or other business partners as we do not have a control over them. To the extent we identify any potential non-compliance by any of our suppliers, we may have to find and establish relationships with alternative qualified suppliers under commercially acceptable terms. We cannot assure you that we will be able to do so in a timely manner. Under extreme situations, we may be subject to negative publicities or even be subject to regulatory actions, which may negatively affect our reputation and brand image, our business and results of operations, and may materially and adversely affect the price of our ordinary shares or the Shares.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, and non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct activities. Any non-compliance with anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions laws could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation.

We sell our products to different countries and regions. Certain countries, regions, or individual counterparties with which we trade or operate in, or may trade or operate in the future, may be or become the subject of economic sanctions of one or more countries that may have jurisdiction over all or portions of our operations. There is no assurance we will be successful in complying with these types of laws.

Any violation of economic sanctions, or even an alleged or suspected violation, could harm our reputation and cause financial institutions or other counterparties to refuse to do business with us. In addition, changes in economic sanctions laws in the future could also adversely impact our business and [REDACTED] in our Shares.

Natural disasters and unusual weather conditions, power outages, pandemic outbreaks, terrorist acts, global political events and other serious catastrophic events could disrupt business and result in lower sales and otherwise materially adversely affect our financial performance.

We are vulnerable to health epidemics. For example, at the height of the COVID-19 pandemic, we experienced significant business disruptions. In addition to the impact of health epidemics, natural disasters, such as fires, earthquakes, hurricanes, floods, tornadoes, unusual weather conditions, power outages, other pandemic outbreaks, terrorist acts or disruptive

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global political events, or similar disruptions could materially adversely affect our business and financial performance. Uncharacteristic or significant weather conditions can affect consumer shopping patterns, which could lead to lost sales or greater than expected markdowns and materially adversely affect our results of operations. These events could result in server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to operate our platforms and sell our products. These events could also result in increases in fuel (or other energy) prices or a fuel shortage, delays in opening new stores, the temporary lack of an adequate work force in a market, the temporary or long-term disruption in the supply of products from some domestic and overseas suppliers, the temporary disruption in the transport of goods to overseas, delay or increased transportation costs in the delivery of goods to our warehouses or stores, the inability of consumers to reach or have transportation to stores directly affected by such events, the temporary reduction in the availability of products in stores and disruption of our utility services or to our information systems. These events also can have indirect consequences such as increases in the costs of insurance if they result in significant loss of property or other insurable damage. To the extent these events result in the closure of one or more of stores or our administrative offices or impact one or more of our key suppliers, our operations and financial performance could be materially adversely affected.

Risks Related to Doing Business in the Countries We Operate

Government’s oversight and regulation over our business operations in various countries could result in a material change in our operations and the value of our Shares.

We are subject to laws, regulations and policies governing the toy industry in countries where we have operations. The regulatory regime for the industry has been evolving, with new laws, regulations and other regulatory measures being introduced from time to time. We conduct our business primarily in Chinese Mainland and subsequently extending to other countries and regions. The PRC and other foreign governments have regulatory oversight over the conduct of our business and may intervene or influence our operations as the governments deems appropriate to advance regulatory and societal goals and policy positions. While we closely monitor changes in the relevant laws and regulations and have implemented measures to ensure our ongoing compliance, changes in the regulatory regime may materially and adversely impact our business in many ways. We may face increased compliance costs and operational challenges in launching new products or expanding into new countries. The process of obtaining necessary regulatory approvals may become more difficult, and our sales and marketing activities could be subject to new restrictions in scope, content, and format. Any failure to comply with applicable regulations could expose us to legal liability, requiring significant resources to address compliance deficiencies and diverting management attention from core business operations. Our expansion into new countries will also subject us to additional restrictive actions of governmental authorities affecting trade and foreign investment in new countries, including relevant measures such as export and customs duties and tariffs, government policies that affect dynamics of market competition and restrictions on the level of foreign ownership.

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For example, on June 8, 2023, the SAMR promulgated the Blind Boxes Guidelines. These guidelines impose stringent new requirements on blind box operators, including mandatory pricing transparency and comprehensive product disclosures. We offer our products in different formats, including in the form of blind boxes. We are required to publicly disclose detailed information such as product names, categories, specifications, potential items contained in each box with corresponding price ranges, selection rules for both online and offline purchases, specific probabilities for obtaining particular models, and exact quantities of limited-edition products. The guidelines also prohibit all sales of blind box products to children under eight years of age and require explicit guardian consent for sales to minors aged eight or above. Failure to comply with these requirements could result in substantial fines, consumer lawsuits alleging fraudulent marketing practices or violations of consumer protection rights, and administrative penalties under relevant PRC laws and regulations.

Changes in global economic, political or social conditions or government policies in the countries we operate could have a material and adverse effect on our business and results of operations.

A majority of our operations are located in China. Accordingly, our business, prospects, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole. The industry we operate in is highly sensitive to general economic changes. Any adverse changes in economic conditions in China, in the policies of the Chinese government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, lead to a reduction in demand for our products and adversely affect our competitive position.

The global macroeconomic environment also faces challenges. Health epidemics have historically caused significant downward pressure for the global economy. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases, instability in the financial system, and the tightening of monetary policy by the U.S. Federal Reserve also impose new challenges and uncertainties on the global economy. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Any prolonged slowdown in the global and Chinese economy may reduce the demand for our products and services and materially and adversely affect our business and results of operations.

Any uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

We are subject to certain uncertainties embedded in the legal systems of some geographic markets where we operate. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local

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administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of the industry in which we operate and affect our business, financial condition and results of operations.

We may rely on dividends and other distributions on equity paid by our Chinese Mainland subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our Chinese Mainland subsidiaries or Hong Kong subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

TOP TOY International Group Limited is a Cayman Islands holding company and our operations are conducted primarily through subsidiaries in China. By purchasing the Shares, you are purchasing interests in our Cayman Islands holding company, as opposed to interests in our subsidiaries in China. Except for certain specific industries, current laws and regulations in Chinese Mainland do not prohibit direct foreign investment in Chinese Mainland companies. However, were this holding company structure to be challenged or disallowed by PRC regulatory authorities, our business operations would be materially and adversely affected and the value of the Shares could significantly decline or become worthless. We are a holding company, and we may rely on dividends and other distributions on equity paid by our Chinese Mainland subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. Current Chinese Mainland regulations permit our subsidiaries Chinese Mainland to pay dividends to us only out of their accumulated after-tax profits upon satisfaction of relevant statutory conditions and procedures, if any, determined in accordance with Chinese accounting standards and regulations. In addition, when our Chinese Mainland subsidiary distributes its after-tax profit for the current year, such subsidiary is required to set aside at least 10% of its accumulated profits for such year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. Additionally, if our Chinese Mainland subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us. Any limitation on the ability of our Chinese Mainland subsidiaries or Hong Kong subsidiaries to pay dividends

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or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. As a result of these restrictions, to the extent cash in the business is in a Chinese Mainland entity, the funds may not be available to fund operations or for other use outside of Chinese Mainland due to interventions in or the imposition of restrictions and limitations on the ability of us or our Chinese Mainland subsidiaries by the PRC government to transfer cash. These restrictions and limitations imposed by the PRC government in Chinese Mainland are not applicable to cash transfers in and out of Hong Kong or our Hong Kong subsidiaries. If the laws applicable to Chinese Mainland become applicable to entities and businesses in Hong Kong in the future, funds in Hong Kong or in our Hong Kong subsidiaries may not be available to fund operations or for other use outside of Hong Kong.

To address the persistent capital outflow and the Renminbi’s depreciation against the U.S. dollar in the fourth quarter of 2016, the People’s Bank of China and the State Administration of Foreign Exchange, or SAFE, have implemented a series of capital regulatory measures in the subsequent months, including stricter vetting procedures for China-based companies to remit foreign currency for overseas acquisitions, dividend payments and shareholder loan repayments. The PRC government may continue to strengthen its capital regulatory measures and our PRC subsidiaries’ dividends and other distributions may be subject to tightened scrutiny in the future. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your [REDACTED].

The conversion of Renminbi into foreign currencies, including Hong Kong dollars, is based on rates set by the People’s Bank of China. The Renminbi has fluctuated against Hong Kong dollars or other currencies, at times significantly and unpredictably. The value of Renminbi against Hong Kong dollars and other currencies is affected by changes in China’s political and economic conditions and by China’s foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong dollars or other currencies in the future. It is difficult to predict how market forces or PRC government policy may impact the exchange rate between Renminbi and the Hong Kong dollars or other currencies in the future.

Any significant appreciation or depreciation of Renminbi may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our Shares in foreign currency. For example, to the extent that we need to convert Hong Kong dollars we receive into Renminbi to pay our operating expenses, appreciation of Renminbi against Hong Kong dollars would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of Renminbi against Hong Kong dollars may significantly reduce the Hong Kong dollars equivalent of our earnings, which in turn could adversely affect the price of our Shares.

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Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange administrative regulations that restrict our ability to convert Renminbi into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your [REDACTED].

Chinese Mainland regulation of loans to and direct investment in Chinese Mainland entities by offshore holding companies and governmental administration of currency conversion may delay or prevent us from using the [REDACTED] of our offshore [REDACTED] to make loans to or make additional capital contributions to our Chinese Mainland subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries. We may make loans to our PRC subsidiaries subject to the approval from governmental authorities and limitation of amount, or we may make additional capital contributions to our wholly foreign-owned subsidiaries in China. Any loans to our wholly foreign-owned subsidiaries in China, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our wholly foreign-owned subsidiaries in China to finance their activities cannot exceed statutory limits under relevant PRC laws and the loans must be registered with the local counterpart of the State Administration of Foreign Exchange, or SAFE, or filed with SAFE in its information system. Moreover, any medium or long-term loan to be provided by us to our PRC subsidiaries must also be registered with the NDRC.

We may also decide to finance our wholly foreign-owned subsidiaries in China by means of capital contributions. These capital contributions shall go through registration procedures from competent administration for market regulation. SAFE issued the Circular on the Management Concerning the Reform of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 19, which took effect on June 1, 2015. SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC provided that such usage shall fall into the scope of business of the foreign-invested enterprise, which will be regarded as the reinvestment of foreign-invested enterprise. In addition, SAFE promulgated the Circular Regarding Further Promotion of the Facilitation of Cross-Border Trade and Investment on October 23, 2019, or SAFE Circular 28, pursuant to which all foreign-invested enterprises can make equity investments in the PRC with their capital funds in accordance with the law. As the relevant government authorities have broad discretion in interpreting the regulation, it is unclear whether SAFE will permit such capital funds to be used for equity investments in the PRC in actual practice.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or reporting of information on

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foreign investment on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our wholly foreign-owned subsidiaries in China. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries when needed. If we fail to complete such registrations or record-filings, our ability to use foreign currency, including the [REDACTED] we received from our [REDACTED], and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Governmental administration of currency conversion may limit our ability to utilize cash generated from our revenues effectively and affect the value of your [REDACTED].

The PRC government implements administrative measures on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues dominated in RMB. Under our current corporate structure, our company in the Cayman Islands may rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Therefore, our wholly foreign-owned subsidiaries in China are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by our shareholders or the ultimate shareholders of our corporate shareholders who are PRC residents. But approval from or registration with appropriate government authorities or delegated banks is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange administration system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

Chinese Mainland regulations relating to offshore investment activities by Chinese Mainland residents may limit our Chinese Mainland subsidiaries’ ability to increase their registered capital or distribute profits to us or otherwise expose us or our Chinese Mainland resident beneficial owners to liability and penalties under laws of Chinese Mainland.

SAFE requires PRC residents or entities to register with SAFE or its local branch or its designated banks in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes certain material events. According to the SAFE Circular on Further Simplification and Improvement in Foreign Exchange Administration Policies on Direct

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Investment, which became effective on June 1, 2015, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under SAFE Circular 37 from June 1, 2015.

We are committed to complying with and to ensuring that our shareholders and beneficial owners who are subject to these regulations will comply with the relevant SAFE rules and regulations. However, due to inherent uncertainty in the implementation of the regulatory requirements by the PRC authorities, such registration might not be always practically available in all circumstances as provided in those regulations.

In addition, we have notified all Shareholders or beneficial owners who directly or indirectly hold shares in our Cayman Islands holding company and are known to us as being PRC residents to complete their registration with or to obtain approval by the local SAFE, the National Development and Reform Commission, or the NDRC, or MOC branches. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interests in our company, nor can we compel our beneficial owners to comply with applicable registrations or approval requirements. As a result, we cannot assure you that all of our Shareholders or beneficial owners who are PRC residents have complied with, and will in the future make, obtain or update any applicable registrations or approvals required by, SAFE, NDRC and MOC regulations. Failure by such Shareholders or beneficial owners to comply with SAFE, NDRC and MOC regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries’ ability to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our business and prospects.

China’s M&A Rules and certain other PRC regulations establish complex procedures for certain acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

A number of PRC laws and regulations have established procedures and requirements that could make merger and acquisition activities in China by foreign investors more time consuming and complex. In addition to the Anti-monopoly Law itself, these include the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006, which was amended in 2009, and the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the Security Review Rules, promulgated in 2011. These laws and regulations impose requirements in some instances that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the Anti-Monopoly Law requires that relevant governmental authorities be notified in advance of any concentration of undertaking if certain thresholds are triggered. Moreover, the Security Review Rules specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are

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subject to strict review by MOFCOM, and prohibit any attempt to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the relevant regulations to complete such transactions could be time consuming, and any required approval processes, including the approval from MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, issued by SAFE in February 2012, employees, directors, supervisors and other senior management participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. We and our directors, executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who, following the completion of the [REDACTED], have been granted restricted shares, or options are subject to these regulations. The time and costs needed to complete the SAFE registrations may limit our ability to contribute additional capital into our wholly foreign-owned subsidiaries in China and limit these subsidiaries’ ability to distribute dividends to us.

Discontinuation of any of the government subsidies or imposition of any additional taxes and surcharges could adversely affect our financial condition and results of operations.

Our PRC subsidiaries have received financial subsidies from PRC local government authorities. The financial subsidies result from discretionary incentives and policies adopted by PRC local government authorities. Local governments may decide to change or discontinue such financial subsidies if the statutory requirements are not met. The discontinuation of such financial subsidies or imposition of any additional taxes could adversely affect our financial condition and results of operations.

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If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a PRC resident enterprise. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control over and overall management of the business, production, personnel, accounts and properties of an enterprise.

We believe that none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we will be subject to the enterprise income tax on our global income at the rate of 25% and we will be required to comply with PRC enterprise income tax reporting obligations. In addition, gains realized on the sale or other disposition of the Shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your [REDACTED] in our ordinary shares or the Shares.

We may not be able to obtain certain benefits under relevant tax treaty on dividends paid by our Chinese Mainland subsidiaries to us through our Hong Kong subsidiary.

We are a holding company incorporated under the laws of the Cayman Islands and as such rely on dividends and other distributions on equity from our PRC subsidiaries to satisfy part of our liquidity requirements. Pursuant to the PRC Enterprise Income Tax Law, a withholding tax rate of 10% currently applies to dividends paid by a PRC “resident enterprise” to a foreign enterprise investor, unless any such foreign investor’s jurisdiction of incorporation has a tax treaty with China that provides for preferential tax treatment. Pursuant to the Arrangement between the PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, such withholding tax rate may be lowered to 5% if a Hong Kong resident enterprise owns no less than 25% of a PRC enterprise. According to the Announcement of the State Administration of Taxation on Issues concerning the “Beneficial Owner” in Tax Treaties, which became effective in April 2018, whether a resident enterprise is a “beneficial owner” that can apply for a low tax rate under tax treaties depends on an overall assessment of several factors, which may bring uncertainties to the applicability of preferential tax treatment under the tax treaties. Furthermore, the Administrative Measures for Non-Resident Enterprises to Enjoy Treatments under Tax Treaties, which became effective in January 2020, requires non-resident enterprises to determine whether they are qualified to enjoy the preferential tax treatment under the tax treaties, file relevant report with the tax

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authorities and retain the relevant materials for future inspection. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. In the future we intend to re-invest all earnings, if any, generated from our PRC subsidiaries for the operation and expansion of our business in China. Should our tax policy change to allow for offshore distribution of our earnings, we would be subject to a significant withholding tax. We cannot assure you that our determination regarding our qualification to enjoy the preferential tax treatment will not be challenged by the relevant tax authority or we will be able to complete the necessary filings with the relevant tax authority and enjoy the preferential withholding tax rate of 5% under the arrangement with respect to dividends to be paid by our PRC subsidiaries to our Hong Kong subsidiary.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

In February 2015, SAT issued the Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Resident Enterprises, or SAT Public Notice 7. Where a non-resident enterprise conducts an “indirect transfer” by transferring the taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise being the transferor, or the transferee, or the PRC entity which directly owned the taxable assets may report to the relevant tax authority such indirect transfer. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. On October 17, 2017, SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Bulletin 37, which came into effect on December 1, 2017. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

We face uncertainties on the reporting and consequences of future private equity financing transactions, share exchanges or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises. The PRC tax authorities may pursue such non-resident enterprises with respect to a filing or the transferees with respect to withholding obligation, and request our PRC subsidiaries to assist in the filing. As a result, we and non-resident enterprises in such transactions may become at risk of being subject to filing obligations or being taxed under SAT Public Notice 7 and SAT Bulletin 37, and may be required to expend valuable resources to comply with them or to establish that we and our non-resident enterprises should not be taxed under these regulations, which may have a material adverse effect on our financial condition and results of operations.

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Risks Related to the [REDACTED]

There has been no prior [REDACTED] market for our Shares prior to the [REDACTED], and you may not be able to resell our Shares at or above the price you pay, or at all.

Prior to the completion of the [REDACTED], there has been no [REDACTED] market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the [REDACTED]. The [REDACTED] is the result of negotiations between our Company and the Overall Coordinators (for themselves and on behalf of the [REDACTED]), which may not be indicative of the price at which our Shares will be [REDACTED] following completion of the [REDACTED]. The [REDACTED] of our Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

[REDACTED] of the Shares may be volatile which could result in substantial losses to you.

The [REDACTED] and [REDACTED] of our Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant [REDACTED] and [REDACTED] volatility that are not related to the operating performance of any particular company. The business and performance and the [REDACTED] of the shares of other companies engaging in similar business may also affect the [REDACTED] and [REDACTED] of our Shares. In addition to market and industry factors, the [REDACTED] and [REDACTED] of our Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors and Controlling Shareholders, could adversely affect the [REDACTED] of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors and Controlling Shareholders, or the perception or anticipation of such sales, could negatively impact the [REDACTED] of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which [REDACTED] in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. [In addition,

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certain existing shareholders of our Shares are not subject to lock-up agreements.] Market sale of Shares by such shareholders and the availability of these Shares for future sale may have negative impact on the [REDACTED] of our Shares. See “History, Reorganization and Corporate Structure — Information about our Pre-[REDACTED] Investors” for more details of the existing shareholders not subject to lock-up agreements.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the [REDACTED] of our Shares is higher than the net tangible book value per share of our Shares immediately prior to the [REDACTED], purchasers of our Shares in the [REDACTED] will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the [REDACTED] may experience further dilution in their shareholding percentage.

If securities or industry analysts cease to publish research or reports about our business, or if they adversely change their recommendations regarding our Shares, the [REDACTED] for our Shares and [REDACTED] could decline.

The trading market for our Shares will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our Shares, the [REDACTED] for the Shares would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the [REDACTED] or [REDACTED] for our Shares to decline.

We cannot assure you that we will declare and distribute any amount of dividends in the future and you may have to rely on price appreciation of our Shares for return on your [REDACTED].

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we have not yet adopted a dividend policy with respect to future dividends. Therefore, you should not rely on an [REDACTED] in our Shares as a source for any future dividend income.

Our board of Directors has discretion as to whether to distribute dividends, subject to certain restrictions under the Cayman Islands law and the Articles of Association, namely that our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of Directors. Even if our board of Directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of Directors. Accordingly, the return on your [REDACTED] in our Shares may depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased the Shares. You may not realize a return on your [REDACTED] in our Shares and you may even lose your entire [REDACTED] in our Shares.

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There can be no assurance of the accuracy or completeness of certain facts, forecasts, and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry expert reports, contained in this document.

This document, particularly the section headed “Industry Overview,” contains information and statistics relating to the China’s pan-entertainment merchandise industry and global and China’s top toy industry. Such information and statistics have been derived from third-party reports, either commissioned by us or publicly accessible and other publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information from official government sources has not been independently verified by us, the Joint Sponsors or any other party involved in the [REDACTED], and no representation is given as to its accuracy or completeness. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

You may face difficulties in protecting your interests, and your ability to protect your rights through Hong Kong courts may be limited.

We are an exempted company incorporated in the Cayman Islands with limited liability. Cayman Islands law differs in some respects from the laws of Hong Kong and other jurisdictions where investors may be located. Our corporate affairs are governed by our Memorandum and Articles of Association, the Cayman Companies Act and the common law of the Cayman Islands. The rights of our Shareholders to take legal actions against us and our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedents in the Cayman Islands, and from English common law, which has persuasive but not binding authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under the Cayman Islands law may not be as clearly established as they would be under statutes or judicial precedents in Hong Kong, the United States or other jurisdictions where investors may be located. See “Appendix III — Summary of the Constitution of the Company and Cayman Islands Company Law.” In particular, the Cayman Islands has a less developed body of securities law. As a result, our Shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, Directors or group of Controlling Shareholders than they would as shareholders of a Hong Kong company, a United States company or companies incorporated in other jurisdictions.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this document, there has been press and media coverage regarding us and the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

WAIVERS AND EXEMPTIONS

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the Listing Rules and exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rule 8.12 of the Listing Rules.

Our Group’s management headquarters, senior management, business operations and assets are primarily based outside Hong Kong, in Chinese Mainland. The Directors consider that the appointment of executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements: (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone, facsimile and/or e-mail to deal promptly with enquiries from the Stock Exchange. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. At present, our two authorized representatives are Ms. Yan Xiaojiao, our executive Director and chief financial officer, and Ms. Yu Wing Sze, one of our joint company secretaries; (b) when the Stock Exchange wishes to contact our Directors on any matter, each of the authorized representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. Our Company will also inform the Stock Exchange promptly in respect of any changes in the authorized representatives. We have provided the Stock Exchange with the contact details (i.e. mobile phone number, office phone number and email address) of all Directors to facilitate communication with the Stock Exchange. Our Directors will also provide the phone number of the place of his/her accommodation to the authorized representatives in the event that any Director expects to travel or otherwise be out of office; (c) we will ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; (d) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Somerley Capital Limited as compliance adviser (the “**Compliance Adviser**”), who will act as an additional channel of communication with the Stock Exchange. The Compliance Adviser will provide us with professional advice on ongoing compliance with the Listing Rules. We will ensure that the Compliance Adviser has prompt access to our authorized representatives and Directors. In turn, they will provide the Compliance Adviser with such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser’s

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duties. The Compliance Adviser will also provide advice to us when consulted by us in compliance with Rule 3A.23 of the Listing Rules; and (e) meetings between the Stock Exchange and our Directors can be arranged through the authorized representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives and/or the Compliance Adviser in accordance with the Listing Rules.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable: (a) a member of The Hong Kong Institute of Chartered Secretaries; (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s: (a) length of employment with the issuer and other issuers and the roles they played; (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code; (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and (d) professional qualifications in other jurisdictions.

Our Company appointed Ms. Yu Wing Sze of TMF Hong Kong Limited and Ms. Yan Xiaojiao, our executive Director and chief financial officer, as joint company secretaries. See the section headed “Directors and Senior Management — Joint Company Secretaries” for their biographies.

Ms. Yu currently serves as a manager of the listing services division at TMF Hong Kong Limited, a company providing corporate accounting and corporate secretarial services in Hong Kong. Ms. Yu has over 15 years of experience in company secretarial profession and has been serving as the company secretary of several listed companies in Hong Kong. Ms. Yu is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Therefore, such appointment meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Our Company’s principal business activities are outside Hong Kong. Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Ms. Yan Xiaojiao, who is

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an employee of our Company and who has day-to-day knowledge of our Company’s affairs. Ms. Yan has the necessary nexus to the Board and close working relationship with management of our Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules for a three year period from the [REDACTED], in accordance with Chapter 3.10 of the Guide for New Listing Applicants, on the conditions that: (i) Ms. Yu Wing Sze is appointed as a joint company secretary to assist Ms. Yan Xiaojiao in discharging her functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; the waiver will be revoked immediately if Ms. Yu, during the three-year period, ceases to provide assistance to Ms. Yan as the joint company secretary; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by our Company. In addition, Ms. Yan will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [REDACTED]. Our Company will further ensure that Ms. Yan has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an [REDACTED] on the Stock Exchange. Before the end of the three-year period, the qualifications and experience of Ms. Yan and the need for on-going assistance of Ms. Yu will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Ms. Yan, having benefited from the assistance of Ms. Yu for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules following the completion of the [REDACTED]. We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with (where applicable) (i) the announcement requirement, and (ii) the circular and independent shareholders’ approval requirement set out in Chapter 14A of the Listing Rules for such continuing connected transactions. For further details in this respect, see the section headed “Connected Transactions”.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

DIRECTORS’ RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT

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

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

EXCHANGE RATE CONVERSION

Solely for your convenience, this document contains translations of certain Renminbi amounts into Hong Kong dollars, of Renminbi amounts into U.S. dollars and of Hong Kong dollars into U.S. dollars at specified rates. Unless we indicate otherwise, the translation of Renminbi into Hong Kong dollars, of Renminbi into U.S. dollars and of Hong Kong dollars into U.S. dollars, and vice versa, in this document was made at the following rates:

RMB[0.87915] to HK\$1.00

RMB[6.8898] to US\$1.00

HK\$[7.8369] to US\$1.00

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

LANGUAGE

If there is any inconsistency between the English version of this document and the Chinese translation of this document, the English version of this document shall prevail unless otherwise stated. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this document and for which no official English translation exists are unofficial translations for your reference only.

ROUNDING

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

OTHER

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the [REDACTED] assume that the [REDACTED] is not exercised.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Director		
SUN Yuanwen (孫元文)	Room 1803, Block A Kaixuanting, Shengjing Garden Haizhu District Guangzhou, China	Chinese
YAN Xiaojiao (晏曉嬌)	Room 13-1602, No. 3 Xinghewan Peninsula, Shaxi Avenue Panyu District Guangzhou, China	Chinese
Non-executive Directors		
YE Guofu (葉國富)	Room 2812 Pearl River International Residence No. 88, Diejing Middle Road Haizhu District Guangzhou, China	Chinese
CHANG Yuliang (常宇亮)	305, Unit 3 Tower R, Phase 4 OCT Chunshuiian Xiangshan Middle Street Nanshan District Shenzhen, China	Chinese (Hong Kong)
Independent non-executive Directors		
NG Likwa (吳歷華)	Room 805, No. 1, Lane 566 Zhongshan South Road Huangpu District Shanghai, China	Chinese (Hong Kong)
WANG Xiaomei (王曉梅)	Room 2008, No. 6, Liyang Street Dongfang 1st Road Tianhe District Guangzhou, China	Chinese
WANG Yajin (王雅瑾)	Room 1984 The Residences at Kerry Parkside No. 1398, Huamu Road Pudong New District Shanghai, China	American

See “Directors and Senior Management” in this document for further details.

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PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

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J.P. Morgan Securities (Far East) Limited
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Overall Coordinators

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[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

Legal Advisers to our Company

As to Hong Kong and U.S. laws

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**Reporting Accountants and
Independent Auditor**

KPMG

Certified Public Accountants

*Public Interest Entity Auditor registered in
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CORPORATE INFORMATION

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Joint Company Secretaries	Ms. YAN Xiaojiao Ms. YU Wing Sze
Authorized Representative(s)	Ms. YAN Xiaojiao Ms. YU Wing Sze
Audit Committee	Ms. WANG Xiaomei (<i>Chairwoman</i>) Mr. NG Likwa Ms. WANG Yajin
Remuneration Committee	Ms. WANG Yajin (<i>Chairwoman</i>) Mr. SUN Yuanwen Ms. WANG Xiaomei
Nomination Committee	Mr. NG Likwa (<i>Chairman</i>) Mr. YE Guofu Ms. WANG Xiaomei

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Principal Bank(s)

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**China Citic Bank Corporation Limited
Guangzhou Branch Banking Department**

Room 105 No. 488, 490, 492, 494, 496, 498
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**China Construction Bank Corporation
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PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this [REDACTED] were extracted from the Frost & Sullivan Report, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the Joint Sponsors, Overall Coordinators, [REDACTED], [REDACTED], [REDACTED], [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on China’s pan-entertainment merchandise industry, global and China’s pop toy industry and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB1,000,000 to Frost & Sullivan for compiling the Frost & Sullivan Report.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data as well as considered the above-mentioned industry key drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements primarily include expert-opinion forecasting methodology, integration of market drivers and restraints, integration with the market challenges, integration of the market engineering measurement trends and integration of econometric variables.

The Frost & Sullivan Report is compiled based on the following assumptions: (i) the social, economic and political environment of the globe and Chinese Mainland is likely to remain stable in the forecast period; and (ii) related industry key drivers are likely to drive the market in the forecast period.

INDUSTRY OVERVIEW

OVERVIEW OF GLOBAL PAN-ENTERTAINMENT MERCHANDISE INDUSTRY

Definition and Classification of Pan-entertainment Merchandise

The pan-entertainment merchandise industry refers to a collection of industries with physical merchandise centered around IP, which create and monetize content through various forms of entertainment. IP in the pan-entertainment merchandise industry can be mainly categorized into narrative IPs in the form of films, TV series, comics, literatures, etc., as well as less narrative-focused character-based IPs. Pan-entertainment merchandises focus on developing diversified cultural and entertainment products themed around IP content.

Pan-entertainment merchandise can be mainly classified into toys, accessories, home decor items, and other components. Toys focus on the entertainment experience, embodying the value of IP through physical forms. They feature characteristics of interactivity, fun, and multi-scenario, catering to the entertaining, collectible, and social needs of users. Core attributes of these products are emotional connections to IP, multidimensional interactivity, and collectible value.

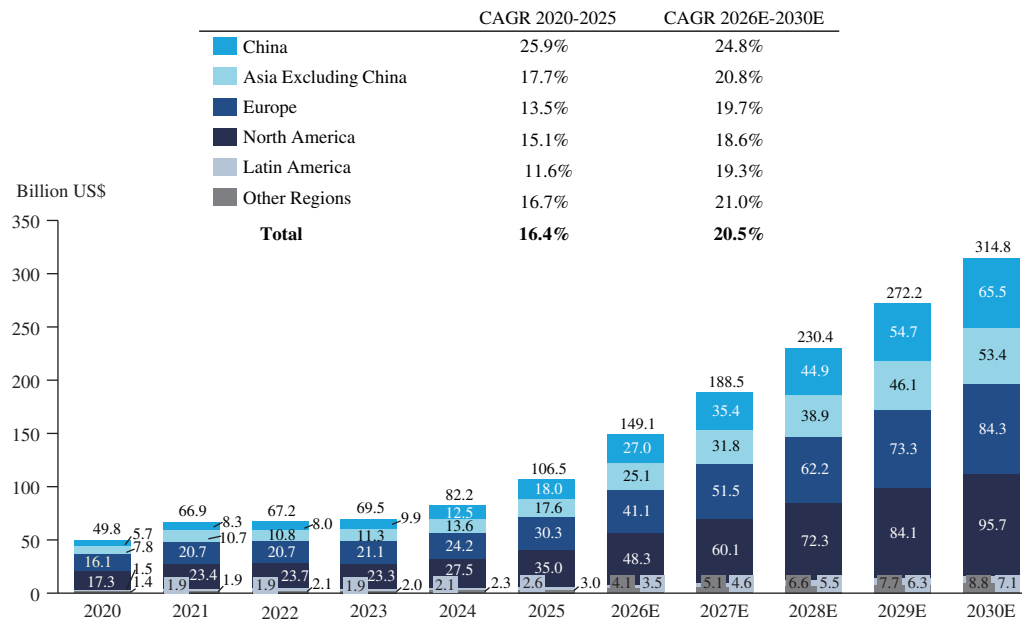
Market Size Analysis of Global Pan-entertainment Merchandise Industry

The market size of global pan-entertainment merchandise industry expanded from US\$49.8 billion in 2020 to US\$106.5 billion in 2025, reflecting a CAGR of 16.4%. Looking ahead, the industry is expected to benefit from continued IP globalization, broader category expansion and deeper market penetration in diverse customer groups, reaching US\$314.8 billion in 2030 with a CAGR of 20.5% from 2026 to 2030.

China stands out as one of the fastest-growing and most dynamic markets. Powered by a robust IP ecosystem encompassing original creation, fan-driven reinterpretation, and commercial adaptation, alongside rising consumer willingness to pay for emotional value and the most advanced omni-channel retail infrastructure, the proportion of China’s pan-entertainment merchandise industry among the global market grew from 11.5% in 2020 to 16.9% in 2025. Looking forward, supported by the continued rise of local IPs and further innovation in e-commerce and immersive retail, the proportion of China’s pan-entertainment merchandise industry among the global market is anticipated to reach 20.8% by 2030.

INDUSTRY OVERVIEW

Market Size of Global Pan-entertainment Merchandise Industry by GMV, 2020-2030E



Source: Frost & Sullivan

OVERVIEW OF CHINA'S POP TOY INDUSTRY

Definition of Pop Toys

Pop toys refer to the toys that are characterised by their high collectible value, reflecting all five of the following features: (1) high value-add derived from the unique design and IP-driven re-creation, which reinterprets existing IP characters by enriching them with greater depth and richer visual expression, ultimately transforming them from 2D images into tangible 3D entities. By blending classic IP imagery with contemporary aesthetics, this process enhances their collectible value; (2) having a high emphasis on material selection, trend-driven colour coordination and artistic design innovation, thus enhancing both quality and collectible value, aligning the products with latest fashion and cultural aesthetics and transforming them into cultural symbols with strong emotional appeal; (3) integrating playful mechanisms such as limited editions or secret editions in blind box format from the product design stage, which introduce elements of surprise and discovery, enriches the collecting experience, fosters social interaction and community engagement among consumers and creates gamified scarcity, keeping pop toys fresh and attractive; (4) actively cater for fast-moving trends, with SKUs refreshed in a deliberate rhythm that follows a structured cycle – from creative design, teaser promotion, debut launch, steady sales to subsequent refresh – often shaped by consumer involvement through feedback and community engagement. At the same time, launches are guided by planned marketing efforts, coordinated with key IP milestones such as new releases or anniversaries; and (5) distribute primarily through dedicated pop toy channels, allowing closer connection with more focused consumer groups and alignment with product launches and campaigns, while also supplemented by non-specialty channels and distributors to achieve wider market coverage.

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Distinctive Characteristics of Pop Toys Compared with Traditional Toys

	Pop Toys	Traditional Toys
Material Selection	Focus on material selection, color coordination and design innovation	Mass produced with ordinary materials & design
Core Product Focus	High collectible value scarcity from limited editions or secret editions	Function-oriented focusing more on play or educational purposes, mainly for use rather than for collection
Product Iteration	Fast SKU iteration catering to rapidly developing customers’ preferences	Styles and SKUs are updated infrequently with long product cycles
Product Price Level	Relatively high	Relatively low
Consumer Focus Age Group	Aged 15-40	Aged 14 and below

Source: Frost & Sullivan

Traditional toys, in contrast, are more function-oriented with a higher focus on the play element and for educational purposes, which are generally aimed at young children aged 14 and below. They are typically reflected in the following features: (1) less reliance on IPs, generally without additional designs or re-creation, and in many cases with no IP at all, instead often based on everyday life subjects and themes such as animals or drawings; (2) using ordinary materials and conventional designs, with limited focus on artistic innovation or trend-driven colours; (3) seldomly incorporating playful elements or social-engagement-oriented mechanisms; (4) updating and refreshing the designs and SKUs much less frequently than pop toys, with no clearly defined product life cycle. Each SKU generally has a longer shelf life, and is typically not accompanied by dedicated marketing efforts or staged launch events; and (5) having a focus on the mass market and are mainly sold through non-specialty retail channels.

Especially when selecting materials, such as those for vinyl plush toys, except for meeting basic product safety and quality standards, the focus shifts to conveying emotional and collectible value. This necessitates meticulous attention to product details, requiring materials with a more refined touch and form. Ultimately, the product’s attributes dictate the material application, which in turn determines the product’s fundamental properties.

Classification of Pop Toys

Classified by product categories, pop toys can be divided into model figures, 3D building blocks, vinyl plush toys and others. Model figures are highly detailed, collectible figurines often based on animations, movies, games, or original characters. 3D building blocks include construction-style toys that allow users to assemble scenes, characters, or structures. Vinyl plush toys are generally soft and huggable, combining cute or stylized IP elements with emotional appeal. Other pop toys include a wide range of collectible items such as badges, ball-jointed dolls, and others.

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Value Chain Analysis of China’s Pop Toy Industry

The pop toy industry has achieved integrated development across its entire value chain, with IP running through the entire life cycle.

The upstream of the industry chain focuses on IP creation and IP licensing. The core competitiveness of the upstream lies in the IP’s content power, uniqueness, and fan loyalty. The emotional resonance of the core story and the distinctiveness of the artistic style determine the size of the core fan base and customer conversion rate. The main sources of IP include in-house design teams, collaborations with independent artists, licenses from established IP franchises, and other IP agency models. Through the granting of legal usage rights, IP licensing converts creative assets into commercial value, acting as a pivotal link for content monetization and brand expansion. Therefore, IP creation and IP licensing directly influence the market potential of the midstream and downstream of the industry chain.

The midstream segment focuses on IP operation and product manufacturing. IP operation is based on original character designs with high recognizability and emotional resonance, then quickly establishing its cultural position through limited-edition releases, related IP marketing activities. Derivative creation of IP content enriches the IP content, maintains its popularity, and broadens its audience. These key processes in the IP operation ultimately turn IPs into physical products that fans can hold onto and interact with. Further, IP operation deeply binds fans through emotional resonance and continuous interaction, forming highly cohesive communities. The general lifecycle and timeframe of a pop toy IP often spans around two years, while top-tier IPs with strong community management and continuous content creation can be extended for longer period. At the same time, multi-scenario content penetration strengthens user mindshare, achieving viral dissemination of product value. Thus, IP operation holds a core position in the industry chain, determining a product’s cultural attributes, emotional appeal, and consumer stickiness.

The downstream segment of the pop toy industry encompasses product sales channels, which are also the physical or virtual spaces where fans could play with their favorite IPs and toys. Offline channels primarily include pop toy collection stores, pop toy brand stores, vending robot stores, and third-party distributors. Among these, pop toy collection stores typically bring together multiple popular IPs, catering to the personalized needs of diverse consumers. Online channels mainly consist of integrated E-commerce platforms, brand’s official self-operated platforms, and specific online marketplaces for pop toy enthusiasts. Channel coverage and marketing strategies significantly influence product sales and market penetration. For instance, industry-leading companies ensure long-term customer loyalty through frequent and lasting consumer engagement, membership systems and community operations.

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Business models in the downstream segment of China’s pop toy industry primarily fall into three categories: direct sales, partner model, and distribution. In the direct sales model, brand owners directly operate their stores or online channels. This approach emphasizes consistency across the entire brand operation, facilitating direct access to consumer behavior data for precise product marketing. For the partner model, the specific methods of collaboration will vary among different pop toy retailers. For example, leading pop toy retailers may provide consignment model where the partner funds and runs the physical location, while retailers monitor the brand, operations, and inventory, and shares the revenue from sales. Thus, this model can rapidly accelerate the market expansion of pop toy brand owners, especially for expanding into lower-tier markets. The distribution model is suitable for large-scale sales of pop toy products based on mature IPs and for new brands in their initial stages, as it allows them to leverage channel resources to penetrate the market.

IP-focused pop toy companies primarily concentrate on incubating and developing popular IPs while relying on partners for other parts of the value chain. Category-focused pop toy companies typically specialize in a single type of trendy collectible toy with a more focused consumer group. In contrast, integrated players combine deep IP expertise with category breadth and full value chain integration, building a fully integrated platform centered on maximizing IP value and covering all key segments of the industry value chain. This integrated model creates a competitive advantage that enhances both brand influence and market leadership, while enabling them to capture value at every stage, from design and production to marketing and distribution, thereby ensuring that their IPs reach full commercial potential.

Market Size Analysis of China’s Pop Toy Industry

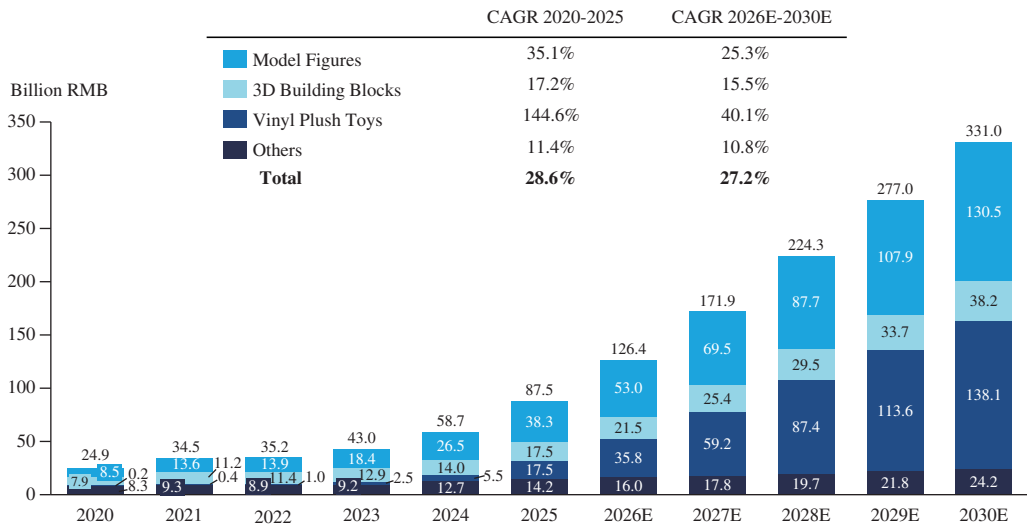
China’s pop toy industry has witnessed rapid growth, with GMV expanding from RMB24.9 billion in 2020 to RMB87.5 billion in 2025, representing a robust CAGR of 28.6%. This surge was primarily driven by increasing emotion-driven consumption, as pop toys increasingly serve as expressions of personal identity, nostalgia, and cultural affiliation. Looking ahead, with IP penetrating into diversified product categories and consumer experiences evolving into immersive, multi-sensory interactions, the industry is projected to grow from RMB126.4 billion in 2026 to RMB331.0 billion in 2030, achieving a CAGR of 27.2%.

Vinyl plush toys and model figures represent the key growth segments. Growth of vinyl plush toys is mainly supported by emotional resonance and visual appeal in daily life settings, driven by their versatility. Growth of model figures is driven by their collectible value, detailed craftsmanship, and emotional connection with well-known characters. IP-driven character re-creation of vinyl plush toys and model figures fosters emotional resonance within customers. 3D building blocks will remain the main segment of China’s pop toy industry as their popularity stems from the hands-on fun and creativity they offer, and the increasing collaboration with popular IPs. Also, 3D building blocks primarily emphasize the assembly process and the realization of creativity. Their product carriers are diversified and capable of accommodating various IPs. These products typically possess high levels of creativity and

INDUSTRY OVERVIEW

replay value, thus maintaining the core market position of 3D building blocks in the pop toy industry in the future. Thus, market share of vinyl plush toys in China’s pop toy industry by GMV is expected to increase from 20.0% in 2025 to 41.7% in 2030.

Market Size of China’s Pop Toy Industry by GMV, 2020-2030E



Source: Frost & Sullivan

Note: Others mainly includes BJDs, Ichiban Kuji, etc.

Market Drivers Analysis of China’s Pop Toy Industry

Increasingly Prominent Emotional Resonance among Main Consumer Groups

In the pop toy industry, emotional resonance has become the core driver, particularly among teenagers and adults who increasingly seek products reflecting their personalities, beliefs, and emotions. To meet this demand, brand owners are expanding their IP portfolios in pop toys, turning abstract concepts into physical, collectible products. Each pop toy acts as a unique emotional touchpoint, allowing users to connect with products that reflect their identity, nostalgia, aspirations, or sense of belonging. By integrating a diverse range of IPs into pop toys, from anime collaborations to social hot spots, brands can appeal to a broader spectrum of consumer interests and cultural preferences, connecting with more audiences and deepening emotional engagement.

INDUSTRY OVERVIEW

Diversified Consumer Base and Broad Cultural Appeal across Generations

China’s pop toy industry is expanding its reach by cultivating a more diversified consumer base and enhancing cultural relevance across generations. For younger consumers, pop toys are positioned as tools for social expression and emotional fulfillment, while middle-aged and older consumers are drawn to offerings with stronger emphasis on artistic value, collectible appeal, and lifestyle integration, such as high-end designer collaborations, fulfilling a shift from interest-based to value-based consumption. Meanwhile, the use of cross-generational cultural symbols, such as retro IPs, folk aesthetics, or traditional Chinese motifs, acts as a cultural bridge that resonates with multiple age groups. By aligning differentiated value propositions with generational expectations and activating shared cultural cues, pop toy brands are building long-term emotional resonance and expanding their influence across a more inclusive, age-diverse consumer landscape.

Expanding Product Matrices and Scenario-Based Marketing

To meet increasingly diverse consumer needs and capture fragmented consumption opportunities, leading pop toy brands are expanding beyond traditional collectible figures to develop diverse portfolios spanning model figures, 3D building blocks, vinyl plush toys, and other IP-derived products. At the same time, brands are adopting scenario-based marketing to activate products across real-world and digital touchpoints. Offline experiences, such as themed exhibitions, pop-up stores, and interactive installations in shopping malls, embed IPs into everyday lifestyle scenarios, such as interior decoration, relaxation zones, and curated art spaces. Online, livestreams, short videos, and communities drive continuous interaction and expand the reach of IP storytelling. By aligning diversified product offerings with immersive usage scenarios, brands are not only enhancing lifecycle value of IPs, but also repositioning pop toys as cross-category emotional lifestyle goods.

Pop Toy Innovation and Quality Assurance Driven by Robust and Agile Supply Chain

The well-established and highly clustered supply chain system has become a core driving force behind the growth of China’s pop toy industry and the increasing value of IP. Its inherent production flexibility allows brands to quickly launch limited editions, co-branded collections, and diversified product lines, maintaining continuous novelty in the market while effectively managing inventory and operational risks. This mature infrastructure ensures speed, reliability, and scalability, enhancing brands’ ability to deliver personalized, immersive consumer experiences and tap into the full commercial potential of their IP assets.

INDUSTRY OVERVIEW

Development Trends Analysis of China’s Pop Toy Industry

Multi-IP Synergy and Ecosystem Expansion

Rather than focusing on single-IP dominance, leading players are evolving toward multi-IP portfolio strategies, increasingly integrating narrative, character, and cross-category collaborations (e.g., with comics and movies) to build cohesive IP ecosystems. Proprietary IPs offer long-term brand equity and emotional resonance. Licensed IPs, drawn from well-known global or regional franchises, help brands tap into pre-existing fanbases and broaden appeal. Meanwhile, collaborative IPs developed through partnerships with other brands, artists, or cultural labels help add freshness, exclusivity, and media buzz. The deliberate orchestration of these IP types within product launches, merchandising layouts, and scenario-based promotions enables cross-IP exposure and conversion.

Globalization and Cultural Export of China’s Pop Toy

China’s pop toy industry is leveraging cultural confidence and the wave of globalization to accelerate the expansion of its domestic brands overseas. Through strategies such as social media content dissemination, the establishment of overseas offline experience spaces, and cross-regional IP collaborations, they are reaching consumers in the global pop toy industry, transforming China’s pop toy culture into a differentiated competitive advantage in the international market. This trend not only promotes the upgrade of China’s pop toys from product output to cultural output, but also, through the deep interaction between local brands and the global pop culture, redefines the value positioning of China’s pop toys in the international market.

Immersive Purchasing Experiences and Consumer Engagement

China’s pop toy industry is shifting from traditional product-centric retail towards a more immersive, experience-driven consumption model. Physical stores are no longer just points of sale, but evolving into multi-functional, community-driven cultural hubs that blend shopping with social interaction, art exhibition, and co-creation. This transformation aligns with the expectations of consumers who seek not only personalized products, but also cultural resonance, lifestyle identity, and impactful experiences. By combining entertainment, aesthetics, and participation, immersive retail formats elevate pop toy consumption from transactional purchases to emotional and cultural connections, reinforcing long-term consumer engagement.

INDUSTRY OVERVIEW

Innovative Product and Supply Chain Upgrade

As China’s pop toy industry evolves, product innovation is shifting from simple static figures to hybrid designs featuring articulated joints, mixed materials, and modular components. This trend adds complexity across design, production, and retail, making end-to-end integration more critical. Manufacturers are developing modular production lines that can handle low-volume, high-variety orders, and integrating cross-material processing capabilities to support diverse design elements. Meanwhile, emerging technologies such as high-precision 3D printing and AI-generated content (AIGC), enable faster prototyping, more accurate artistic replication, and reduced development cycles, making it easier to turn creative concepts into physical products with minimal deviation.

Entry Barrier Analysis of China’s Pop Toy Industry

China’s pop toy industry features high entry barriers driven by strong brand ecosystems, diversified IP portfolios, extensive omni-channel networks, efficient and flexible supply chains, and substantial capital requirements. Leading players build deep consumer engagement and loyalty through immersive experiences, while leveraging multi-IP strategies and content creation to enhance monetization and community stickiness. At the same time, early control of premium channels and agile supply chain capabilities enable rapid product iteration and market responsiveness. These factors, combined with the need for sustained investment across branding, IP development, and operations, create significant barriers for new entrants.

Market Challenges of China’s Pop Toy Industry

The rapid expansion of China’s pop toy market has intensified competition, as an increasing number of brands and IPs crowd the market, leading to growing product homogeneity and fiercer rivalry. At the same time, consumers are becoming more discerning, seeking greater novelty, personalization, and emotional connection from the products they purchase, which pushes brands to innovate in design, materials, and user experience while accelerating product iteration. This fast-paced cycle of innovation in turn may place heavy demands on supply chain flexibility, production efficiency, and creative execution. Balancing speed, innovation, and quality has therefore become essential for companies striving to sustain differentiation and growth in an increasingly saturated market to overcome the market challenges of China’s pop toy industry.

Competitive Landscape Analysis of China’s Pop Toy Industry

Market size of China’s pop toy industry by GMV reached RMB87.5 billion in 2025. The combined market share of the top five pop toy retailers in China’s pop toy industry by GMV reached 32.5%, representing a relatively fragmented market. Among them, our Group achieved GMV of RMB4.2 billion in China in 2025, ranking the second in China’s pop toy industry with a market share of 4.8%. Among the top 5 pop toy retailers in China’s pop toy industry by GMV, our Group represents the highest growth in GMV and the highest growth in store number in China by CAGR from 2020 to 2025.

INDUSTRY OVERVIEW

Top 5 Pop Toy Retailers in China’s Pop Toy Industry by GMV, 2025

Ranking	Pop Toys Retailers in China	Types of Pop Toys Retailers	GMV of Each Pop Toys Retailer in China (RMB Billion)	Market Share by GMV (%)
1	Company A	Brand-owned Retailers ⁽¹⁾	19.1	21.8%
2	Our Group	Pop Toys Collection Retailers⁽²⁾	4.2	4.8%
3	Company B	Brand-owned Retailers	3.6	4.1%
4	Company C	Pop Toys Collection Retailers	0.8	0.9%
5	Company D	Pop Toys Collection Retailers	0.8	0.9%
Top 5			28.5	32.5%
Market Size of China’s Pop Toys Industry by GMV			87.5	

Source: Frost & Sullivan

Notes:

1. Brand-owned retailers refers to pop toy retailers that independently possess pop toy brands and mainly retail their proprietary products in their own pop toy brand stores.
2. Pop toy collection retailers focus on selling a wide variety of pop toys from multiple brands belonging to distinct pop toy retailers, covering diverse styles, IPs, and independent artist designs.
3. Founded in 2010 and headquartered in Beijing, China, Company A is a listed company specializing in its own brand retail, IP creation, IP operation and product retail. Major pop toy types of Company A include model figures and vinyl plush toys.
4. Founded in 1932 and headquartered in Denmark, Company B is a non-listed company focusing on its own brand retail, IP creation and IP operation. Major pop toy types of Company B are 3D building blocks.
5. Founded in 2020 and headquartered in Guangdong, China, Company C is a non-listed company specializing in IP creation, IP operation and pop toy product retail. Major pop toy types of Company C include model figures, 3D building blocks and vinyl plush toys.
6. Founded in 2012 and headquartered in Zhejiang, China, Company D is a non-listed company focusing on IP creation, IP operation and pop toy product retail. Major pop toy types of Company D are 3D building blocks and model figures.

The combined market share of the top five pop toy collection retailers in China’s pop toy industry by GMV reached 7.4%, representing a fragmented market. Our Group achieved GMV of RMB4.2 billion in China in 2025, ranking the first as pop toy collection retailers in China’s pop toy industry with a market share of 4.8%.

INDUSTRY OVERVIEW

Top 5 Pop Toy Collection Retailers in China’s Pop Toy Industry by GMV, 2025

Ranking	Pop Toys Collection Retailers in China	GMV of Each Pop Toys Collection Retailer in China (RMB Billion)	Market Share by GMV (%)
1	Our Group	4.2	4.8%
2	Company C	0.8	0.9%
3	Company D	0.8	0.9%
4	Company E	0.3	0.4%
5	Company F	0.3	0.4%
Top 5		6.4	7.4%
Market Size of China’s Pop Toys Industry by GMV		87.5	

Source: Frost & Sullivan

Notes:

1. Founded in 2010 and headquartered in Fujian, China, Company E is a non-listed company focusing on its own IP creation, IP operation and pop toys product retail. Major pop toy types of Company E are model figures and vinyl plush toys.
2. Founded in 2018 and headquartered in Shanghai, China, Company F is a non-listed company specializing in pop toys product retail. Major pop toy types of Company F include model figures and 3D building blocks.

Major Costs and Raw Material Analysis of China’s Pop Toy Industry

PVC (polyvinyl chloride) and ABS (acrylonitrile butadiene styrene) are the primary raw materials in pop toy manufacturing, largely due to their respective advantages in plasticity and functionality. PVC is favored for mass production due to its excellent elasticity and flowability, making it the optimal choice for creating intricate details and pre-painted finished products. ABS, on the other hand, boasts higher strength and impact resistance. This makes it a common choice for load-bearing structures or joint components in figures. From 2020 to 2025, the average prices of PVC decreased from RMB6.5 thousand per ton to RMB4.8 thousand per ton, representing a CAGR of -5.9%. From 2020 to 2025, the average prices of ABS decreased from RMB12.9 thousand per ton to RMB9.8 thousand per ton, representing a CAGR of -5.3%.

OVERVIEW OF GLOBAL POP TOY INDUSTRY

Development Status of Global Pop Toy Industry

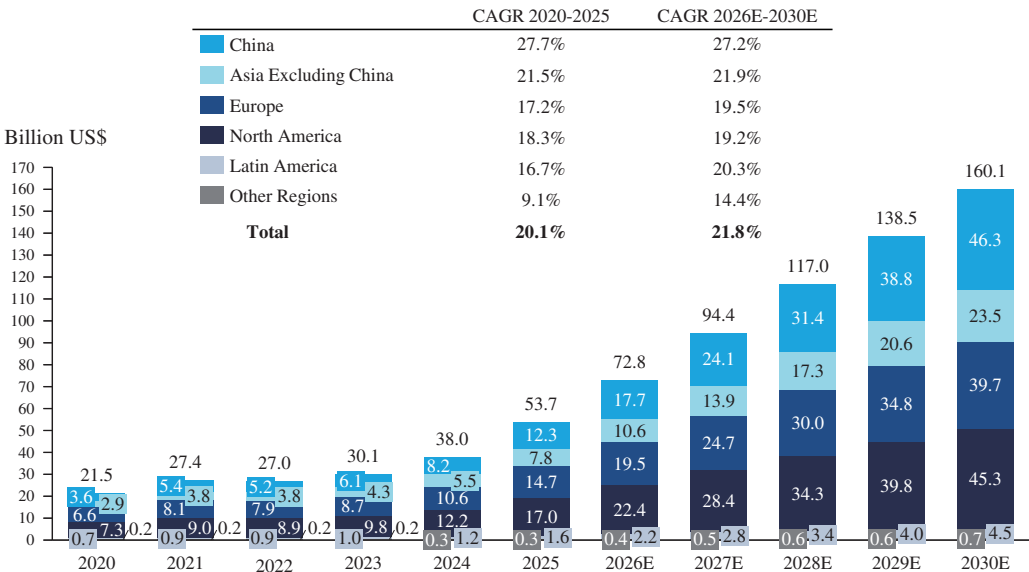
With Generation Z and young consumers increasingly pursuing personalization, IP culture and collection value, global pop toy market is experiencing rapid development opportunities. Southeast Asia, in particular, boasts strong market potential due to its youthful population structure, rising consumer purchasing power, high identification with Chinese, Japanese, and Korean pop culture and high acceptance of blind box play and IP images. Japan, as one of the birthplaces of pop toys, has a mature animation IP system and artist resources, which is an important platform for IP co-branding and brand cooperation for pop toy brands. The U.S. pop toy industry often integrates with popular culture, relying on the local collectibles, IP culture, and continue to enhance the social attributes of pop toys and the pursuit of personalized expression of consumers.

INDUSTRY OVERVIEW

Market Size Analysis of Global Pop Toy Industry

As customer purchasing behavior of the pop toy industry transitions from functional consumption to emotional consumption, the global market size of the pop toy industry has grown from US\$21.5 billion in 2020 to US\$53.7 billion in 2025, with a CAGR of 20.1%. The global pop toy industry continues to evolve toward IP-driven content and immersive consumption scenarios, gradually transforming from a single toy product into a cultural carrier that conveys emotions. It is estimated that the global market size of the pop toy industry will increase from US\$72.8 billion in 2026 to US\$160.1 billion in 2030, with a CAGR of 21.8%.

Market Size of Global Pop Toy Industry by Regions by GMV, 2020-2030E



Source: Frost & Sullivan

Due to strong consumer demand driven by factors such as IP collaborations, blind box trends, and the cultural appeal of pop toys, Japan’s pop toy industry is expected to rise from US\$3.4 billion in 2025 to US\$8.4 billion in 2030, at a CAGR of 19.9%. In Southeast Asia’s pop toy industry, due to the increasing disposable income of the region’s middle class, the shift in consumption concepts and the influence of social media and local KOLs, the industry is projected to surge from US\$3.1 billion in 2025 to US\$12.0 billion in 2030, at a CAGR of 31.5%.

China’s Pop Toy Retailers Driving the Global Trend

China’s pop toy retailers primarily consist of pop toy collection retailers, brand-owned retailers, and traditional toy retailers. Pop toy collection retailers focus on selling a wide variety of pop toys from multiple brands, covering diverse styles, IPs, and independent artist designs. Major retailers also operate their own proprietary IPs or collaborative lines. Pop toy

INDUSTRY OVERVIEW

self-owned brand retailers focus on creating and selling their own IP toy products. Traditional toy retailers sell a wide range of toys, including kid’s toys and pop toys. Their target consumers are primarily children and families, and pop toys usually make up a small portion of their overall product offering.

Driven by IP-led innovation, supply chain advantages, and globalization strategies, China’s pop toy retailers are at the forefront of global trend development. Leading players leverage self-developed IPs, immersive retail experiences, and strong supply chain capabilities to enhance consumer engagement and enable rapid product iteration. Meanwhile, social media and IP culture amplify global reach, while multi-IP portfolios and omni-channel networks support overseas expansion. Through localized strategies tailored to regional preferences, these retailers effectively penetrate international markets, evolving from product exports to cultural exports.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

We commenced our pop toy businesses as a wholly-owned subsidiary of MINISO Group since 2020. In preparation for the [REDACTED], our Company was incorporated as an exempted company with limited liability in the Cayman Islands on April 24, 2025, and after a series of reorganizations, became the holding company of our current pop toy businesses. We have a well-established TOP TOY store network in Chinese Mainland, and since late 2024, we have also begun to expand into overseas markets. Upon the completion of the [REDACTED], our Company will become a dedicated pop toy collection brand with independent operations.

KEY BUSINESS MILESTONES

The following table is a summary of our key business development milestones:

Date	Event
2020	We opened the first TOP TOY store, which marked the official launch of the TOP TOY brand.
2021	We hosted our first large-scale pop toy exhibition, TOP TOY Show. We launched our first proprietary IP, A Gyun.
2022	The number of our licensed IPs reached 40.
2023	We achieved over RMB1 billion in omni-channel annual GMV in 2023.
2024	We launched our first series of self-developed vinyl plush toys. We began expanding into overseas markets, including Thailand, Malaysia, and Indonesia, which marked the start of TOP TOY’s global expansion.
2025	We opened the first global flagship store in Shanghai and entered the Japanese market. In July, we completed our Series A financing with investments from Temasek and other independent investors. The number of our proprietary IPs surpassed 20, contributing to more than 5% of our total revenue collectively.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR MAJOR SUBSIDIARIES

The following table sets forth the principal business activities, date of establishment and commencement of business of each member of our Group considered material to our operations as of December 31, 2025:

Name of Entity	Principal Business Activities	Date and Place of Incorporation
TOP TOY (Guangdong) Cultural Creativity Co., Ltd. (那是家大潮玩(廣東)文化創意有限公司)	Wholesale and retail of pop toy products	September 7, 2020, China
Originality TOP TOY (Guangzhou) Cultural Creativity Co., Ltd. (原創力潮玩 (廣州) 文化創意有限公司)	Wholesale of pop toy products	June 11, 2021, China
Top Toy (Guangdong) Commercial Development Co., Ltd. (那是家大潮玩(廣東)商業發展有限公司)	Retail of pop toy products	July 27, 2023, China
Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd. (那是家大潮玩(珠海橫琴)商業發展有限公司).	Brand licensing and management and consultation service	October 8, 2024, China
Dongguan Sure Fun Cultural and Creative Co., Ltd. (東莞果然有趣文化創意有限公司)	Wholesale of pop toy products	May 19, 2025, China

[REDACTED]

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

[REDACTED]

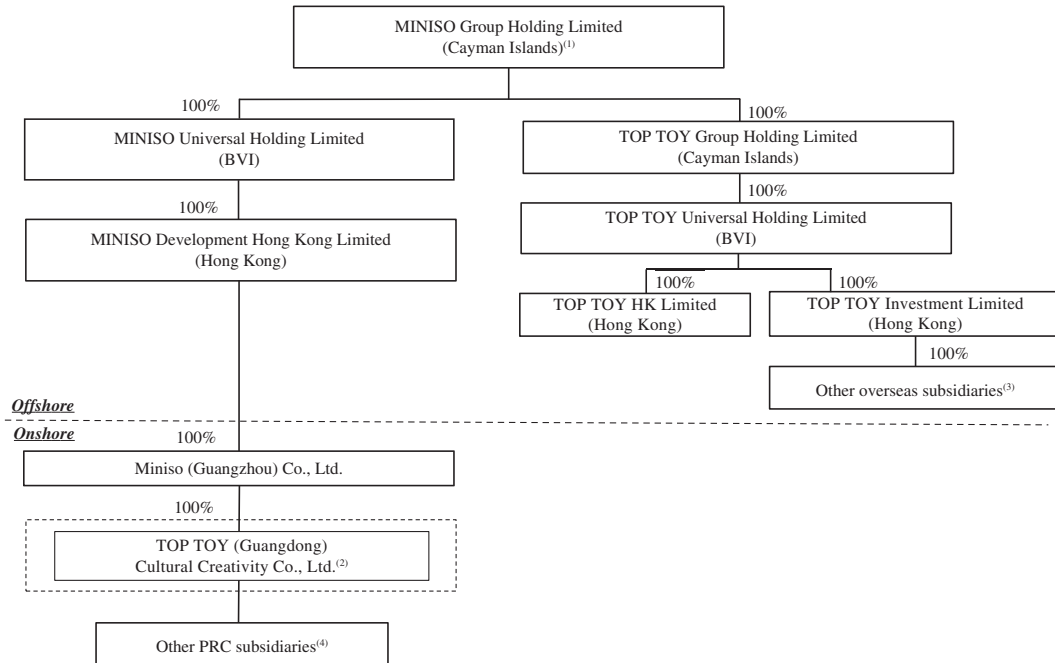
REORGANIZATION

In preparation for the [REDACTED], we underwent reorganization of our corporate structure (the “**Reorganization**”). In conjunction with the Reorganization, there have been certain Business Rearrangement in place with MINISO Group to better align the business transactions and operations with the proposed structure of the Group after such Reorganization and to ensure clear business delineation between MINISO Group and our Group. For further details of the Business Rearrangement, please refer to the section headed “Relationship with our Controlling Shareholders — Business Rearrangement” in this document.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Corporate structure prior to the commencement of the Reorganization

The following chart sets forth the simplified corporate structure of the MINISO Group immediately prior to the commencement of the Reorganization:



Notes:

- (1) MINISO Group Holding Limited, one of our controlling shareholders, is an exempted company incorporated in the Cayman Islands with limited liability. It was listed on the NYSE under the symbol “MNSO” in October 2020 and listed on the Hong Kong Stock Exchange under the Stock Code “9896” in June 2022.
- (2) TOP TOY (Guangdong) Cultural Creativity Co., Ltd is a limited liability company incorporated under the laws of the PRC, and the operating entity of the TOP TOY business in the PRC. It was a wholly-owned subsidiary of Miniso (Guangzhou) Co., Ltd., a wholly-owned subsidiary of MINISO, prior to the Reorganization.
- (3) For details of other overseas subsidiaries, see section headed “— Corporate and Shareholding Structure” below.
- (4) For details of other PRC subsidiaries, see section headed “— Corporate and Shareholding Structure” below.

In preparation of the [REDACTED], the following Reorganization steps have been carried out:

1. Incorporation of our Company and establishment of an offshore holding structure

On April 24, 2025, our Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of US\$50,000 divided into 5,000,000,000 Shares of a par value of US\$0.00001 each.

On June 30, 2025, MINISO subscribed for 880,000,000 Shares of a par value of US\$0.00001 each with total cash consideration of US\$8,800, and subsequently became our Controlling Shareholder.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

On July 10, 2025, a total of 85,016,800 Shares were issued to several offshore holding vehicles incorporated in the BVI, namely, SunYW holding Limited, YXJ Holding LIMITED and TOPTOY MANAGEMENT HOLDING LIMITED, for awarding certain directors and employees of our PRC subsidiaries for their contributions. For details, see section headed “—Corporate and Shareholding Structure” below.

2. Transfer of offshore holding company and offshore subsidiaries to our Company

Prior to the Reorganization, TOP TOY Group Holding Limited (“**TT Cayman Holdco**”) was a wholly-owned subsidiary of MINISO, and TT Cayman Holdco held the entire share capital, both directly and indirectly, of all of our overseas subsidiaries. On July 1, 2025, our Company acquired the entire share capital in TT Cayman Holdco from MINISO for a consideration of US\$50,000, representing the par value of all of the then outstanding shares of TT Cayman Holdco and was determined with reference to the negative net asset value of TT Cayman Holdco as at June 30, 2025. Subsequently, TT Cayman Holdco became a wholly-owned subsidiary of our Company.

3. Transfer of PRC holding company and PRC subsidiaries to our Company

Prior to the Reorganization, TOP TOY (Guangdong) Cultural Creativity Co., Ltd. (“**TT Guangzhou**”) was an indirectly wholly-owned subsidiary of MINISO established in the PRC and the holding company for all of the PRC subsidiaries for the operation of our pop toy businesses in Chinese Mainland. Pursuant to the equity transfer agreement dated July 2, 2025, Miniso (Guangzhou) Co., Ltd. (“**MINISO Guangzhou**”), a wholly-owned subsidiary of MINISO, agreed to transfer all of its equity interests in TT Guangzhou to TOP TOY HK Limited, an indirect wholly-owned subsidiary of TT Cayman Holdco, for a consideration of RMB5.0 million. The consideration was determined with reference to the registered capital of RMB5.0 million fully paid by MINISO Guangzhou in TT Guangzhou as it has negative net asset value as at October 31, 2024 as assessed by an independent valuer on December 10, 2024. Upon completion of the equity transfer on July 4, 2025, TT Guangzhou became a wholly-owned subsidiary of our Company.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We had not carried out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRE-[REDACTED] INVESTMENT

Principal Terms of the Pre-[REDACTED] Investments

The table below summarizes the principal terms of the Pre-[REDACTED] Investments:

	Series A Financing
Date of investment agreements	July 24 & 25, 2025
Date on which the investments were fully settled	July 31, 2025
Total amount of proceeds raised	US\$59.4 million
Approximate valuation	US\$1.3 billion (equivalent to approximately HK\$10.2 billion)
Cost per Preferred Share ⁽¹⁾	US\$1.25
Discount to the mid-point of the [REDACTED] Range ⁽²⁾	[REDACTED]%
Lock-up Period	The holders of Series A Preferred Shares are not subject to any lock-up arrangement upon consummation of the [REDACTED] of the Company pursuant to the relevant investment agreements.
Special rights of the Pre-[REDACTED] Investors	Certain special rights were granted to our Pre-[REDACTED] Investors under the relevant agreements, including right of refusal, tag-along rights, information right, pre-emptive right, director nomination right, veto right for certain corporate actions and divestment right. The divestment right shall cease to be exercisable prior to the first submission of our application for the [REDACTED] (the “Submission”), and the divestment right and all other special rights will terminate upon the completion of the [REDACTED]. No special rights granted to our Pre-[REDACTED] Investors will survive after the [REDACTED], in compliance with the Pre-[REDACTED] Investment Guidance.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Series A Financing

In addition, for anti-dilution purposes, each Pre-[REDACTED] Investor shall have option to purchase and subscribe for additional shares of the Company at the [REDACTED], for up to an amount equal to the total consideration paid by each of the Pre-[REDACTED] Investors in the Series A Financing, so long as the subscription is in compliance with the Listing Rules.

Use of proceeds and whether they have been fully utilized

The proceeds served as the general working capital of our Group and was utilized for the development, expansion and operation of our Group’s business. As of the Latest Practicable Date, approximately 16.5% of the net proceeds from the Pre-[REDACTED] Investments by the Pre-[REDACTED] Investors were utilized.

Strategic benefits of the Pre-[REDACTED] Investors brought to our Company . . .

At the time of the Pre-[REDACTED] Investments, our Directors were of the view that in addition to providing additional capital for our Group’s continued growth, our Group could benefit from the Pre-[REDACTED] Investors’ commitment to our Company as their investment demonstrates their confidence in the operations of our Group and serves as an endorsement of our Company’s performance, strength and prospects.

Notes:

- (1) The considerations were determined based on arm’s length negotiations between our Company and the Pre-[REDACTED] Investors after taking into consideration the timing of the investments and the status of our business and operating entities.
- (2) Assuming the [REDACTED] is fixed at HK\$[REDACTED], being the mid-point of the indicative [REDACTED] range.

Compliance with Pre-[REDACTED] Investment Guidance

On the basis that (i) the Pre-[REDACTED] Investments were irrevocably settled more than 28 clear days before the date of the first filing of the [REDACTED] application, (ii) the divestment rights granted to the Pre-[REDACTED] investors have ceased to be exercisable prior to the Submission, and (iii) the divestment right and all other special rights granted to the Pre-[REDACTED] Investors will be terminated upon the completion of the [REDACTED], the Joint Sponsors are of the view that the Pre-[REDACTED] Investments are in compliance with the Chapter 4.2 of the Guide.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Information about our Pre-[REDACTED] Investors

Set out below is a description of all of our Pre-[REDACTED] Investors. To the best knowledge of the Company, each of the Pre-[REDACTED] Investors, together with their ultimate beneficial owners, is an Independent Third Party.

Emei Investments

Emei Investments Pte. Ltd. (“**Emei Investment**”) is an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited (“**Temasek**”). Temasek is a global investment company headquartered in Singapore, with a net portfolio value of S\$434 billion (RMB2.35 trillion) as at 31 March 2025. Its Purpose “So Every Generation Prospers” guides it to make a difference for today’s and future generations. Temasek seeks to build a resilient and forward-looking portfolio that will deliver sustainable returns over the long term. It has 13 offices in 9 countries around the world: Beijing, Hanoi, Mumbai, Shanghai, Shenzhen, and Singapore in Asia; and Brussels, London, Mexico City, New York, Paris, San Francisco, and Washington, DC outside Asia.

True Light

True Light Investments P Pte. Ltd. (“**True Light**”) is indirectly wholly-held by True Light Capital GP Pte. Ltd. (“**True Light GP**”). True Light GP in its capacity as the general partner of True Light Fund I LP holds such interests in True Light on behalf of True Light Fund I LP. True Light GP has appointed True Light Capital Pte. Ltd. (“**True Light Capital**”) as the investment manager of True Light Fund I LP. Established in 2021, True Light Capital is a long-term investor focusing on investment opportunities which have a nexus to or have a major business relationship with China. Both True Light GP and True Light Capital are indirectly wholly-owned subsidiaries of Temasek.

Oakwise

Oakwise Innovation Fund SPC-New Technology II SP (“**Oakwise**”) is a segregated portfolio established under the laws of the Cayman Islands and managed by Oakwise Asset Management Limited, which is ultimately beneficially owned by Mr. Wang Fengyu (王風雨) (a professional investor). There are no other beneficial owners that control 30% or more of the interests in Oakwise. Oakwise Innovation Funds primarily invests in private equity market focusing on new-generation IT, advanced manufacturing, consumer & retail, TMT, biomedical, new energy and other industrial leading enterprises in new economy industries.

Joint Creation Investment

Joint Creation Investment Management Group Co., Ltd is a limited company incorporated in British Virgin Islands on May 27, 2025, which is ultimately beneficially owned by Mr. Xie Guohua (謝國華) through Joint Creation Investment Management Co., Ltd. and Chuangxiang Investment Management Co., LTD.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CAPITALIZATION OF OUR COMPANY

The following table sets out the shareholding structure of our Company as of the Latest Practicable Date and immediately prior to the completion of the [REDACTED] and the [REDACTED].

Name of Shareholders	Ordinary Shares	Series A Preferred Shares acquired	Consideration paid at Series A Financing	Number of Shares	Aggregate ownership percentage as of the Latest Practicable Date
			(US\$)		
MINISO Group Holding Limited	880,000,000	–	–	880,000,000	86.9%
Sun YW holding Limited. . .	39,500,000	–	–	39,500,000	3.9%
TOPTOY MANAGEMENT HOLDING LIMITED	37,016,800	–	–	37,016,800	3.7%
YXJ Holding Limited	8,500,000	–	–	8,500,000	0.8%
<i>Pre-[REDACTED] Investors</i>					
Emei Investment	–	32,061,778	40,000,000	32,061,778	3.2%
True Light	–	8,015,444	10,000,000	8,015,444	0.8%
Oakwise	–	5,555,556	6,931,063.64	5,555,556	0.6%
Joint Creation Investment . .	–	2,000,000	2,495,182.91	2,000,000	0.2%
Total	965,016,800	47,632,778	59,426,246.55	1,012,649,578	100%

Note:

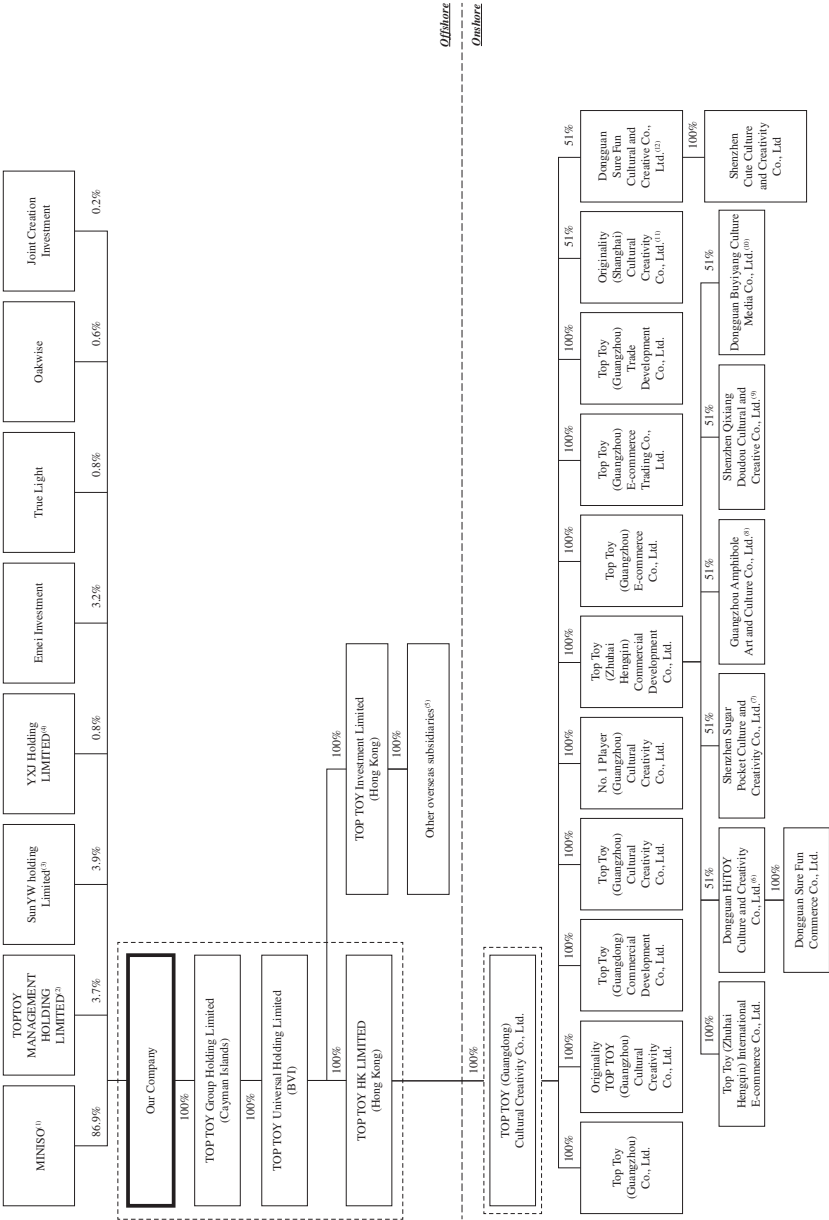
- (1) Based on the assumption that each of the Preferred Shares will be automatically converted into one Share upon the [REDACTED] becoming unconditional.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE AND SHAREHOLDING STRUCTURE

Corporate structure immediate before completion of the [REDACTED] and the [REDACTED]

The following diagram illustrates a simplified corporate and shareholding structure of our Group upon completion of the restructuring and immediately prior to the [REDACTED] and the [REDACTED]:

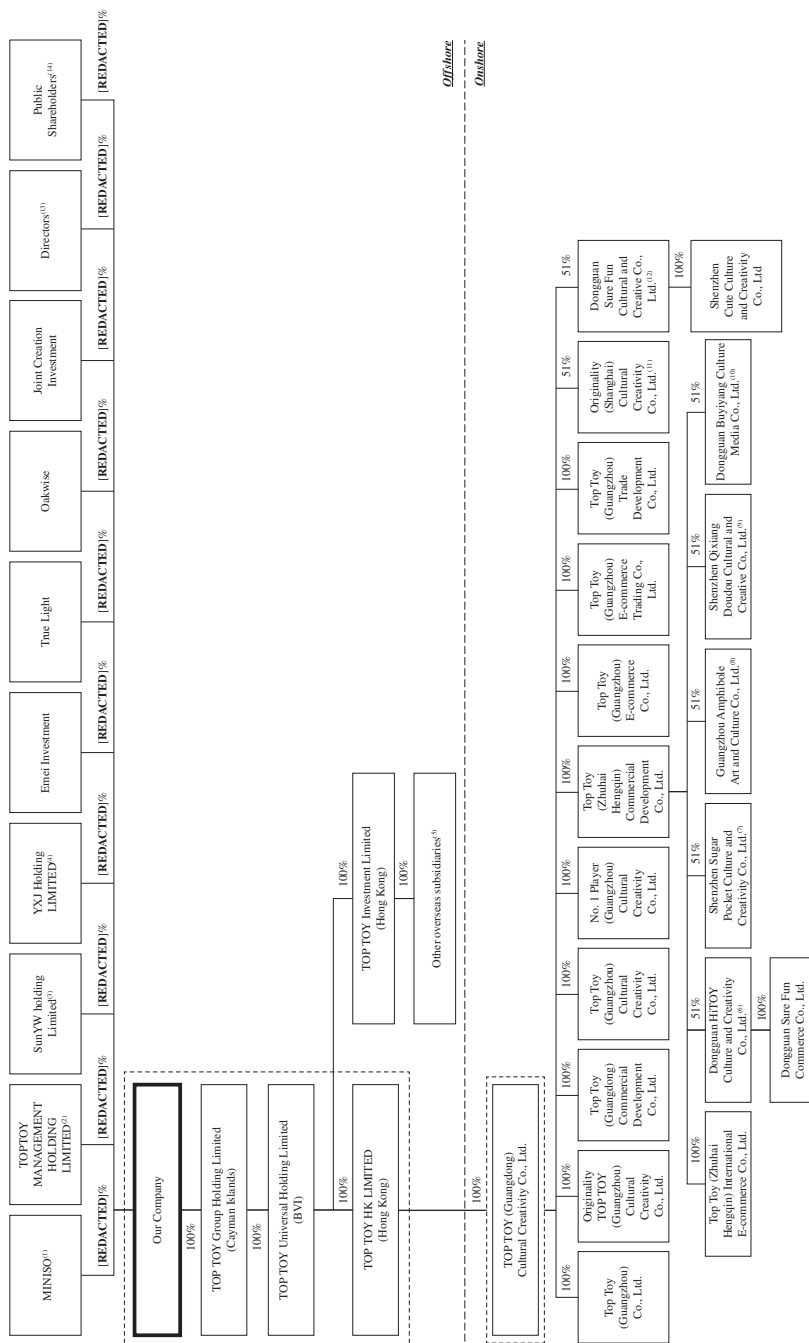


HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) MINISO, our Controlling Shareholder, is an exempted company incorporated in the Cayman Islands with limited liability. It was listed on the NYSE under the symbol “MNSO” in October 2020 and listed on the Hong Kong Stock Exchange under the Stock Code “9896” in June 2022.
- (2) TOPTOY MANAGEMENT HOLDING LIMITED is a share incentive platform incorporated in the BVI for incentivizing the employees of our Company. As of the Latest Practicable Date, there are approximately 39 current and former employees of the Company who held interests in TOPTOY MANAGEMENT HOLDING LIMITED, and none of whom are Directors or senior management members of the Company. As of the Latest Practicable Date, there are no outstanding options, restricted shares or share awards which have not been vested, and no further share options or awards will be granted before the [REDACTED].
- (3) Sun YW holding Limited is a holding vehicle incorporated in the BVI which is controlled by Mr. SUN Yuanwen through a trust. Mr. Sun is an executive Director and the chief executive officer of our Company. For details, please refer to section headed “Statutory and General Information — C. Further Information About Our Directors — 3. Disclosure of interests” in Appendix IV to this document.
- (4) YXJ Holding LIMITED is a holding vehicle incorporated in the BVI which is controlled by Ms. YAN Xiaojiao through a trust. Ms. Yan is an executive Director and the chief financial officer of our Company. For details, please refer to section headed “Statutory and General Information — C. Further Information About Our Directors — 3. Disclosure of interests” in Appendix IV to this document.
- (5) As of the Latest Practicable Date, other overseas subsidiaries of our Group include Top Toy Cultural & Creative (Thailand) Co., Ltd., TOP TOY International E-commerce Hong Kong Limited, TOP TOY Co., Ltd. (Japan), TOP TOY CULTURE & CREATIVITY SDN. BHD., TOP TOY Korea Co., Ltd., Top Toy Cultural & Creative (US) INC, Top Toy US Holdings INC, Top Toy Stores Holdings INC and TOP TOY CULTURAL & CREATIVE (SINGAPORE) PTE.LTD.
- (6) The remaining 49% equity interest of Dongguan HiTOY Culture and Creativity Co., Ltd. is held by Mr. FAN Zhisong, who is an employee and business partner of the Group. Dongguan HiTOY Culture and Creativity Co., Ltd. primarily engages in online sales of pop toy products.
- (7) The remaining 49% equity interest of Shenzhen Sugar Pocket Culture and Creativity Co., Ltd. is held by Ms. YANG Xiaoqing, who is an employee and business partner of the Group. Shenzhen Sugar Pocket Culture and Creativity Co., Ltd. primarily engages in wholesale of pop toy products.
- (8) The remaining 49% equity interest of Guangzhou Amphibole Art and Culture Co., Ltd. is held by Mr. LIU Xingfeng, an Independent Third Party who is also a business partner of the Group. Guangzhou Amphibole Art and Culture Co., Ltd. primarily engages in design and sales of pop toy products.
- (9) The remaining 34.3% and 14.7% equity interest of Shenzhen Qixiang Doudou Cultural and Creative Co., Ltd. is held by Mr. ZHENG Junyi and Mr. LI Rong respectively, each an Independent Third Party who is also a business partner of the Group. Shenzhen Qixiang Doudou Cultural and Creative Co., Ltd. primarily engages in design and sales of pop toy products.
- (10) The remaining 49% equity interest of Dongguan Buyiyang Culture Media Co., Ltd. is held by Mr. LI Bin, an Independent Third Party who is also a business partner of the Group. Dongguan Buyiyang Culture Media Co., Ltd. primarily engages in design and sales of pop toy products.
- (11) The remaining 49% equity interest of Originality (Shanghai) Cultural Creativity Co., Ltd. is held by Shanghai Multiple Opportunities Cultural Development Co., Ltd., which in turn, is ultimately controlled by Ms. SHOU Haiqing, an Independent Third Party who is also a business partner of the Group. Originality (Shanghai) Cultural Creativity Co., Ltd. primarily engages in retail of pop toy products.
- (12) The remaining 49% equity interest of Dongguan Sure Fun Cultural and Creative Co., Ltd. is held by Shenzhen Sure Fun Cultural and Creative Co., Ltd., which in turn, is wholly owned by Mr. FAN Zhisong, who is an employee and business partner of the Group. Dongguan Sure Fun Cultural and Creative Co., Ltd. primarily engages in wholesale of pop toy products.

The following diagram illustrates a simplified corporate and shareholding structure of our Group immediately after the [REDACTED] and the [REDACTED] (assuming that the [REDACTED] is not exercised and each Preferred Share will be converted into a Share upon [REDACTED]):



See footnotes (1)-(12) in preceding pages under the section headed “— Corporate structure immediate before completion of the [REDACTED]” and the [REDACTED]”.
 Shares to be received by certain Directors by way of [REDACTED] who currently hold interests in MINISO. For details, please refer to the section headed “Statutory and
 General Information — Further Information about Our Directors — Disclosure of Interests” in Appendix IV to this document.
 Includes approximately [REDACTED]% of the total issued share capital by way of [REDACTED] (but excluding the Shares received by our core connected persons (see
 footnote (9) above).

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRC REGULATORY REQUIREMENTS

As advised by our PRC Legal Adviser, the approvals and filing regarding the share transfers, reorganizations, acquisitions in respect of the PRC companies in our Group as described above have been obtained and the procedures involved are in accordance with PRC laws and regulations.

SAFE Registration

Pursuant to the SAFE Circular on Relevant Issues Concerning Foreign Exchange Administration of Overseas Investment and Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (“**SAFE Circular 37**”), promulgated by SAFE and became effective on July 4, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident individual shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap by PRC residents, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties. Pursuant to the SAFE Circular on Further Simplification and Improvement in Foreign Exchange Administration Policies on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (“**SAFE Circular 13**”), which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity was located.

As advised by our PRC Legal Adviser, Mr. Ye and Ms. Yang Yunyun (our Controlling Shareholders), our share incentive participant employees, who indirectly hold Shares of our Company and are known to us as being PRC citizens, have completed the process of initial registration under the SAFE Circular 37, with respect to the Overseas SPV set up by them.

[REDACTED]

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

[REDACTED]

BUSINESS

WHO WE ARE

We are China’s largest and fastest-growing pop toy collection brand. In 2025, we achieved GMV of RMB4.2 billion in Chinese Mainland, and our self-developed products accounted for over 55% of revenue — the highest among Chinese pop toy collection brands, according to Frost & Sullivan. From 2023 to 2025, we achieved a GMV CAGR exceeding 50%, making us the fastest-growing pop toy collection brand in China, according to Frost & Sullivan.

Since the launch of our first store in December 2020, we have established a fully integrated platform across the pop toy value chain. Leveraging deep insights into pop toy enthusiasts, we have developed industry-leading, consumer-oriented product design and IP operation capabilities. We have successfully built a comprehensive and expanding IP matrix driven by proprietary, licensed and third-party IPs, and created a pop toy universe with a diverse product portfolio. This product portfolio, including model figures, 3D building blocks, vinyl plush toys and others, enables us to meet the diverse needs of pop toy consumers and continuously expand our customer base. Through broad channel consumer reach, we ensure every consumer can experience the pure joy of pop toys and find their unique source of fun and emotional connection.



Notes:

- (1) Based on the Frost & Sullivan Report. Largest and highest proportion based on 2025 GMV in Chinese Mainland. Fastest-growing based on GMV CAGR from 2023 to 2025.
- (2) As of the Latest Practicable Date.
- (3) Including Tmall, Pinduoduo, JD.com, Douyin, Rednote, Weixin mini-program, and Meituan, among others.

BUSINESS

Our Journey

2020 — Inception: TOP TOY was incubated within the MINISO Group by leveraging MINISO’s consumer insights and deep retail expertise. Our first store opened in December 2020, followed by nearly 90 additional stores within a year. By utilizing MINISO’s mature global retail network, efficient supply chain management, and profound digital and consumer insight, we quickly entered and became a leader in the high-growth pop toy industry.

2021-2023 — Growth: We focused on full life-cycle operation and derivative creation of internationally renowned IPs with long lifecycles and broad fan bases. Through continual refinement and iteration of self-developed products and ongoing incubation of proprietary IPs, we implemented a dual-engine strategy including both self-developed and third-party products, with increasing self-developed product contribution and gross margin. Thanks to this strategy, we achieved over RMB1 billion in annual GMV in 2023. According to Frost & Sullivan, we are the fastest among Chinese pop toy brands to achieve this milestone.

2024-2025 — Globalization: Leveraging our enhanced product capabilities, brand momentum, and proven business model, we began expanding overseas, entering Thailand, Malaysia, Indonesia and Japan, and are continuing to execute our globalization strategy. As of the Latest Practicable Date, we have established 39 overseas stores.

This journey brought us to where we stand today. We have accumulated a substantial customer base, high brand awareness, and a broad sales network, becoming the largest and fastest-growing pop toy collection brand in China. Our revenue increased from RMB1,461.1 million in 2023 to RMB3,587.0 million in 2025, representing a CAGR of 56.7%. Our gross margin also increased from 31.4% in 2023 to 32.1% in 2025. Revenue contribution from our self-developed products increased from 53.6% of our total revenue from sales of pop toy products in 2023 to 56.7% in 2025.

OUR FULLY INTEGRATED POP TOY PLATFORM

We have built a fully integrated platform centered on maximizing IP value, covering all key segments of the industry value chain, which forms our unique competitive advantages.

IP Matrix and Operations

Through a diversified IP strategy, we have established a rich and high-quality IP resource pool, forming a comprehensive and expanding IP matrix that integrates proprietary, licensed, and third-party IPs. This approach is supported by our strong product R&D and design capabilities and expertise in derivative IP creation and operations. By constantly introducing proprietary IPs and partnering with renowned licensors such as Sanrio, Disney and Crayon Shin-chan, we ensure our portfolio remains dynamic and adaptive to market trends, enabling us to meet the diverse needs of all consumer groups with flexibility and speed.

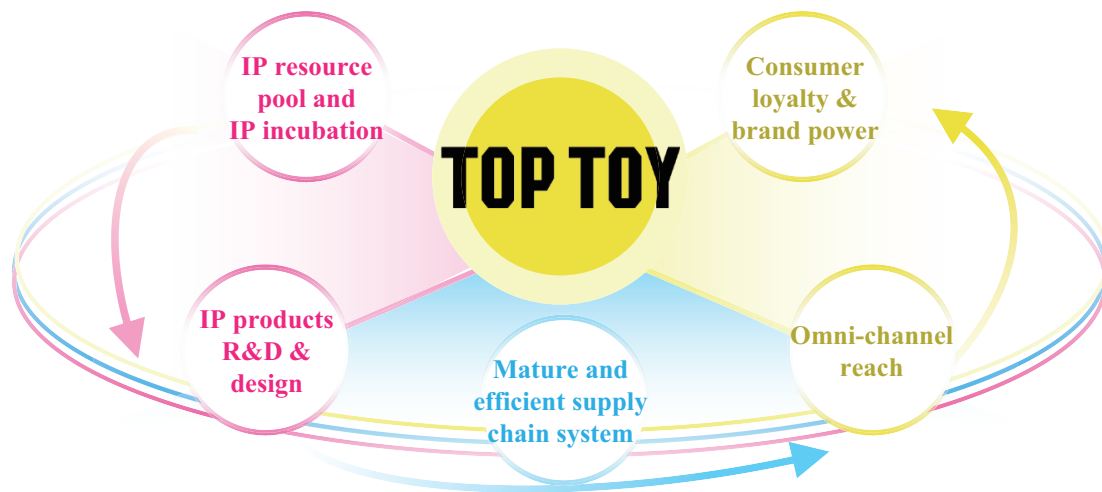
BUSINESS

Sales and Distribution Network

We have established broad and omni-channel consumer reach. Our offline store network offers immersive, interactive experiences and strong brand visibility, serving as a prime venue for direct consumer engagement. This allows us to gather direct and real-time feedback that informs our product design and channel selection strategies. In addition to our own Tmall flagship store and mini-programs, our products are available through other major Chinese e-commerce platforms, emerging content commerce platforms, large retailers such as Sam’s Club and Don Don Donki, and a variety of other retail channels. We are also expanding into emerging overseas markets through adaptable business models.

End-to-End Integration

According to Frost & Sullivan, we are among the few brands in the industry to achieve comprehensive coverage of IP incubation, operation, and direct consumer engagement and a leading position across the entire pop toy value chain. Our strong IP operations enable us to create products that resonate with consumers and foster emotional connections through our omni-channel network. In terms of production, we provide design molds, engage in close collaboration with a network of qualified manufacturing partners, and implement rigorous quality control and supply chain management systems to improve manufacturing process and ensure our standards are consistently met. As a fully integrated pop toy platform, we build strong ecosystem partnerships, creating a virtuous cycle that maximizes IP value and promotes pop toy culture.



MARKET OPPORTUNITIES

China’s pop toy market is experiencing rapid growth. According to Frost & Sullivan, its market size grew from RMB24.9 billion in 2020 to RMB87.5 billion in 2025 (representing a CAGR of 28.6%) and is expected to grow from RMB126.4 billion in 2026 to RMB331.0 billion by 2030 (representing a CAGR of 27.2%). In the future, pop toys are expected to diversify into a wider array of product categories, with consumer experiences becoming more integrated and multifaceted, delivering highly immersive, scenario-based interactions.

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Globally, as Gen Z and younger consumers increasingly seek individuality, IP-driven culture, and collectible value, the global pop toy market is also experiencing rapid growth opportunities. According to Frost & Sullivan, the global pop toy industry grew from US\$21.5 billion in 2020 to US\$53.7 billion in 2025 (representing a CAGR of 20.1%). The market is further projected to expand from US\$72.8 billion in 2026 to US\$160.1 billion by 2030 (representing a CAGR of 21.8%).

As the largest and fastest-growing pop toy collection brand in China, with a fully integrated platform and an expanding global presence, we are well positioned to capture future industry growth opportunities in China and internationally.

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and set us apart from our competitors:

Robust Brand Momentum and Commercialization Capabilities

We operate China’s largest and fastest-growing pop toy collection brand, with well-established brand identity. Our store network covering more than 90 cities in Chinese Mainland provides consumers with a one-stop, multi-IP, all-category, and multi-scenario pop toy experience, making us the top choice for pop toy consumers. In 2025, our GMV in Chinese Mainland reached RMB4.2 billion, ranking first among pop toy collection brands in China, according to Frost & Sullivan.

Our robust brand momentum and commercialization capabilities have allowed us to aggregate core resources across the industry value chain, fostering a symbiotic and mutually beneficial ecosystem that attracts partners from all segments:

An Incubator for Artistic Talent: We serve as an incubator for independent artists, empowering them to realize their artistic visions by providing comprehensive support from initial concept to mass production. These partnerships have resulted in the successful incubation of proprietary IPs such as Strong Lucky Cat, A Gyun, and Nommi.

A Preferred Partner for Global IPs: We are a trusted partner for global IP licensors seeking to enter the pop toy category. We have established stable and deep collaborations with top-tier global IP partners, including industry leaders like Sanrio, Disney and Crayon Shin-chan.

An In-Demand Products Provider for Pop Toy Channels: We provide products that are popular among global pop toy channels. Leveraging our high-quality IP portfolio, we develop, design, and produce pop toys across multiple categories, including model figures, 3D building blocks, and vinyl plush toys, for pop toy channels worldwide.

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A Powerful Platform for Third-Party Brands: We offer a platform for other pop toy brands to gain significant brand exposure. We collaborate with renowned brands such as Bandai and Pokémon to enhance our premium product selection and collectively foster an expanding pop toy ecosystem.

A Preferred Tenant for Premier Real Estate: We are a preferred tenant for core commercial districts, frequently receiving invitations from premium shopping malls to open stores in prime locations. Our brand’s appeal attracts young and family-oriented customer segments, serving as a key driver for improving customer traffic and overall vitality for these malls. This allows us to consistently secure prime retail locations, attracting higher foot traffic, reinforcing our brand image, and driving our business growth.

A Sought-After Partner for Retail Partners: We are a sought-after partner for high-quality retailers. Numerous retailers with strong local resources proactively seek to collaborate with us, leveraging our brand influence and product appeal to efficiently and successfully replicate our store model nationwide.

Our exceptional product appeal and immersive pop toy consumer experiences drove over 80 million visits to our stores in 2025. We have cultivated a membership base exceeding 12 million, one of the largest in the pop toy industry, according to Frost & Sullivan. According to Frost & Sullivan’s consumer research, more consumers consider TOP TOY as their most preferred pop toy collection brand than any other brand, and 83.2% of consumers indicated they would continue to buy pop toys from us.

Our brand momentum has also extended to neighboring countries and regions. In 2025, we entered the Southeast Asian market and East Asian market, where our single-store sales performance significantly exceeded the domestic average. We continue to enter more overseas markets.

We have been recognized with prestigious awards such as the “2023-2024 Forbes China New Retail Potential Enterprises TOP 50” and the “2024 Asian Licensing Excellence Awards — Licensee of the Year (Toys).” Moving forward, we will continue to strengthen our brand recognition and build a world-class pop toy brand originating from China.

Diverse IP Matrix with Unique IP Crossover Strategies

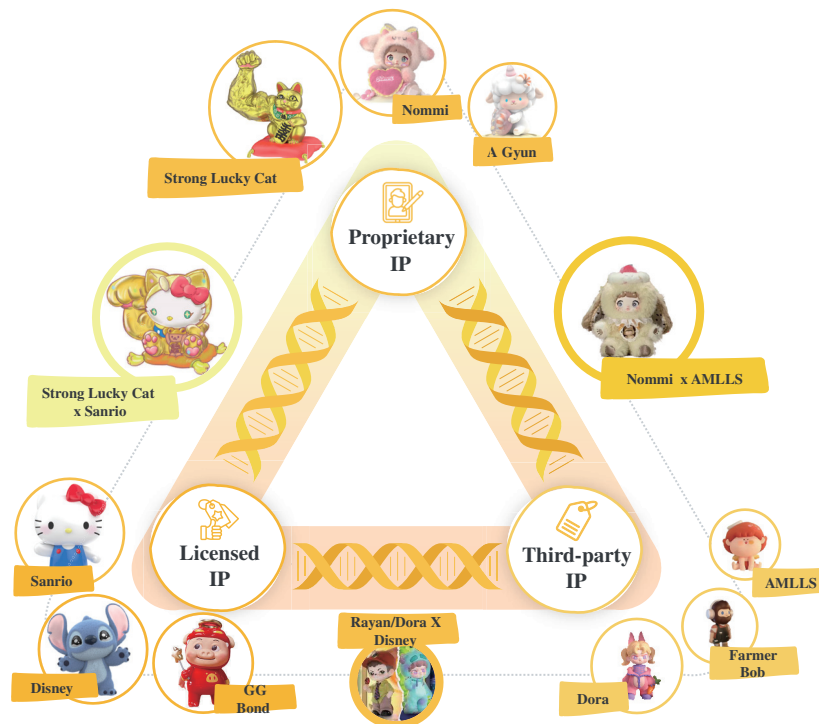
We boast a rich and diverse IP portfolio, driven by the synergistic co-creation and deep integration of our proprietary, licensed, and third-party IPs. We sign designers and incubate our own IPs while forging partnerships with third-party IP holders. We create a unique competitive advantage by fostering interaction between these IPs through co-branded creations and cross-community engagement, enabling them to mutually reinforce one another. This approach generates a “flywheel effect,” where our diverse IP portfolio continually expands our fan base, deepens engagement, and drives growth in both traffic and product sales.

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We incubate proprietary IPs to capture evolving consumer demands and build core value through our original creations. We believe that proprietary IPs are a core element of brand differentiation and a long-term entry barrier for the pop toy industry. We have established an in-house IP incubation team that has created many popular proprietary IP characters. We are dedicated to promoting these proprietary IPs to expand their reach across diverse markets, foster deeper audience engagement, and drive sustained growth. We also identify and sign talented designers and artists, supporting them through our full-chain capabilities in design, production, and sales, which allows us to unlock the value of niche IPs while maintaining flexibility in IP selection.

We also possess a large portfolio of licensed IPs. We have established stable and deep collaborations with top-tier global IP partners, including Sanrio, Disney and Crayon Shin-chan, as well as renowned Chinese IP partners like GG Bond. These popular IPs have large, established fan bases and high recognition, allowing us to quickly reach global consumers and meet diverse market demands. This strategy also mitigates risks associated with fluctuations in any single IP’s popularity. We have reinterpreted over 40 licensed IPs. We also continually unlock IP value through frequent and diverse collaborations, including IP crossovers, artist collaborations, and brand partnerships.

In addition, we leverage over 660 third-party IPs, enabling us to develop a diversified and expanding IP matrix that continually expands our fan base and increases traffic.



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Comprehensive and Focused Product Portfolio

Leveraging our deep insights into pop culture and consumer demand, we have cultivated deep expertise in our three main product categories — model figures, 3D building blocks, and vinyl plush toys — while our “X-Category” mechanism allows us to rapidly seize additional market opportunities, covering a diverse range of products including ball-jointed dolls (BJDs) and Ichiban Kuji. This multi-IP, all-category product mix satisfies a diverse array of consumer needs. Our forward-thinking product R&D and selection capabilities, combined with strong product quality and a deeply engaging co-creation system, enable us to continually create and launch blockbuster products.

We focus on the industry’s fastest-growing major categories:

- *Model Figures*: Our largest category by volume. In 2025, it accounted for 51% of revenue from sales of pop toy products, with a 2023-2025 CAGR of 32%.
- *3D Building Blocks*: Our category with the broadest demographic reach. We achieve differentiation by integrating IPs and engaging themes such as science and technology into our 3D building blocks. In 2025, this category accounted for 11% of revenue from sales of pop toy products, with a 2023-2025 CAGR of 10%.
- *Vinyl Plush Toys*: Our fastest-growing category. Its revenue increased from RMB1.1 million in 2023 to RMB63.8 million in 2024 and RMB1,102.4 million in 2025. For example, our Sanrio vinyl plush toys generated GMV of over RMB358 million during the Track Record Period.

For our self-developed products, our in-house development team leverages data from our stores and members to iterate on designs. We focus on creating scarcity through exclusive releases and upgrading playability and craftsmanship. Revenue contribution from our self-developed products increased from 53.6% of our total revenue from sales of pop toy products in 2023 to 56.7% in 2025. For third-party products, we have a multi-level screening system to ensure quality and brand alignment, allowing us to enrich our offerings and create unique consumer experiences.

Omni-channel and Expanding Sales Network

Our omni-channel sales network is built on a strong foundation of offline retail locations, supplemented by dynamic online and distribution channels. This network enables us to reach and engage deeply with pop culture consumers across different countries and regions.

Our offline presence is primarily composed of flagship and main line stores, complemented by other formats like pop-up stores to achieve rapid, large-scale expansion. As of December 31, 2025, we had 334 TOP TOY stores globally.

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Directly Operated Stores as Urban Pop Culture Landmarks: Our directly operated stores typically occupy prime locations. For example, in March 2025, we opened our first global flagship store on Nanjing Road in Shanghai. The opening was accompanied by a two-day pop toy carnival, blending a unique store experience with engaging activities, a curated product selection for a broad audience, and dynamic displays. This led to a rapid surge in popularity and sales, with sales exceeding RMB7 million in August 2025, establishing it as a local pop toy landmark.

A “Retail Partner” Model Unique to the Pop Toy Industry: Leveraging our industry and operational experience, a market-validated business model, and our mature supply chain, we provide TOP TOY Retail Partners with comprehensive store management and consultation services, while TOP TOY Retail Partners shoulder capital investments and operating expenses. This asset-light operation model allows us and TOP TOY Retail Partners to leverage respective strengths, driving rapid store growth while achieving a high success rate. Our store count doubled from 2023 to 2025.

Innovative Pop-up Stores and Events: We create unique consumer experiences by collaborating with different IPs to host themed pop-up stores. In May 2025, we opened a Chiikawa pop-up store in Shanghai, which was met with enthusiastic reception from fans. In a space of just 46 square meters, we achieved opening month sales of over RMB10 million. As of December 31, 2025, we had launched 28 pop-up stores, effectively increasing brand exposure and driving sales conversion.

In addition to TOP TOY stores, our sales network is supplemented by online direct sales and distribution channels:

Full Coverage of Offline Distribution Channels: We have developed deep collaboration with major distributors. As of December 31, 2025, we had 215 distributors. In 2025, sales to offline distributors accounted for over 55% of our revenue. MINISO Group’s network of over 8,100 stores in various countries and regions serves as a core touchpoint for our global expansion and frequent product exposure. It provides us with deep industry experience and helps us acquire the broadest and most direct consumer insights. In particular, operating through its overseas channels allows us to rapidly validate our market approach and understand local consumer preferences, and in turn accelerate our overseas expansion.

Online-to-Offline (O2O) Integration: Our Weixin mini program store offers O2O purchasing for our full product line and features unique online activities. We also offer exclusive special-price items and new product pre-order rights on the mini-program. We use the mini-program to expand our private domain traffic, implementing user tagging based on channel source and purchase category to achieve precise product recommendations.

Online Direct Sales and E-commerce Platforms: We have a presence across major e-commerce platforms and content and social media in China, such as Tmall, JD.com, Douyin, Rednote and Pinduoduo, and globally, including Amazon, TikTok, Lazada and Shopee.

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Leveraging our brand, proven business model, and the traffic from popular IPs, we are rapidly expanding into overseas markets by replicating our proven omni-channel operations and through a “flagship + pop-up” model. As of the Latest Practicable Date, we have opened 39 overseas stores. Our first store in Japan achieved sales exceeding 10 million Japanese yen (approximately RMB500,000) on its opening day. Our overseas pricing is generally higher than in the domestic market, and our products’ exclusivity and cultural appeal provide better profit margins.

Engaging Consumer Experiences that Build Brand and IP Loyalty

We cultivate emotional bonds with consumers by designing innovative, interactive pop toy experiences. Our comprehensive engagement strategy integrates brand operations, content marketing, membership program, and user co-creation to foster lasting relationships.

Brand Operations: We capitalize on major retail events such as Chinese New Year, Children’s Day, and the “Double 11 Shopping Festival” to introduce exclusive collaborations, themed events, and special promotions. For instance, our Chinese New Year campaign integrated IP-based product releases with a “Pop Toy New Year’s Festival” livestreamed on Douyin, and an in-store “collect-the-stamp” promotion. This multi-faceted approach drove significant growth in both sales and brand awareness.

Content Marketing: We leverage platforms like Douyin and Bilibili to create popular marketing campaigns through a variety of content, including unboxing videos, animated IP stories, and artist interviews. For example, we partnered with over 2,000 international influencers to promote the Nommi IP. So far, the Nommi IP has achieved over 5 million interactions, defined as the total number of comments across all Nommi-related posts, in China and over 9 million interactions in international markets.

Membership Program: Our comprehensive membership program is designed to strengthen consumer loyalty and build a loyal pop toy community. Members benefit from rewards such as points redeemable for limited-edition items, exclusive events, and birthday gifts.

Content Co-creation: We actively involve users, artists, and online influencers in the creative process through design competitions and IP adaptation contests. Our “Creative Workshop” on our mini-program empowers members to participate through community voting and other feedback channels.

In overseas markets, we have also seen significant success in generating demand by leveraging local social media and online influencers. By partnering with local creators to produce relatable content like unboxing videos and “Outfit of the Day” (OOTD) showcases, we’re effectively tapping into local culture and building strong brand awareness across TikTok, Instagram, and other platforms. This targeted approach lays a solid foundation for our global product launches.

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Beyond these initiatives, we create immersive spaces that cater to consumers’ emotional needs. Our stores utilize limited-edition exhibits and “Instagrammable” installations to attract young consumers, expand their social circles, and improve our customer acquisition efficiency. Our Shanghai global flagship store, a premier cultural experience destination, launched in March 2025 with an interactive quest map, five themed zones, customization workshops, and a pop toy-themed café to create a seamless “shop-play-socialize” experience. On its opening day, it generated over RMB1 million in sales and attracted over 30,000 visitors, quickly becoming a top destination for Gen Z.

Adaptive and Cost-effective Supply Chain

We have established an end-to-end footprint across the pop toy value chain, from IP incubation and content creation to manufacturing and retail. This ecosystem is built upon an integrated network of IP and manufacturing partners, a mature and efficient supply chain system, and a digital platform that synchronizes production with sales.

Flexible and Rapid Production: We partner with hundreds of suppliers. Our flexible, small-batch, multi-run production capabilities allow us to meet demands for customization and fast iteration. This is critical for meeting the short-cycle, high-demand supply requirements for IP collaborations.

Digitalized Logistics and Inventory Management: Our three main warehouses in Zhaoqing and Shenyang, supported by a network of long-term logistics partners, enable nationwide delivery within an average of 3 to 5 days. Our digital platform monitors sales data in real-time for dynamic inventory control, ensuring a consistent supply of best-sellers while managing the clearance of long-tail products.

Quality Assurance: We adopt advanced technology to improve quality assurance. For example, for a 3D building block product, we employ a range of monitoring and measurement methods to help ensure product consistency and dimensional accuracy. We have also implemented a traceability system. By scanning a code, consumers can view the entire record of a product’s journey — from design and production to quality inspection and distribution.

Through our continual investment in the supply chain, including investment in expanding and deepening our relationships with IP and manufacturing partners in core production resources (such as molds) and technologies to digitalize supply chain management and improve product quality, we deliver trendy, high-quality pop toy products that enhance our brand image and the overall consumer experience.

Strong Shareholder Support and Management Team

Originating from MINISO Group, we maintain a comprehensive strategic partnership with our parent company. This relationship was foundational to our rapid growth, providing critical support during our early stages. We leveraged MINISO Group’s vast and efficient supply chain network that allowed us to quickly capitalize on market trends. MINISO Group’s

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global influence also provided a powerful endorsement for our initial IP licensing efforts, while its established presence was instrumental in our initial expansion into overseas markets. This relationship continues to evolve. After the [REDACTED], we will continue to leverage MINISO Group as one of our key distribution channels to grow our business.

Our CEO, Mr. Yuanwen Sun, is a entrepreneur with over 13 years of deep experience in the retail and pop toy sectors and a profound understanding of consumer trends and global supply chain management. Mr. Sun pioneered the strategy emphasizing self-developed products that propelled TOP TOY to its leadership position in the industry. His keen sense of pop culture and ability to translate it into commercial success continue to drive our breakthroughs in IP operations, product innovation, and expansion.

Under Mr. Sun’s leadership, we have assembled a core management team that blends deep industry expertise with innovative thinking. Our team members are seasoned veterans in retail operations, IP incubation, supply chain management, and digital marketing. Our CFO, Ms. Xiaojiao Yan, is an 8-year MINISO veteran with in-depth experience in capital markets and financial management. She previously oversaw MINISO’s IPOs on the New York Stock Exchange and the Hong Kong Stock Exchange and led the development of MINISO Group’s budgeting system and finance business partner model, providing a solid foundation for its strategic execution. This team’s exceptional strategic planning and highly efficient execution continue to drive our rapid business growth.

We have also built a comprehensive employee incentive framework to support our sustained growth. We offer clear career development paths with multi-level promotion tracks, supported by regular performance assessments and career planning guidance. Our differentiated compensation structure includes performance-based bonuses on top of a competitive base salary. To foster a strong sense of ownership, we have adopted a share incentive plan, granting stock awards to high-performing employees.

OUR STRATEGIES

To become a pop toy brand with universal appeal, and to be the first choice for global pop toy consumers and the top partner for both renowned and emerging IPs, we plan to execute the following strategies:

Enhance IP Incubation and Operations to Drive Product Excellence

We will continue to deepen our IP development and operational capabilities, enriching our IP resource pool by securing global licenses with more high-quality, renowned IPs. We will also strengthen and expand our collaborations with existing IP partners. Leveraging our exceptional product design and creative reinvention, we will continue to transform unique and popular IP characters into exquisitely designed pop toy products that capture the essence of the IP and resonate with consumers.

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To further develop our proprietary IPs and enrich our proprietary IP portfolio, we plan to recruit more designers and studios and attract talented designers who are passionate about pop culture to join our in-house design team. We will also consider, when appropriate, investing in or acquiring IPs or design studios, to further enhance our competitive barriers and expand our IP portfolio.

To optimize IP operations, we will systematically upgrade our product R&D and design capabilities by increasing R&D investment, attracting design talent, and optimizing our creative research processes. We will continually iterate and launch new self-developed products to expand our product categories and increase the sales contribution from self-developed products, further solidifying our competitiveness. As we expand our global footprint, we plan to launch more differentiated product lines or customized product designs based on the pop culture and consumer preferences of different markets to cater to the needs of diverse consumer bases. Furthermore, we will enhance and accelerate the integration and collaboration among the different IPs within our portfolio to build stronger product appeal and further unlock IP value.

Deepen Global Market Engagement through Omni-Channel Expansion

Direct and broad consumer reach is critical to our business success. We plan to further develop our global, omni-channel network to expand the scope and depth of our consumer engagement.

We plan to continually strengthen our presence in overseas markets, capitalizing on the vast and high-growth opportunities in the global pop toy market. We began our overseas expansion in 2024 and, as of the Latest Practicable Date, have entered a number of international markets including Thailand, Malaysia, Indonesia, and Japan. We plan to further expand our overseas business in regions including Southeast Asia, East Asia, and North and South America. With a deeper understanding of global consumer needs and cultural preferences, we will adopt tailored sales strategies for different markets to drive brand momentum and accelerate channel expansion.

For the domestic market, we will continue to efficiently expand our offline store network, primarily through the TOP TOY Retail Partner model. At the same time, we will increase our investment in online channels, especially our mini-program, to accumulate private domain traffic and accelerate brand awareness and conversion. This will further enhance the accessibility of our products across all channels and enable us to achieve a synergistic connection between online and offline operations.

Furthermore, we plan to broaden our network of distributors, with a focus on large retailers, to further expand our sales channels and drive business growth.

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Invest in Branding to Expand Customer Base and Enhance Loyalty

We plan to increase our investment in brand building. We will dynamically monitor the marketing process, tracking sales, consumer feedback and other key metrics to improve marketing effectiveness. This will enhance our brand influence and recognition, attract new customers, and strengthen the loyalty of our existing customer base.

Given the inherent cultural elements of pop toys and their ability to foster a sense of identity and belonging through social sharing and community interaction, we plan to deeply cultivate content marketing. We will generate and disseminate high-quality content through official accounts on social media platforms. This will enable us to reach broad user circles and gather immediate user feedback online to drive product optimization.

Regarding our membership program, we are committed to further optimizing the program and its underlying system. We will enhance our data analysis capabilities to enable fine-grained member engagement. Through user tagging, we will strengthen targeted, structured, and combined outreach to users on our mini-program and other online platforms, tailoring our approach based on their habits and IP preferences. This will provide more customized and personalized services, deepen the emotional connection with our core user groups, and increase their engagement.

Furthermore, we will conduct event marketing campaigns tied to important dates such as Children’s Day, new store openings, and anniversaries. We will adopt a multi-faceted marketing approach across all channels, including opening new stores and pop-up shops offline, hosting new product launch events, and holding online livestreams with celebrity participation. This will strengthen our brand recognition and expand pop toy culture to a broader consumer base.

Strengthen Supply Chain to Enrich Product Offerings

We will leverage our robust and efficient supply chain and our deep, first-hand understanding of the pop toy market and culture to capitalize on emerging global pop culture, meet diverse consumer needs, and further expand our consumer base. By integrating IPs with suitable product formats and categories, we will continue to revitalize our IPs and extend their lifecycles. We will consistently expand our product categories and refine our product designs, exploring the diverse consumer needs across different use cases.

Simultaneously, we will continue collaborating with our suppliers to improve production processes and enhance automation. This will bring craftsmanship, meticulous details, innovative designs, and trendy elements to our products, further enhancing their appeal. Furthermore, we plan to secure closer relationships with core pop toy manufacturers, potentially through strategic partnerships, to further enhance production flexibility, secure capacity, and achieve economies of scale, while also driving advancements in craftsmanship and technology.

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To better serve our overseas markets and complement our China-based supply chain, we also plan to explore and establish a localized supply chain network to optimize production processes and cost structures, enhancing our ability to capture local market trends and changes and respond rapidly to market demand to accelerate our expansion.

Enhance Full-Process Digital Capabilities to Improve Operational Efficiency

We plan to further strengthen our end-to-end digital operational capabilities. To that end, we will upgrade and refine our intelligent systems, digital modules, and other applications across all operations. We will enhance data coordination, sharing, and interoperability between different segments of our operations to continually perfect our closed-loop digital ecosystem. We will also continue to invest in AI development, leveraging AI technology and applications to empower processes throughout the value chain and improve efficiency, from product design and modeling, data analytics, to sales forecasting and intelligent supply chain management.

In particular, we will deepen the integration of our suppliers into our supply chain management system. This will improve production coordination, optimize delivery efficiency, and enhance responsiveness to capture high-growth consumer demand in the pop toy industry. Simultaneously, we will optimize our inventory management and quality control systems to improve overall efficiency. We will also strengthen our big data analytics capabilities to optimize real-time consumer insight collection and feedback across all channels. This will enable us to promptly identify evolving trends in IPs, products, and styles, further enhancing our consumer-demand-driven product development and creative reinvention capabilities, guiding our sourcing and selection processes, and enabling rapid response and product iteration.

On the store operations side, we plan to further strengthen our real-time digital management capabilities across multiple key operational areas. We will continue to optimize the efficiency and accuracy of modules for merchandise display, in-store inventory, product sales data, and pricing to improve store operational efficiency and profitability.

Attract, Cultivate, and Retain Talent to Build a High-Quality Global Team

We plan to adopt various measures to continue attracting, cultivating, and retaining high-quality talent, which is fundamental for our sustained business growth and leadership position in the pop toy industry. We will actively recruit and onboard talent from around the world who are passionate about pop toys and can bring creative ideas and spirit to key areas such as R&D, design, procurement, marketing, and store expansion.

We are committed to continually optimizing our diverse and global talent development programs. This will ensure our employees have opportunities for continued learning, develop a global perspective, and enhance their professional knowledge and competitiveness. Furthermore, we will continue to refine our talent incentive programs, offering competitive and comprehensive compensation packages alongside diversified incentives.

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KEY FINANCIAL METRICS

The tables below set forth certain financial metrics for the periods indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Total Revenue from Sales of Pop Toy Products	<u>1,411,838</u>	<u>100.0</u>	<u>1,824,087</u>	<u>100.0</u>	<u>3,488,083</u>	<u>100.0</u>
<i>By Product Source:</i>						
– Self-developed Products	757,334	53.6	896,135	49.1	1,977,010	56.7
– Third-party Products	<u>654,504</u>	<u>46.4</u>	<u>927,952</u>	<u>50.9</u>	<u>1,511,073</u>	<u>43.3</u>
<i>By Product Category:</i>						
– Model Figures	1,016,523	72.0	1,255,596	68.8	1,781,976	51.1
– 3D Building Blocks	304,584	21.6	383,172	21.0	369,947	10.6
– Vinyl Plush Toys	1,147	0.1	63,791	3.5	1,102,409	31.6
– Others	<u>89,584</u>	<u>6.3</u>	<u>121,528</u>	<u>6.7</u>	<u>233,751</u>	<u>6.7</u>
<i>By Sales Channel:</i>						
– Retail Sales in Directly Operated Stores	109,490	7.8	172,543	9.5	444,280	12.7
– Product Sales to Franchisees	356,719	25.3	499,794	27.4	678,043	19.4
– Sales to Offline Distributors	855,457	60.6	1,008,144	55.3	2,044,333	58.6
– Online Sales	75,960	5.4	140,297	7.7	276,050	7.9
– Other Sales Channels	<u>14,212</u>	<u>0.9</u>	<u>3,309</u>	<u>0.1</u>	<u>45,377</u>	<u>1.4</u>
<i>By IP Type:</i>						
– Proprietary IP	8,486	0.6	6,847	0.3	198,827	5.7
– Licensed IP	748,848	53.0	889,288	48.8	1,778,183	51.0
– Third-party IP	<u>654,504</u>	<u>46.4</u>	<u>927,952</u>	<u>50.9</u>	<u>1,511,073</u>	<u>43.3</u>

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross Profit/ (Loss)	Gross Profit/ (Loss)	Gross Profit/ (Loss)	Gross Profit/ (Loss)	Gross Profit/ (Loss)	Gross Profit/ (Loss)
	Margin	Margin	Margin	Margin	Margin	Margin
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Sales of Pop Toy Products	<u>430,292</u>	<u>30.5</u>	<u>584,772</u>	<u>32.1</u>	<u>1,092,314</u>	<u>31.3</u>
<i>By Product Source:</i>						
– Self-developed Products	314,188	41.5	396,605	44.3	802,486	40.6
– Third-party Products	<u>116,104</u>	<u>17.7</u>	<u>188,167</u>	<u>20.3</u>	<u>289,828</u>	<u>19.2</u>

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	For the Year Ended December 31,					
	2023		2024		2025	
	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
By Product Category:						
– Model Figures	344,649	33.9	436,756	34.8	581,568	32.6
– 3D Building Blocks	75,300	24.7	100,981	26.4	103,847	28.1
– Vinyl Plush Toys	254	22.1	22,302	35.0	354,667	32.2
– Others	10,089	11.3	24,733	20.4	52,232	22.3
By Sales Channel:						
– Retail Sales in Directly Operated Stores	49,453	45.2	82,901	48.0	198,382	44.7
– Product Sales to Franchisees	28,174	7.9	75,916	15.2	94,245	13.9
– Sales to Offline Distributors	323,523	37.8	368,673	36.6	665,419	32.5
– Online Sales	23,845	31.4	56,170	40.0	117,970	42.7
– Other Sales Channels	5,297	37.3	1,112	33.6	16,298	35.9
By IP Type:						
– Proprietary IP	2,882	34.0	3,147	46.0	89,761	45.1
– Licensed IP	311,306	41.6	393,458	44.2	712,725	40.1
– Third-party IP	116,104	17.7	188,167	20.3	289,828	19.2

The table below set forth certain operating metrics for the periods indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Average GMV Per Store (RMB in thousands) ⁽¹⁾	6,143	5,467	5,977
Member Repurchase Rate (%)	29	33	36
Same Store Sales Growth of Directly-operated Stores and TOP TOY Retail Partner Stores (%) ⁽²⁾	45.5	3.3	1.6

Notes:

- (1) The average GMV per store is calculated by dividing the total GMV from directly operated stores and TOP TOY Retail Partner stores in Chinese Mainland by the average number of directly operated stores and TOP TOY Retail Partner stores in Chinese Mainland at the beginning and end of the period.
- (2) Same store includes directly-operated stores and TOP TOY Retail Partner stores in Chinese Mainland that were open prior to the beginning of the comparison period, remained in operation through the end of the comparison period, and had not closed for more than 30 days during both comparison periods.

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The table below sets forth the sales volume and average selling price of different product categories for the periods indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	<i>In thousands</i>	<i>RMB</i>	<i>In thousands</i>	<i>RMB</i>	<i>In thousands</i>	<i>RMB</i>
Model Figures	45,268	22.5	50,839	24.7	68,467	26.0
3D Building Blocks	15,949	19.1	17,408	22.0	13,900	26.6
Vinyl Plush Toys	23	50.6	1,367	46.7	28,328	38.9
Others	3,576	25.1	6,188	19.6	10,719	21.8
	<u>64,816</u>	<u>21.8</u>	<u>75,802</u>	<u>24.1</u>	<u>121,414</u>	<u>28.7</u>

Note:

- (1) The average selling price is calculated based on the revenue generated from the sales of products of each product category divided by sales volume of such category.

OUR IP PORTFOLIO

Our IP portfolio underpinned by our ability to develop proprietary IPs as well as to attract collaborations with recognized IPs.



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Central to our IP portfolio are our proprietary IPs — IPs that we own or hold exclusive licenses for. These proprietary IPs are the cornerstone of our long-term strategy, providing us with complete creative control, maximum revenue potential, and a stable foundation for building enduring brand equity. We recorded revenue of RMB198.8 million for the year ended December 31, 2025 from products developed from our proprietary IPs.

Our portfolio is further expanded through strategic partnerships with globally recognized IP holders. Under licensing agreements, we reinterpret these characters to develop exclusive variants. Licensed IPs amplify brand visibility, allowing us to tap into established fan communities, and generating rapid market traction alongside our self-developed offerings. We recorded revenue of RMB1,778.2 million for the year ended December 31, 2025 from products developed from our licensed IPs.

Complementing our self-developed and licensed product lines, we offer selected third-party products designed and developed by external partners. This direct procurement strategy enables us to efficiently explore new product segments and gather valuable consumer insights.

Our Proprietary IPs

We develop, acquire and obtain exclusive license from IPs that embody our distinctive design philosophy while addressing unmet market opportunities. These proprietary IPs give us full creative and commercial control, allowing for agile product development, direct fan engagement, and long-term franchise building.

As of the Latest Practicable Date, we had 24 proprietary IPs.

***A Gyun* (卷卷羊)**

A Gyun is an proprietary IP created and developed by our in-house design team and launched in 2021. The character embodies authentic Cantonese culture while possessing broad cross-cultural appeal. By tapping into the value of regional cultural IP rooted in South China’s heritage, A Gyun has achieve market traction. The IP has been extended into product series including model figures and vinyl plush toys.

As of December 31, 2025, our A Gyun IP had expanded into 12 product series. For example, the Gyun Sweet Candy House Vinyl Plush Series doubles A Gyun’s cute appearance with embellishments like bells and satin ribbons, while also inviting consumers to personalize and DIY their own looks. A Gyun Nutty Delights Collectible Series features witty naming conventions that play with Chinese homophones and internet slang, resonating with young audiences. We recorded an aggregate GMV of approximately RMB23 million for our A Gyun product series during the Track Record Period.

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Our IP development extends beyond internal creation. We continuously monitor emerging trends and collaborate with external designers to develop new IPs or strategically acquire existing ones to expand our library with fresh creative perspectives. We leverage user preference we identified from our direct-to-consumer presence to discover promising opportunities that align with consumers’ evolving interests. This strategic vision has led us to acquire several distinctive IPs, such as Nommi and Ninimo.

Nommi (糯米兒)

Nommi is our proprietary IP that integrates Eastern cultural elements with global trends through philosophy of healing aesthetics and emotional value. Nommi features rotating eyes with intricate patterns that display three distinct designs — an innovative, patent-protected mechanism that gives every character unique expressiveness and personality.

Nommi’s collections primarily consist of vinyl plush toys. As of December 31, 2025, our Nommi IP had expanded into 26 product series. We recorded an aggregate GMV of over RMB200 million for our Nommi product series during the Track Record Period.



BUSINESS

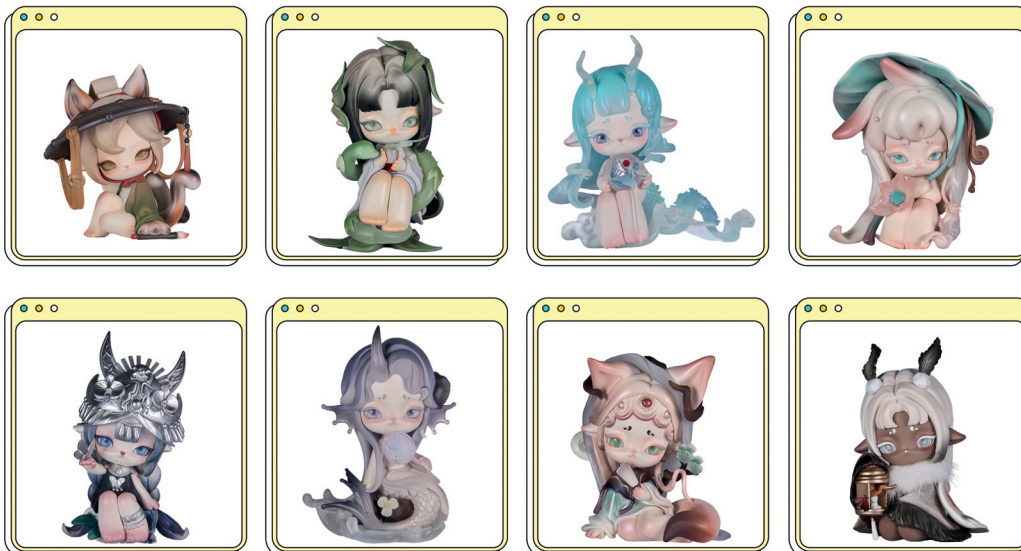
Strong Lucky Cat (大力招财)

This IP features a playful twist on the traditional Maneki-neko, designed with a comically oversized right arm to symbolize its enhanced strength in attracting prosperity and good fortune. Strong Lucky Cat embodies positivity and diligence. Our Strong Lucky Cat recorded an aggregate GMV of RMB36.9 million during the Track Record Period.



Ninimo (尼尼莫)

Ninimo vividly demonstrates the creative adaptability and artistic design of our IPs. The collection features a diverse range of unique themes and distinct color palettes, ensuring each character possesses unique style. These figures are known for their exquisite complexity, featuring elaborate, fantasy-themed costumes.



BUSINESS

Our Licensed IPs

Our licensed IPs span both domestic and international markets, catering to a diverse and wide-ranging customer age demographic. These partnerships grant us access to franchises with established fan bases, strong emotional connections and proven commercial success. For instance, we have successfully partnered with Sanrio featuring characters from Hello Kitty to My Melody, and Kuromi; as well as Disney featuring characters from Stitch, Mickey Mouse, and Winnie the Pooh to Monsters University and Zootopia.

We have established distinctive strengths in IP licensing through our core competencies. Particularly, our in-house design team specializes in IP adaptations, having reinterpreted dozens of licensed IPs through original artwork, city-exclusive variants, and other innovative product formats.

Sanrio Series

Sanrio represents our best-selling IP in the vinyl plush category. We have established a mature development process and expertise in vinyl plush products, resulting in several top-performing Sanrio product series that are well received by customers. Our Sanrio Latte vinyl plush series, launched in July 2024, generated GMV of over RMB74 million up to December 31, 2025 and became a core driver for store traffic and repeat purchases. We have also expanded into Sanrio-themed building blocks. Kuromi Semi-Mechanized Large Building Kit has become a signature product in TOP TOY’s building block collection, achieving strong brand recognition in the pop toy market.



Disney Series

We have collaborated with Disney to launch multiple product series based on various Disney IP characters. Each product series features distinct characteristics and design styles. Our “Stitch’s Mischief Diary” series integrates advanced material technologies, such as a heat-reactive color-changing wizard hat, glow-in-the-dark ghost shell. We have also introduced diverse product possibilities in terms of product design and size such as the “Stitch • 626 Laboratory Assembly Figure,” a premium 40cm collectible featuring mechanical construction.

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GG Bond Series

We have developed a diverse range of GG Bond product series. The GG Bond lineup primarily includes model figures and vinyl plush toys. For example, the Classic Model Figures Series’ combination of display appeal and nostalgic charm has made the series highly popular among fans. GMV during the Track Record Period for the Classic Model Figures series reached RMB21.3 million. The GG Bond Kitten Series blends the character’s cheeky personality with an irresistibly soft, feline-inspired design.



The table below sets forth certain information on our selected licensed IPs under our IP licensing agreements in effect as of the Latest Practicable Date.

IP*	Licensed territory	Year(s) of relationship	License expiration year
Sanrio: Cinnamoroll, Pompompurin, Pochacco, Kuromi, My Melody, Hello Kitty, etc.	Chinese Mainland and 33 countries and regions overseas	4 years	From April 2026 to September 2028
Disney: Disney Classics, Disney Princess, Stitch, Toy Story, Winnie the Pooh, Zootopia, Monsters University, Mickey Mouse, etc.	Chinese Mainland and 61 overseas markets	2 years	December 2026
Crayon Shin-chan	Chinese Mainland and 12 countries and regions overseas	1 year	February 2027
GG Bond	Chinese Mainland and 13 countries and regions overseas	2 years	From October 2026 to December 2026
EVA	Chinese Mainland	4 years	August 2027

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Note:

- * We currently anticipate renewing all of the listed licensed IPs and do not foresee any material impediments to doing so.

IP Operations

Our IP operation is powered by a self-reinforcing cycle that transforms IPs into commercial success and enduring cultural value.

A Large, Diverse, and Expanding IP Portfolio. Our IP operation is powered by a rich and strategically curated matrix of IPs. This includes a growing suite of proprietary IPs, complemented by an expanding portfolio of licensed partnerships and third-party IP. Each IP, regardless of its origin, receives dedicated focus to maximize its unique appeal and cultural resonance.

Design and Co-creating. This robust IP portfolio directly drives our product design process, where we translate IP into tangible products. We place consumer participation at the very heart of our product design. From the initial stages of product development, we invite our community to co-create with us — submitting and voting on character designs, evaluating prototypes, and influencing final selections. This process not only guarantees market relevance but also fosters a profound sense of ownership and loyalty among consumers, transforming them from passive audiences into active stakeholders.

Immersive Marketing and Interaction. The launch of our products is executed through marketing interactions designed to engage consumers, generate excitement and foster sharing. Limited-edition collectibles create exclusivity, while strategic celebrity collaborations and interactive in-store experiences deepen emotional connections. This includes the strategic use of pop-up stores, which feature highly attractive product setups and are designed for direct interaction with consumers.

Maximizing Commercial and Cultural Value. We operate at the intersection of commerce and culture. Through distinctive products based on diverse IP matrix, we launch narratives and characters into the heart of pop culture. This cultural relevance, driven by fan-centric marketing, translates directly into consumer demand and maximizes the value of every IP.

The revenue and consumer preference generated drive further investment into incubating new proprietary IPs from in-house and partnered designers. Our proven track record also makes us an attractive partner for other major IP licensors, opening doors to more and more in-depth collaborations. This, in turn, deepens consumer affection and participation, as fans eagerly anticipate what we will create next, ultimately expanding our global audience and solidifying our market leadership.

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Complementing this core operation is our innovative approach to IP crossover. We forge connections across IP universes — whether between the proprietary IPs, licensed IPs or the third-party IPs. Each crossover is thoughtfully crafted to blend unique artistic worlds in ways that feel authentic to fans, while opening new narrative dimensions and engaging broader audiences.

These crossover initiatives deliver strategic value that extends beyond short-term commercial gains. By reimagining how IPs can interact and evolve together, we enhance the versatility and longevity of our entire portfolio. This continuous infusion of creative energy helps sustain fan interest through ongoing innovation, while reinforcing our role as an influential participant in global pop culture. Through each collaboration, we not only strengthen the identity of the IPs involved but also elevate our brand recognition in the industry.

For example, in June 2025, we introduced several innovative crossover collections that creatively merged complementary IP universes while preserving each character’s unique appeal.

The Nommi x Amarilith (Sweet Bite Series) brought together two popular IPs known for their delightful, innocent, and heartwarming aesthetics. Released in June 2025, this collection featured Nommi transformed into delightful dessert-themed figures with hollow chest cavities containing matching Amarilith mini-figures. The product, which was well received by customers, not only demonstrated strong existing fan loyalty but also significantly expanded consumer recognition and appreciation for our innovative design approach.



This dynamic strategy ensures our IPs remain vibrant, culturally relevant, and constantly evolving through genuine consumer partnerships and creative cross-pollination across brands, styles, and markets. Please also refer to “Our Product Development” and “Marketing and Community Engagement.”

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OUR PRODUCT OFFERING

At the core of our offerings are our self-developed products, which are created through our active participation in the design process and are based on our proprietary IPs as well as licensed collaborations with established IPs. In addition, we enrich our assortment by directly sourcing products through vendor agreements. These items are offered in their original form or produced in partnership with suppliers who already hold the necessary IP licenses.

The table below sets forth the breakdown of our total revenue from sales of pop toy products for the periods indicated.

Revenue	Years ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Self-developed Products	757,334	53.6	896,135	49.1	1,977,010	56.7
Third-party Products	654,504	46.4	927,952	50.9	1,511,073	43.3
Total Revenue from Sales of Pop Toy Products	1,411,838	100.0	1,824,087	100.0	3,488,083	100.0

During the Track Record Period, we achieved significant growth in revenue primarily driven by the increase in self-developed products — from RMB757.3 million in 2023 to RMB896.1 million in 2024 and RMB1,977.0 million in 2025, accounting for 53.6%, 49.1% and 56.7% of our total revenue from sales of pop toy products, respectively. As we enhanced our in-house capabilities, we were able to create more innovative self-developed products that resonated strongly with consumers, contributing directly to higher sales and greater brand loyalty.

Self-developed Products

The foundation of our offering consists of the self-developed products which are developed based on either proprietary or licensed IPs. We retain control over product design throughout the development cycle — from initial concept to final production—working closely with trusted partners across the value chain to uphold high standards of quality and design integrity. Our product development strategy features innovation in IP expression, excellence in material and finish application and inherent collectability.

Innovation in IP Expression. Our approach to IP is rooted in creative transformation rather than direct replication. We specialize in reinterpreting and expanding the narrative of an IP by dynamically adapting characters and placing them into diverse scenarios with entirely distinct forms. This process involves reimagining two-dimensional characters as unique three-dimensional figures, designing engaging and varied play patterns, and enhancing them with rich backstories or immersive settings. Through this process, we do more than create products—we build deeper connections with our audience.

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Excellence in Material and Finish Application. We utilize specialized materials and advanced finishing techniques to enhance both visual and tactile qualities. For example, we use elements such as colored flocking and matte paints, combined with advanced techniques. Furthermore, we pioneer the combination of diverse materials, such as integrating flocking with fabric, to achieve a superior tactile sensation and visual effect. This emphasis on material quality enhances the user experience and strengthens the product’s appeal.

Inherent Collectability. The inherent collectability of our products stems from distinctive IP design and material craftsmanship. These qualities deliver emotional value, making our products highly sought after as collectibles. Furthermore, the strategic release of limited-edition series enhances their exclusivity and increases their value to collectors.

This development philosophy results in a product line defined by uniqueness and collectability. Each item is designed to resonate with collectors and enthusiasts by highlighting the unique personality of each character through craftsmanship and original design.

We determine the price of our products for sale based on various factors, primarily including the type of our products, sizes, costs and prevailing market prices.

Third-party Products

Complementing our self-developed products, we also source products directly from third parties. We refer to the IPs born by such third-party products as third-party IPs. As of December 31, 2025, the total number of third-party IPs exceeded 660. Many of the sourced products are also launched exclusively through our platform, such as Mobile Suit Gundam.

Brands value our marketing expertise and distribution strength, allowing us to craft tailored promotional strategies based on our deep understanding of IPs, consumer preferences, and market trends. Our strong marketing and sale capability has positioned us as a trusted sales partner for many leading brands.

In addition to complementing our product offerings, direct procurement enables us to explore new product segments and gather valuable consumer insights. For example, we were among the first to introduce vinyl plush toys for major Japanese anime IPs such as Naruto.

Pricing for sourced products follows supplier-set retail prices in domestic markets. For international sales, suppliers generally provide recommended retail price. Unsold inventory is typically non-returnable, and marketing cost responsibilities are negotiated with suppliers. For consumer requests for returns or exchanges that are directed to us, we assess requests based on our internal policies and supplier agreements, usually covering losses through pre-allocated allowances before pursuing further compensation per contractual terms.

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OUR PRODUCT CATEGORIES

We focus on three core categories — model figures, 3D building blocks and vinyl plush toys. We are also able to quickly adapt to emerging trends and expand into adjacent segments such as BJDs.

Key categories



The table below sets forth the breakdown of our total revenue from sales of pop toy products by product category for the periods indicated.

	Years ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Model Figures	1,016,523	72.0	1,255,596	68.8	1,781,976	51.1
3D Building Blocks	304,584	21.6	383,172	21.0	369,947	10.6
Vinyl Plush Toys	1,147	0.1	63,791	3.5	1,102,409	31.6
Others	89,584	6.3	121,528	6.7	233,751	6.7
Total Revenue from Sales of Pop Toy Products	<u>1,411,838</u>	<u>100.0</u>	<u>1,824,087</u>	<u>100.0</u>	<u>3,488,083</u>	<u>100.0</u>

Model Figures

Model figures are our highest-selling product category and one of our key product types.

BUSINESS

Our model figures are defined by their attention to detail. Each piece features specialized treatments like soft-touch texture paints, translucent components for dynamic effects, and interchangeable parts that enhance display options.

We typically launch our model figures as part of a collection, offering a spectrum of styles within each series. We are committed to transparency in our collectible series. For every release, we provide a clear and official checklist that details all standard figures in the set and openly discloses the exact probability of obtaining any secret or rare hidden variants, fostering a trustworthy collecting experience.

The unit price of our small-scale model figures primarily ranges from RMB29 to RMB49 per figure and that of our standard model figures primarily ranges from RMB59 to RMB69 per figure.

3D Building Blocks

3D building blocks have the broadest customer demographic reach.

Our 3D building blocks combine innovative design, premium materials to deliver satisfying building experiences for a wide range of consumers.

Exceptional Detail & Accuracy — Meticulously crafted models serve as both buildable toys and display-worthy collectibles.

Secure Build Experience — Precisely engineered bricks with strong clutch power ensure easy assembly and lasting structural integrity.

Durable & Vibrant Materials — Made with high-quality non-toxic ABS plastic that retains color and withstands wear over time.

Accessible Premium Quality — Offering top-tier design and durability at affordable price points for builders of all ages and budgets.

In addition to our popular IP-inspired collections, we offer additional building block lines catering to different creative interests. Our Everyday Creativity series features modular flower arrangements and urban landscape designs that blend recreational building with aesthetics, serving both as enjoyable construction projects and home decor. For more theme-driven builders, we offer kits spanning space exploration and military vehicles. This thoughtfully curated product range strategically serves diverse audiences: IP enthusiasts find joy in our character-based sets, aesthetically minded adults appreciate our decor-friendly Everyday Creativity line, while families particularly favor our military and cosmos themed kits that combine fun with learning opportunities. Each collection maintains our signature quality and design while addressing specific builder preferences and needs.

The unit price of our 3D building blocks primarily ranges from RMB39 to RMB499.

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Vinyl Plush Toys

Vinyl plush toys are currently our fastest-growing product category.

Our vinyl plush collection brings together a smooth vinyl head with soft plush, creating a pleasing tactile experience. Each piece features an adorably designed vinyl face and high-quality, skin-friendly plush material that is both enjoyable to play with and comforting to hold. These toys offer an excellent balance of fun and cozy comfort.

The innovative combination of vinyl and plush creates a visually striking contrast while enhancing both the aesthetic appeal and sensory experience. This thoughtful material fusion gives each character strong expressiveness and lasting durability.

Many of our series include engaging features such as removable outfits and flexible poseability, which encourage creative play and storytelling. These interactive elements make our vinyl plush toys well-suited for both imaginative play and display collection.

The unit price of our vinyl plush toys primarily ranges from RMB69 to RMB99.

Others

While maintaining our core offerings in model figures, building blocks, and vinyl plush toys, we actively expand into other trending categories such as ball-jointed dolls (BJDs) and Ichiban Kuji to respond to evolving consumer preferences.

OUR PRODUCT DEVELOPMENT

At TOP TOY, our product development excellence is driven by the artistic design and market-focused execution. Our in-house design team transforms proprietary and licensed IPs into compelling products, balancing innovation with a deep respect for IP authenticity. We create regionally-inspired variants of popular characters and build original franchises from the ground up, all through a consumer-centric process anchored in emotional bonding, social shareability, and co-creation. In addition, our stage-gate development methodology ensures every product, from initial concept to final production, meets high standards of quality and commercial viability while maintaining the creative integrity that defines our brand.

In-House Design Team

Driving our product development success is our in-house design team and product designers who blend creativity with commercial strategy. As of December 31, 2025, we had 174 product development personnel specializing in product design and graphic and 3D design. Our in-house design team serves as the critical bridge between IPs and physical product, transforming IPs into compelling merchandise that captivates consumers. With specialized expertise spanning character design, material innovation, and user experience, our designers don't simply apply IP to products — they reimagine how characters and stories can live in consumers' lives through thoughtful, innovative formats.

BUSINESS

What sets our design team apart is their unique methodology that combines deep respect for IP DNA with innovation. For our proprietary IP development, they employ a holistic “design-first” approach, creating characters and worlds with inherent product potential baked into their foundational design language. When working with licensed IPs, they conduct research to identify untapped creative opportunities — whether developing region-specific variants that honor local aesthetics or pioneering new product categories that expand an IP’s traditional boundaries.

Our in-house designers are generally our full-time employees. We proactively identify and engage external talent based on their design aesthetic and strategic fit with our brand portfolio. Our in-house designers are compensated through a fixed salary and benefits package, in accordance with standard employment terms. Pursuant to their employment agreements and relevant law, all IP created by them within the scope of their employment is the sole and exclusive property of our Company.

IP Reinvention and Product Co-creation

At the core of our strategy is the ability to reinvent licensed IPs through creative product development that unlocks new commercial potential. We go beyond traditional licensing by treating each IP as a platform for innovation — reimagining characters and stories through localized adaptations, category expansions, and fresh design narratives. We retain exclusive right to use these derivative creations, allowing us to build proprietary design libraries that become competitive assets. This approach has enabled us to help IP owners expand into new markets and product verticals while delivering differentiated merchandise that stands out in competitions.

Our end-to-end partnership with IP licensors follows a structured workflow:

Product Development & Licensor Review.

IP Identification and Proposal Development: Our dedicated IP sourcing team identifies high-potential IPs, after which our design team and product development team prepares a comprehensive proposal for the licensor. This document outlines product specifications (categories, themes, pricing, dimensions, materials), launch timelines, marketing strategies, and sales targets. The review period typically spans one month, though certain complex IPs may require two to three months for approval.

Product Planning and 2D Design: Upon proposal acceptance, our design team and product managers develop a full product plan within one to two weeks. The 2D design phase then commences, with initial concept artwork completed in one to two weeks and submitted for IP licensor’s review and approval.

BUSINESS

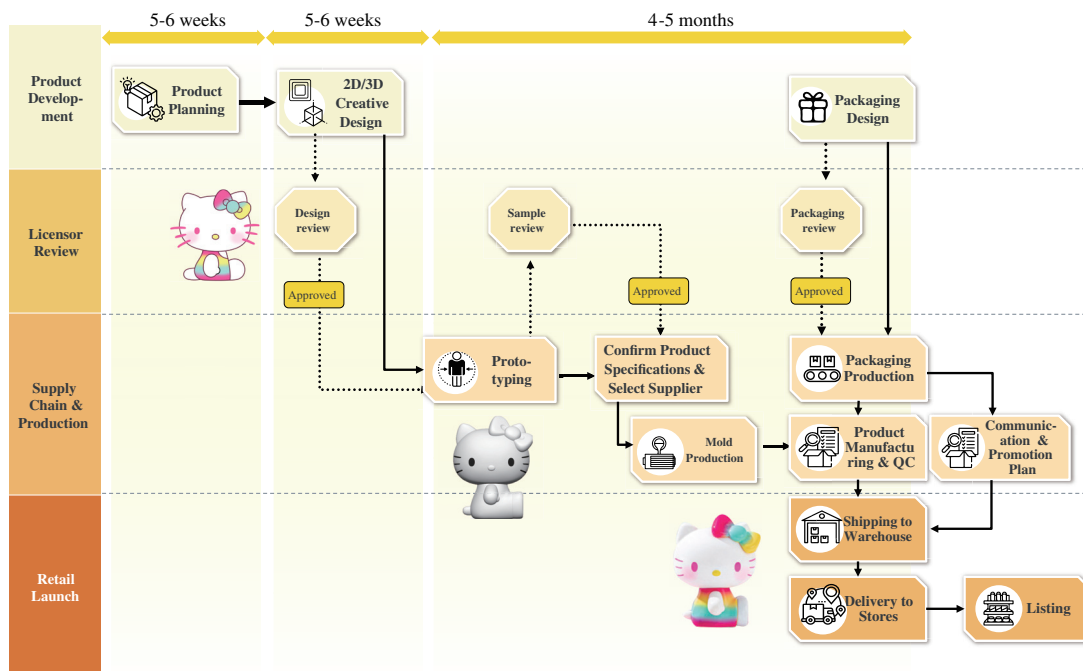
3D Modeling & Engineering: Following 2D approval, our 3D designers spend approximately four weeks creating detailed 3D product models, which undergo another round of IP licensor’s quality control review and approval. Our design team works closely with the licensor through multiple submission and review cycles to further refine and improve the design until official approval is granted.

Supply Chain & Production.

Production Execution: The supply chain and production phase initiates with packaging design and sampling, progressing through the full production cycle — including wax prototyping, mold development, and mass production — typically requiring four to five months. During the sampling stage, our design team maintains its collaborative engagement with manufacturing partners by reviewing successive product prototypes. This process involves evaluating initial form models, color renderings, and detailed aesthetic elements, culminating in final authorization of color specifications. In the mold preparation and production stage, the engineering team collaborates closely with suppliers on mold design, testing, and approval, while the design team and product team review pre-production samples and provide the final production sign-off. Concurrently, our in-house design team coordinates with marketing and sales channels for two weeks to finalize promotional campaigns.

Retail Launch.

We oversee the shipment of products from the factory to our warehouse, followed by coordinated delivery to individual retail stores. Our marketing and sales departments execute pre-planned initiatives, which typically include advertising, social media posts, and in-store promotions to inform consumers that the product is now available.



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This streamlined yet rigorous process ensures brand-aligned product development while maintaining licensors’ creative standards throughout all stages — from initial concept to retail launch.

This dual approach — nurturing proprietary IP while reinventing established licenses — creates a balanced portfolio that drives both immediate revenue and sustainable brand building.

OUR SALES AND DISTRIBUTION CHANNELS

We sell our products through a comprehensive sales and distribution network, which primarily consists of (a) sales by our directly operated stores; (b) sales through franchisees which we refer to as our TOP TOY retail partners; (c) sales through offline distributors and (d) online sales. TOP TOY stores operated by us and TOP TOY retail partners are our primary sales channel which provides the widest selection of products to meet the needs of different fans. Retail stores are an important channel for us to establish presence and build connections with our fans. For example, we leverage our retail stores to gather large numbers of fans, experiment with new products, upgrade shopping experiences and enhance brand awareness.

The table below sets forth the components of our total revenue from sales of pop toy products by amounts and percentages broken down by sales channel for the periods indicated.

	Years ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Retail sales in directly operated stores	109,490	7.8	172,543	9.5	444,280	12.7
Product sales to franchisees	356,719	25.3	499,794	27.4	678,043	19.4
Sales to offline distributors	855,457	60.6	1,008,144	55.3	2,044,333	58.6
Online sales	75,960	5.4	140,297	7.7	276,050	7.9
Other sales channels ⁽¹⁾	14,212	1.0	3,309	0.2	45,377	1.4
Total Revenue from Sales of Pop Toy Products	1,411,838	100.0	1,824,087	100.0	3,488,083	100.0

Note:

- (1) Other sales channels mainly represent group-buying channels and vending machines. Sales through group-buying channels refer to sales in a bulk amount directly to customers, where the products are not intended for further resale. Sales through vending machines represent automated, direct-to-consumer retail through vending machines placed in high-traffic areas such as shopping malls.

BUSINESS

TOP TOY Stores

Our offline sales are primarily made through TOP TOY stores that are operated by us or our TOP TOY Retail Partners. As of December 31, 2023, 2024 and 2025, we had a network of 148, 276 and 334 TOP TOY stores, respectively. Our overseas expansion also demonstrated strong growth, with the number of TOP TOY stores increasing from 4 as of December 31, 2024 to 30 as of December 31, 2025, and reaching 39 as of the Latest Practicable Date.

	As of December 31,		
	2023	2024	2025
Number of TOP TOY stores			
Directly operated stores	14	40	50
Stores operated by TOP TOY Retail Partners	134	236	273
Stores operated by offline distributors*	—	—	11
Total	<u>148</u>	<u>276</u>	<u>334</u>

Note:

- * Distributors in certain Asian countries and regions operate TOP TOY branded stores. We enter into sales agreements with them under which they pay a fixed price for products. Revenue from product sales to distributors is recognized upon shipment or delivery. We also enter into TOP TOY license agreements with these distributors. We require them to renovate and operate TOP TOY stores in accordance with our standards and will provide operational support at their cost upon request.

Our TOP TOY stores are a core part of our distribution and brand strategy. These locations offer a wide range of carefully selected products designed to appeal to our diverse fanbase. They serve as engaging spaces where our original characters, collaborative IPs, and partner brands come together in interactive settings. In addition to driving sales, our physical stores help strengthen our market presence and build connections with our community. They act as important venues for hosting fan events, testing new products, introducing innovative shopping experiences, and enhancing overall brand recognition.

The crown jewels of our network are the flagship stores that function as cultural destinations rather than traditional retail outlets. Our flagship stores are strategically positioned in high-traffic commercial districts, designed to capture attention and invite consumers to stop and explore. These spaces combine product displays with immersive installations and interactive elements, creating environments where visitors come for the experience and stay for the community. The average size of our flagship stores is approximately 776 square meters.

BUSINESS



Our main line stores strategically located in high-traffic urban shopping malls to maximize visibility and foot traffic. Designed as immersive retail destinations, these spaces feature open, well-lit layouts with bold TOP TOY branding and eye-catching displays that reinforce brand identity while encouraging customer exploration. The average size of our main line stores is approximately 242 square meters.

BUSINESS

Pop-up stores are our agile market laboratories. These temporary retail spaces typically serve as important venues for launching marketing campaigns for specific IP product collections or product releases or establishing our initial presence when entering new geographic markets. We strategically locate these pop-up stores in high-traffic, vibrant shopping districts and premier malls to maximize visibility and foot traffic. The Summer 2025 Chiikawa sushi concept pop-up demonstrated the exceptional effectiveness of this approach — by combining exclusive merchandise with immersive themed environments, it generated social media buzz as fans enthusiastically shared their experiences.

Every visit offers opportunities for discovery and participation:

- Products become props for interaction rather than passive inventory
- Spaces are designed for social connection and transactions

This philosophy extends to our international expansion, where we’re replicating the same experiential retail model that succeeded domestically. Starting in Southeast Asia, we are establishing flagship stores as anchor locations supported by tactical pop-ups — proving that our approach translates across markets while respecting local cultural contexts.

TOP TOY Retail Partner

The following tables show the number of our TOP TOY Retail Partners during the Track Record Period. As of the Latest Practicable Date, except for two TOP TOY Retail Partners in Malaysia, all of our TOP TOY Retail Partners are based in China.

	Years ended December 31,		
	2023	2024	2025
Number of TOP TOY Retail Partners at the beginning of the period	37	41	64
Number of new TOP TOY Retail Partners during the period	13	26	19
Number of TOP TOY Retail Partners terminated during the period*	9	3	9
Number of TOP TOY Retail Partners at the end of the period	41	64	74

Note:

- * We did not terminate collaboration with any TOP TOY Retail Partner due to material breaches of relevant agreements during the Track Record Period. Termination of TOP TOY Retail Partners typically resulted from non-renewals of agreements after contract expiration. Terminated TOP TOY Retail Partners were mainly small entities or individual operators who either could not secure suitable new store locations or elected not to renew for other business reasons.

BUSINESS

The TOP TOY Retail Partner model is a hybrid store operation model that takes advantageous elements from the franchise store model and the directly operated chain store model. As advised by Frost & Sullivan, such hybrid operational model is common in the industry. Under this model, we provide operational guidance in the form of store management and consultation services to TOP TOY Retail Partners.

Under our TOP TOY Retail Partner model, TOP TOY Retail Partners mobilize their resources to open and operate stores at optimal locations, shouldering the associated capital expenditure and operating expenses. On the other hand, we provide store management and consultation services to TOP TOY Retail Partners for a fee, retain store inventory ownership until in-store sale to consumers and receive a pre-agreed portion of the sales proceeds. The store management and consultation services optimize and unify store operations in key aspects, mainly including store layout and decoration, interior design, staff training, pricing, product curation and inventory replenishment, to maintain consistent brand image, consumer experience and product pricing across stores. In general, managers of each store examine and record on the system inventories when they arrive at the stores, and the system records are automatically updated upon the sale of products when store cashiers scan the products. Our TOP TOY Retail Partners generally examine the inventories held at their stores on a monthly basis, the results of which are recorded on our system and available to us for review. We also conduct comprehensive examinations of inventories for all TOP TOY Retail Partner-operated stores at least once a year, checking against system data and recording updates as appropriate. Our contractual agreements with TOP TOY Retail Partners, which primarily include a sales agreement, franchise agreement, management and consultation agreement and a store renovation agreement, typically last for three years or less.

Below is a summary of the key contractual terms with our TOP TOY Retail Partners:

Payments for goods. We set an agreed percentage of in-store sales proceeds payable by TOP TOY Retail Partners to us, while the TOP TOY Retail Partners keep the remaining in-store sales proceeds. For most of TOP TOY Retail Partners, sales proceeds generated from the stores they operate are deposited in an escrow account with a commercial bank, which will automatically fund the relevant portions to our account and the account of TOP TOY Retail Partners based on pre-agreed percentage between TOP TOY Retail Partners and us. We check sales proceeds data against bank account information on a daily basis.

Franchise. Under our agreements with TOP TOY Retail Partners, we offer trademark and brand licensing services at a license fee equal to a low single-digit percentage of in-store sales proceeds, payable by TOP TOY Retail Partners at the close of the next business day. All TOP TOY Retail Partners are required to maintain fully legal and compliant business operations. This includes securing and upholding legally valid agreements with property landlords, conducting business in a way that protects our brand equity and refraining from any conduct that could tarnish our brand’s goodwill.

BUSINESS

Management of stores. Under our agreements with TOP TOY Retail Partners, we provide store management and consultation service to our TOP TOY Retail Partners in return for a store management and consultation services fee, equal to a low single-digit percentage of in-store sales proceeds, payable by TOP TOY Retail Partners at the close of the next business day. TOP TOY Retail Partners pay for store operating expenses, including logistics costs from product delivery to their stores.

Term/duration. The terms of our contracts with TOP TOY Retail Partners are generally not more than three years and renewable upon negotiation prior to the termination of the agreement.

Breaches. In the event of a breach, we are entitled to terminate the agreements with the TOP TOY Retail Partners, who are then contractually obligated to compensate us for losses incurred.

Termination. Prior to expiration of contractual term, these agreements can typically be terminated under force majeure events, by mutual agreement or due to bankruptcy or certain breaches of contractual obligations by either party.

Location and renovation. TOP TOY Retail Partners are not able to open stores at a non-designated location. We recommend providers for store renovation and decoration for the TOP TOY Retail Partners, with the associated costs being borne by them.

Product offering and pricing. TOP TOY Retail Partners shall only offer products supplied by us. They are able to set the retail price of the products to be sold in store within five percent of the price recommended by us for the same products with our written consent.

Licensing rights. TOP TOY Retail Partners are not able to have sub-contractors or sub-distributors or otherwise assign the rights under the licensing agreements to a third party without our prior written consent.

Inventory. The goods we dispatch to TOP TOY Retail Partners’ premise for sale are under our inventory ownership until the goods are sold to consumers. TOP TOY Retail Partners are generally required to place an inventory deposit with us, which generally covers the estimated maximum value of inventories held by the relevant TOP TOY Retail Partners at their stores at a point of time during the period of time in which they act as our TOP TOY Retail Partners. Generally, inventory deposits are returned to TOP TOY Retail Partners upon the termination of their relationship with us. We may deduct from the deposit unsettled amounts payable by the TOP TOY Retail Partners to us, if any, under the relevant agreements.

BUSINESS

We usually choose TOP TOY Retail Partners with financial strength and strong local ties who can secure optimal locations for new stores. We verify the potential TOP TOY Retail Partners’ financial strength by examining the content and status of their lease agreements for the store locations and monitoring whether they pay all upfront deposits on time. To attract and retain TOP TOY Retail Partners, we provide strong operational supports that go beyond initial training to offer continuous guidance on inventory management, visual merchandising, and staff product education, effectively making our success contingent upon their operational excellence. Concurrently, we conduct branding activities to fortify our brand power, implementing national marketing campaigns that drive footfall and ensure a consistent and compelling brand presence at every retail touchpoint. Furthermore, we actively listen to the advice of TOP TOY Retail Partners and incorporate their feedback into our planning, fostering a collaborative relationship where they feel valued and heard. Finally, to provide assurance and build trust, we take clear and measurable steps to prevent cannibalism. See “— Distributors — Management of our Distributors.” As of the Latest Practicable Date, to our knowledge, all of our TOP TOY Retail Partners were Independent Third Parties. We are the seller of products in our relationship with TOP TOY Retail Partners. We believe that our sales to TOP TOY Retail Partners during the Track Record Period reflected genuine market demand and there was effective management and control over the inventory levels. We recognize revenue from product sales to TOP TOY Retail Partners when they sell the products to end-customers in their own TOP TOY stores. We do not impose a minimum purchase or sale target on our TOP TOY Retail Partners. For more details regarding our revenue recognition policies, please refer to notes 2(o)(i) and 2(o)(ii) to the Accountants’ Report in Appendix I to this document. The TOP TOY Retail Partner model represents a mutually beneficial relationship between us and the TOP TOY Retail Partners, where we achieve rapid store network expansion with consistent brand image and consumer experience, and our TOP TOY Retail Partners attain attractive investment opportunities. The breakeven period for a TOP TOY store in Chinese Mainland (including directly operated store and TOP TOY Retail Partner store) is generally 1 to 2 months after opening, with the initial investment payback period typically falling between 12 and 15 months.

Online Sales

We primarily conduct online sales through all major third-party e-commerce platforms and content and social media, such as Tmall, JD.com, Douyin, Rednote and Pinduoduo to drive sales, enhance brand visibility, and engage with consumers. These channels help us drive sales, enhance brand visibility, and engage with consumers. We achieved significant growth in online sales revenue, driven by our strategic expansion across multiple e-commerce platforms, the expansion of our product offerings online and continuous optimization of our online operational models.

- On e-commerce marketplaces, we focus on transactional sales while collaborating with platform-led promotional campaigns. These channels serve as our primary sales channels, where we implement customer tagging to track purchase behavior and origin sources. This data enables highly targeted product recommendations aligned with individual preferences, significantly improving conversion rates.

BUSINESS

- Our content and social media strategy focuses on customer acquisition and conversion through interactive formats such as livestreaming and community engagement. Platform users are initially drawn to our compelling content, whether through engaging product unboxing videos and livestreams or through beautifully curated product imagery set within narrative-driven contexts. These digital channels serve as vital marketing platforms that not only drive immediate sales but also foster lasting brand loyalty while expanding our reach among trend-focused consumer demographics.

A key component of our strategy involves cross-channel user identification. By analyzing which platforms customers engage with and what products they purchase, we create detailed user profiles. This allows for personalized marketing and conversion across touchpoints — whether suggesting related items to marketplace shoppers or delivering tailored content to social platform followers.

The synergy between our sales platform and content platforms creates a continuous engagement loop: content platforms introduce consumers to our brand, while marketplaces efficiently convert interest into purchases. Post-purchase, we extend the relationship through membership programs and retargeting, completing the full-channel marketing and sales cycle. For our marketing strategies, please also refer to “— Marketing and Community Engagement.”

Distributors

Our products reach consumers through an established network of authorized distributors who sell through their own retail stores or supply other retailers. Our distributors primarily consist of supermarket chains, specialty toy retailers and established retail chains. We do not believe there is a material concentration risk with our distributors. To the best knowledge of our Directors, other than MINISO Group, all our distributors were independent third parties, and none of our distributors has any past or present business, employment, family, financing or similar relationships with our Directors, Shareholders, senior management or any of their respective associates, and our current or ex-employees or operated under our brand during the Track Record Period.

By leveraging distributors’ established retail networks and local market expertise, we can rapidly expand our geographic reach while lowering costs of building direct sales channels. Our distributors also bring knowledge of regional regulations, consumer preferences, and retail relationships, ensuring products are positioned effectively across diverse markets. According to Frost & Sullivan, our existing distribution model is consistent with customary industry practice in China and overseas markets.

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Management of Our Distributors

Distributor Selection — We implement a thorough vetting process when selecting new distributors, evaluating each candidate’s operational capabilities, market coverage, alignment with our brand identity, and track record of successful collaborations with domestic trend-driven brands.

Collaborative Product Assortment Planning — Our distributors begin by selecting initial product assortments based on their market knowledge and budget considerations. Our sales team then provides data-driven recommendations incorporating sales analytics, consumer trends, and performance benchmarks from comparable markets. Through this consultative process, we jointly finalize optimal product mixes. Following launch, we monitor performance and provide in-store optimization guidance to enhance sales productivity.

Partner Engagement and Support — We emphasize direct, in-person engagement with distributors across all markets. Our domestic teams conduct bi-monthly retail tours in key regions, while international account managers complete mandatory monthly or quarterly market visits. These visits, supplemented by ongoing digital communication, enable us to address operational challenges promptly while gathering valuable market intelligence to inform business decisions.

We are the seller of products in our relationship with distributors. We recognize revenue from product sales to distributors when the products are shipped from or delivered to the locations specified in our sales agreements with the distributors, at which point the distributors take ownership of the products and assume the risk of loss.

We believe that our sales to distributors during the Track Record Period reflected genuine market demand and there was effective management and control over the inventory levels held by our distributors. In order to ensure the efficiency of our distribution channels, we have adopted stringent control measures, including but not limited to: (i) collecting inventory and sales data from each markets and making quarterly analysis; and (ii) conducting site visits to and inventory examinations of our stores. For online sales, we ship products based on platform specific historical data and marketing plans, managing inventory weekly to match real-time demand. For offline distributors, our “payment – before – delivery” policy financially discourages overstocking. We also regularly review orders, conduct data collection, visits and examinations to monitor the sales, inventory levels, validate actual sales performance of our distributors. Through these activities, we monitor our distributors’ compliance with the terms and conditions of the relevant agreements. If we discover non-compliant issues or risks, we conduct further investigation, notify the relevant distributors, work with the distributors to take rectification or mitigation measures, or terminate the distributor relationship. In addition, we generally require our distributors to make advance payments for our products. We also do not impose a minimum purchase or sale target on our distributors. In general, we do not have any obligation or practice to accept any return of unsold products. In the event that a product quality defect is conclusively demonstrated to have arisen from a failure in or procurement or inspection procedures, and such defect results in direct economic loss to a distributor, we accept the return of the non-conforming products and provide replacements or other appropriate compensation, in accordance with the terms of our distributor agreements. We

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believe we did not experience abnormal increases in revenues generated through distributors as the overall growth in offline distributor revenue aligned with our expectations, driven by the successful execution of our strategy to expand the distributor network and increase retail penetration. We believe this growth demonstrated a consistent pattern without unexplained spikes. In addition, we did not experience significant product returns in the Track Record Period. During the Track Record Period, we maintained generally stable and healthy relationships with our distributors.

In addition, to minimize any potential conflicts among our distributors and potential conflicts among our distributors and our direct sales channels, we specify the designated distribution area or distribution channels for our distributors in the distribution agreement. In addition, distributors are required to report their intended distribution channels to the company in advance. Our team conducts on-site inspections to verify that the actual distribution channels match those reported. We also labeled with traceability codes, and we perform regular spot checks in retail stores to confirm that goods sold originate from our authorized distribution channels. We generally reserve the right to terminate a distribution agreement in the event the distributor breaches the requirements on geographic area and sales channel. For store expansion, when a TOP TOY Retail Partner applies with a proposed store location, our expansion team reviews the site and filters out any potential overlap or conflict with other stores.

The following table sets forth the total numbers of our distributors and movement during the Track Record Period. The increased number of our distributors during the Track Record Period was in line with our business growth.

	Years ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the period ⁽¹⁾	12	11	29
Number of new distributors during the period	3	20	186
Number of distributors terminated during the period ⁽²⁾	4	2	0
Number of distributors at the end of the period	11	29	215

Notes:

- (1) The number of distributors also include wholesale customers. We refer to certain customers as wholesale customers as they are reasonably expected to resell our products to both consumers and other businesses compared to other distributors which are generally expected to sell only to other businesses. We maintain consistent key terms across our contracts with distributors and wholesale customers.
- (2) We did not terminate collaboration with any distributor due to material breaches of the relevant distributorship agreement during the Track Record Period. Termination of distributors typically resulted from our strategic shift in certain geographic market, where we reclaimed operations to establish direct sales to consumers, phasing out the previous distributor arrangement.

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Key Terms of Distribution Agreements

Under the distributor model, we typically enter into a sales agreement with our domestic and overseas distributor.

The key contractual terms of our agreement with our domestic distributors included:

Product offering and pricing

We provide distributors with a product catalogue from time to time, according to which our distributors can purchase the products at a price set within a fixed percentage range of the suggested retail price. We generally require distributors to provide us with a list of distribution channels in advance and obtain our written confirmation before sales. All distributors must strictly follow the confirmed channels and suggested retail prices of our products for sales. For any distributors planning for a promotional event or lowering retail price for any other reasons, we generally require them to notify us in advance and obtain written consent. We also require our distributors to deposit with us a compliance deposit to ensure that they perform their obligations under the agreements.

Intellectual property rights

Distributors must strictly abide by the inviolability of the intellectual property rights of the products provided by us, and shall not copy, distribute or pirate the products without authorization, nor use the product brand for publicity in any way without authorization.

Non-disclosure

Distributors are responsible for keeping confidential all non-public information provided by us, including but not limited to cooperation content, product quotation and financial information.

Operational management

The agreement sets out the operational requirement for distributors to follow and we have the right to supervise the operation by distributors. Distributors are generally required to submit to us the quarterly distribution channel sales data which includes brand names, total sales volume and retail prices following each quarter.

Term

Our sales agreements usually have a term of one year. In the event of material breaches by our distributors, we will be entitled to (i) confiscate the compliance deposit and seek additional damages if the compliance deposit cannot fully cover the losses we incurred, and (ii) unilaterally terminate the agreement.

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Sub-licensing

Our distributors typically do not have the right to sub-contract or sub-license their rights under the agreement without our express written consent. We typically do not have any contractual relationship with any sub-contractors or sub-distributors and do not control or deal with them directly, as our distributors enter into contractual relationship with and manage their sub-contractors or sub-distributors directly.

Inventory

Generally inventory ownership is transferred to distributors when inventory is shipped from or delivered to the locations specified in sales agreements.

The key contractual terms of our agreement with our overseas distributors included:

Product Offering and Pricing

Distributors submit purchase orders to acquire our products. Our distributors can purchase the products at a price set within a fixed percentage range of the suggested retail price. Distributors must submit a list of approved retail locations for our written confirmation prior to any sales activities. All sales must be conducted through authorized channels within designated territories, in compliance with our established distribution guidelines and suggested retail pricing.

Intellectual Property Management

Products must be sold within the licensed period (including any agreed sell-off period). Unsold inventory cannot be returned due to failure to sell within this timeframe. Should distributors fail to dispose of remaining products by the license expiration, we retain the right to require destruction of such inventory at the distributor’s expense.

Insurance Requirements

Distributors are required to obtain and maintain appropriate insurance coverage at their own cost, and to provide proof of such insurance upon our request.

Confidentiality Obligations

All business and technical information, whether written or oral, constitutes confidential trade secrets. Distributors must maintain strict confidentiality and may only use such information for purposes outlined in the sales agreement. All marketing and product materials provided by us, including specifications, designs and certifications, are considered confidential information.

Contract Duration and Termination

Sales agreements typically have a one-year term. In case of material breach, we reserve the right to: (i) terminate the agreement unilaterally, (ii) claim predetermined liquidated damages, and (iii) seek additional compensation for any losses exceeding the liquidated damages amount.

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Sublicensing Restrictions

Distributors generally may not subcontract or sublicense their rights without our express written consent. We typically maintain no direct contractual relationship with subcontracted parties, as distributors manage these relationships directly.

The distributor model differs from the TOP TOY Retail Partner model in a few key facets. Operationally, although we have the right to supervise the operation of domestic distributor stores to ensure that they adhere to certain operational standards, we do not provide store management and consultation services to these distributors and have less operational involvement with them. In addition, we have limited control over the operation conditions of our overseas distributor stores. In terms of product sales, generally inventory ownership is transferred to distributors when inventory is on board, while we retain inventory ownership until in-store sale to consumers under the TOP TOY Retail Partner model.

The following table sets forth the key difference between our sales and distribution channels.

	Direct operation model	TOP TOY Retail Partner model	Distributor model
Relationship with party . . .	Not applicable	Seller-buyer relationship in which TOP TOY Retail Partners enter into sales agreements, license agreements, management and consultation agreements, and store renovation agreements with the Company	Seller-buyer relationship in which distributors typically enter into a sales agreements with the Company
Costs and risks borne by each party . . .	The Company bears all associated costs and risks	TOP TOY Retail Partners bear (i) initial capital expenditure, (ii) inventory deposit and (iii) costs associated with store operation, such as rental, salary, logistics expenses from the Company’s warehouse or supplier to stores, utilities, expenses related to discretionary promotional campaigns and store management and consultation services fee, and risks associated with investment recovery and store operations, among others. The Company bears expenses related to (i) product design and development, such as IP licensing fees, (ii) supply chain management, and (iii) brand management, such as brand advertisement, and risks associated with brand and reputation, among others	Distributors bear inventory related risks. The Company bears similar costs and risks to those under TOP TOY Retail Partner model, and less oversight on operations, among others
Revenue recognition . . .	The Company recognizes revenue when the products are sold to customers	The Company recognizes revenue from product sales to TOP TOY Retail Partners when TOP TOY Retail Partners sell products to customers	The Company recognizes revenue from product sales to distributors when the products are shipped from or delivered to the locations specified in sales agreements

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MARKETING AND COMMUNITY ENGAGEMENT

Our Customer Base

We believe our products appeal to everyone, with three primary customer segments forming our core audience: trend-conscious Gen Z consumers, families, and passionate brand loyalists. While we implement tailored engagement strategies for each group, we also maintain universal brand initiatives to ensure broad inclusivity.

For our Gen Z consumers, we employ marketing strategies centered on scarcity, social validation, and cultural participation. For families, our marketing approach is focused on inspirational value to cultivate lasting benefits while creating opportunities for family bonding. We treat our brand loyalists as valued partners, inviting them to preview and influence new designs. By listening to their feedback and engaging in one-on-one conversations, we create a sense of community and reward them with exclusive insights and first access to limited activities.

Through strategic marketing campaigns for new product releases and sustained brand engagement initiatives, we continuously attract diverse demographics with varied interests, fostering recognition and appreciation for our brand across all consumer groups. We have developed a comprehensive membership program that we aspire to transform all customers into passionate brand advocates. Our tiered membership system offers exclusive benefits, including limited-edition product redemptions, member-only events, and personalized birthday rewards. Leveraging advanced data-driven insights, we implement targeted, structured outreach to different consumer groups. As of December 31, 2025, we had over 12 million of registered members. We recorded a member repurchase rate of 29%, 33% and 36% in 2023, 2024 and 2025, respectively.

Product Launch Marketing Campaigns

Prior to new product releases, we implement concentrated marketing initiatives with content co-creation at the core. Our collaborative approach engages consumers, artists, and influencers through design competitions and IP adaptation campaigns, to develop products that resonate with target audiences while generating organic visibility. The “Creative Workshop” on our Weixin mini-program serves as the hub for these activities, featuring crowd-funding mechanisms and community voting systems that strengthen member engagement. In addition, we cultivate anticipation through exclusive early releases, often weeks before official launches. These limited collector’s items are distributed through invitation-only systems targeting our most engaged brand advocates, supporting organic word-of-mouth promotion.

Our product launches also feature synchronized cross-platform content marketing campaigns designed to maximize engagement. We deploy a mix of content formats including IP animation stories, and artist interviews to create viral moments across content and social media platforms. For international markets, we partner with local creators to develop culturally relevant content such as outfit showcases (OOTD).

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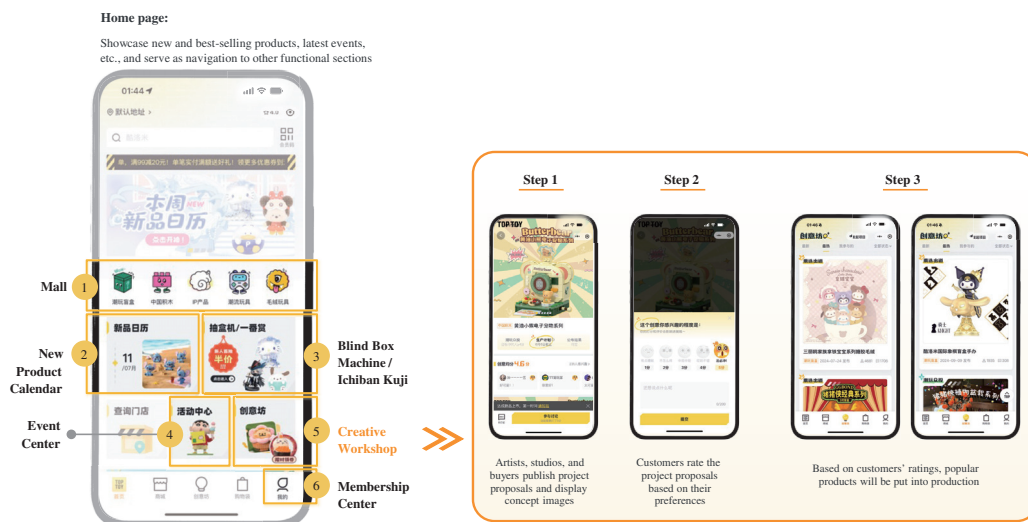
Complementing our digital strategy, we organize high-impact marketing events at our stores, including celebration events for new store openings. These immersive experiences feature celebrity signings, interactive challenges, life-size IP character photo opportunities, and hands-on workshops. Together, these integrated digital and physical activations create powerful touchpoints that drive brand awareness, consumer engagement, and sales conversion worldwide.

Ongoing Brand Engagement

Between launches, we maintain momentum through continuous content streams including product-centric short videos, premium photography, and interactive product unbox live streaming designed for maximum shareability.

We also launch various activities to engage with consumers. For example, we connect TOP TOY builders through competitions, building challenges where they share techniques, showcase creations, and celebrate the endless possibilities of 3D building blocks. We also host weekly and holiday themed building block events to engage our core family customer base, drive foot traffic, enhance interaction, and boost sales conversion.

Our mini-program also helps foster continuous brand engagement by providing fun and rewarding user experience. For example, the New Product Calendar builds anticipation and encourages repeat visits by highlighting upcoming releases. Gamified elements such as the Lucky Draw create excitement and incentivize participation through instant rewards, and the Creative Workshop deepens emotional investment by inviting users to co-create and personalize products, fostering a sense of ownership and community.



Every retail location also serves as a marketing touchpoint. Our high-traffic urban flagship locations feature immersive IP installations and host regular artist collaborations, limited releases, and workshops to create memorable experiences. Our offline initiatives consistently generate organic user content and viral trends as consumers enthusiastically share

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their store visits and event experiences. The wealth of consumer feedback gathered through such cross-channel interactions provides invaluable preference data that informs future product development and marketing optimization.

OUR SUPPLY CHAIN

Our Suppliers

Our suppliers primarily include pop toy and mold factories and IP licensors.

We source finished toy products and molds from pop toy and mold factories. We had 226, 287 and 386 suppliers for the production of pop toy products in 2023, 2024 and 2025, respectively. We currently have 16 back-up suppliers. We maintain close collaboration with them throughout our entire supply chain process, from initial product design through final shipment. During the design phase, we actively solicit our suppliers’ technical feedback on manufacturability to optimize production feasibility. Following product launch, our digitally integrated supply chain system automatically generates manufacturing orders based on real-time inventory and sales data, which we verify before suppliers commence production. Our suppliers typically manage logistics from their facilities to our designated warehouses according to our precise delivery requirements. This comprehensive digital integration and supplier involvement, combined with the strong relationships we cultivate through significant purchase volumes and reliable payments, enables us to maintain supply chain efficiency. These practices allow us to sustain a growing SKU portfolio, regularly introduce numerous new products, and preserve cost competitiveness. We continuously strengthen partnerships with existing qualified suppliers while attracting new capable manufacturers. Our ongoing supply chain optimization includes regular guidance to suppliers regarding quality improvement, production efficiency, and cost reduction initiatives.

We have stringent quality assurance and control procedures in place to ensure supplier compliance with our product safety and quality standards. Suppliers have to undergo on-boarding procedures with a rigorous quality screening process before we begin working with them. In addition, our framework agreements with suppliers have clauses that ensure a baseline quality of the products produced by the suppliers, including those related to technical specification, quality specification, inspection standards, and defective product handling. Upon receipt of product shipments from suppliers, we perform quality inspection on random samples to detect any quality issue. We also pay regular visits to our suppliers to ensure that their facilities, equipment and finished products are up to our standards. We also have online quality control systems that visualize our standard quality inspection procedures and allows us to coordinate with our suppliers, TOP TOY Retail Partners and distributors on detecting and correcting any quality issues.

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We believe our suppliers are generally ready to increase production capacity for our products as we primarily engage them through purchase orders based on real time demand rather than binding annual volume contracts. Therefore, suppliers are expected to proactively reserve a portion of their capacity specifically for our ad-hoc orders. We recorded cost of inventories of RMB955.9 million, RMB1,221.6 million, and RMB2,291.0 million in 2023, 2024 and 2025, respectively.

Key Terms of the Procurement Agreement

Orders and Delivery. We issue formal purchase orders to suppliers, who must confirm acceptance within a specified number of days. Once confirmed, suppliers may not cancel the order. Suppliers are generally responsible for all freight costs to our designated delivery location.

Payment. Payment for goods is generally due monthly, following our receipt and acceptance of the products. We will pay a specified advance payment within a defined period after order confirmation.

Quality. Suppliers provide quality warranties and must ensure compliance with all applicable laws and standards. They are also required to proactively disclose any product safety risks. For defective products, suppliers must promptly replace or refund them and bear all related costs.

Breach and Termination. In the event of a breach — such as product quality issues resulting in third-party personal injury, property damage, or material harm to our reputation — we may terminate the agreement and require a refund and payment of contractual penalties and losses.

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We enter into licensing agreement with the IP proprietors or licensors where they allow us to develop and sell branded products based on their IPs. For IP licensors, we emphasize collaborative innovation and mutual success. Our partnerships focus on co-creation to enhance IP value through derivative products that expand the proprietary IPs’ appeal and market presence. We deeply involve licensors from initial character design through product development stages. We are committed to maintaining excellent relationships with our licensors and actively seek partnerships with additional world-renowned intellectual properties to broaden our offerings.

For the years ended December 31, 2023, 2024 and 2025, purchases from our five largest suppliers in each period amounted to RMB242.6 million, RMB226.7 million and RMB616.6 million, representing 21.0%, 14.2% and 20.2% of our total purchase amount for the respective periods. For the years ended December 31, 2023, 2024 and 2025, purchases from our largest supplier in each period amounted to RMB62.6 million, RMB49.9 million and RMB214.6 million, representing 5.4%, 3.1% and 7.0% of our total purchase amount for the respective periods.

One of our Directors had shareholding interest (less than 0.1% as of the Latest Practicable Date) in an affiliate of one of our five largest suppliers during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, other than the foregoing none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest suppliers in each year during the Track Record Period that are required to be disclosed under the Listing Rules.

Our procurement agreements with our suppliers are legally binding and typically contain the following salient terms:

Order and pricing. Our procurement agreements with suppliers usually include terms of ordering process, that is, we shall issue a procurement plan to suppliers through our SAP system. The price terms will be specifically agree upon the orders confirmed by suppliers and us.

Product delivery. Our procurement agreements with suppliers usually include terms to ensure that our suppliers will adhere to our orders and delivery instructions, such as those stipulating our suppliers’ obligations to pay liquidated damages for their failure to deliver goods on time.

Quality control. Our procurement agreements with suppliers usually include terms that require supplier to obey our quality control standards, such as those stipulating our suppliers’ obligations to compensate us for losses arising from defects in product quality.

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Breach of contract. Our procurement agreements with suppliers usually include terms of liability for breach of contract, such as that suppliers shall repair, replace, or recall the relevant products according to our requirements and bear the costs incurred thereby for providing products with quality problems.

Intellectual property rights. Our procurement agreements with suppliers usually include terms to ensure that our suppliers provide products that are free from IP defects including potential infringement of the legitimate rights and interests of any third party. Suppliers’ failure to meet such requirements will entitle us to terminate the agreement with such supplier in certain circumstances and claim damages.

Commissioned production. Our procurement agreements with suppliers usually include terms to ensure that any commissioned production conducted by suppliers will be previously confirmed by us in writing. The confirmation shall include the third-party commissioner’s name, qualifications and other detailed information related to commissioned production. Suppliers’ failure to follow such requirements will entitle us to terminate the agreement and claim damages.

Confidentiality. Our suppliers shall take adequate measures to keep all sensitive information from us strictly confidential. Suppliers and other relevant responsible parties shall be jointly and severally liable for our losses due to unauthorized disclosure of our business secrets and intellectual property information.

Term/duration. Our procurement agreements with suppliers are usually of a term of one year.

Separately, we will usually enter into non-disclosure agreements with our suppliers to protect our trade secrets and intellectual property. We also require the suppliers not to directly or indirectly cooperate with brands whose business models are the same or similar to us. Suppliers’ failure to follow the obligations in non-disclosure agreement will entitle us to terminate the agreement and claim liquidated damages. The term of our non-disclosure agreements entered into with suppliers usually is one year.

Warehouse and Logistics

Our products were distributed through our three leased warehouses. Suppliers are generally responsible for delivering products to our warehouses either by themselves or through third-party logistics service providers. Products are distributed from our warehouses to TOP TOY stores (other than those operated by distributors) at a frequency depending on demand, and shipments are allocated dynamically based on real-time consumer demand and inventory data.

BUSINESS

DIGITALIZATION AND INFORMATION SYSTEM

We utilize a comprehensive technology system that seamlessly connects all major aspects of our business operations — including supply chain management, store operations, customer engagement, and targeted marketing. Powered by this highly scalable and efficient platform, we ensure consistent, centralized store management while enabling rapid expansion with consistent quality standards.

We adopt a digital supply chain infrastructure that includes multiple integrated systems. Our product lifecycle management system incorporates frontline employee insights into product development. The intelligent inventory replenishment module analyzes comprehensive data to generate demand forecasts and optimize store-specific stock mixes. Our online quality control systems encompass supplier quality monitoring and a big-data risk control system that aggregates external quality data from multiple sources.

We leverage mobile intelligent store management tools featuring a merchandise display management system and an assistant for store managers. The merchandise display management system is designed to visualize, synchronize and optimize shelf display management at TOP TOY stores. The assistant to store managers provide store managers with real-time inventory level, product sales trends, pricing information, and other important store operating metrics.

Our digital consumer engagement and marketing systems analyze consumer interaction data to develop customized profiles that guide our marketing strategies. This enables the delivery of tailored content, including personalized promotions and product suggestions, through individualized communication channels.

CONSUMER SUPPORT AND PROTECTION

Our customer service personnel respond to customer complaints and suggestions. For model figures and building blocks, we accept returns and exchanges before the products are unpacked and generally only accept product exchanges for defective products. For other products, we strictly abide by the seven-day return policy for our products where consumers can return the products within seven days of purchase or delivery subject to certain terms and conditions. If there is any product defect, we will deal with the claims from consumers and bear the relevant product liabilities. To the extent the defect is caused by our partner factories, we would seek indemnity from them. During the Track Record Period and up to the Latest Practicable Date, we had not received any material customer complaints and have not experienced material product recalls or product returns.

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INTELLECTUAL PROPERTY

We regard our trademarks, domain names, know-how, trade secrets and similar intellectual property as critical to our success, and we rely on trademark and copyright law and confidentiality and non-compete agreements with our employees and others to protect our proprietary rights. As of December 31, 2025, we had entered into collaboration with 37 IP licensors around the world. We had 411 trademarks in more than 90 countries and regions, 5 patents, 175 copyrights relating to various aspects of our operations, and 4 registered domain names (including www.toptoyglobal.com) as of December 31, 2025. We view 30 of our registered trademarks for the TOP TOY brand as our core trademarks. We believe these trademarks are material to our operations due to their registration classes and/or the markets in which they are registered. Please refer to “Appendix — Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property Rights” for further details.

We have established and implemented the TOP TOY Intellectual Property Management System. A dedicated team is responsible for receiving, safeguarding, and managing all of our IP rights-related documents and certificates of rights. IP archives are managed according to the type of right and its corresponding level, with clear labeling of risk and importance to ensure clear and organized management of IP assets. For original works created by us, such as product design drawings, IP characters, and designed commercial identifiers, we promptly submit applications for copyright registration to the relevant government authorities. We also conduct comprehensive assessment to identify and avoid potential infringement of third-party IP rights. In addition, we proactively monitor public IP registration platforms and the market for any unauthorized appearances of our proprietary IP, actively seeking legal actions or remedies for any potential or identified infringements. For licensed collaborations, prior to entering into any IP licensing agreements, we conduct thorough due diligence to verify the legitimacy and ownership of the licensed IP prior to entering into any IP licensing agreements, thereby mitigating the risk of rights-related defects. When using licensed IP characters from third parties, we require our business departments to strictly adhere to the authorized scope of use. They are prohibited from altering the works or using them beyond the authorized scope without the copyright owner’s consent. For products developed through IP collaborations, usage is strictly confined to the licensed terms. Furthermore, we contractually require our IP licensors to undertake active enforcement obligations and to guarantee that their authorization does not infringe upon any third-party intellectual property rights. To the best of our knowledge, we have not experienced any incidents of unauthorized use of intellectual property rights by third parties, nor have we infringed upon the intellectual property rights of any third party during the Track Record Period and up to the Latest Practicable Date.

When developing products based on licensed IPs, we ensure that substantial and independent creative effort is invested, such that the final product qualifies as derivative work under PRC law. Our creative contributions include: introducing new visual elements, design features, product forms, or packaging concepts that align with the IP style and usage guidelines while demonstrating independent creativity; developing new forms of expression, usage scenarios, or user experiences that expand the application of the IP while preserving its core

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characteristics; and creatively reinterpreting characters, settings, or thematic elements in accordance with the original spirit and the licensor’s adaptation guidelines to achieve new artistic or product innovation. All derivative product designs are independently conceived and executed by our internal design teams within the scope of the IP license. For exclusively licensed IP, we hold exclusive usage rights of the derivative creations during the contract term. For non-exclusively licensed IP, although the contract may not explicitly grant exclusive rights to derivative works to us, as advised by Frost & Sullivan, it is a common industry practice for the licensor to refrain from authorizing other parties to use the same derivative creations to protect the licensee’s investment and prevent market confusion.

We enter into licensing agreement with the IP proprietors or licensors. Below set forth the key terms of the license agreements:

Licensing rights. The IP proprietors or licensors usually grant us the non-exclusive rights to manufacture, distribute, sell and promote products as specified in the agreements in specific regions based on their IPs as specified under the agreements during the term of the agreements.

Sales Channels. We are authorized to sell the products through general offline channels as well as online/e-commerce channels. The licensing agreements may specify each sales channel, and sales through wholesalers require the approval and authorization of the IP proprietors or licensors. For any unauthorized sales, the IP proprietors or licensors are entitled to additional remedies.

Duration. The initial term of our licensing agreements is generally around two years.

Use of logo and trademark. We are authorized to use the official logo and trademark of the licensed IPs on our products, promotion activities of the licensed products and advertisement materials.

Product type. The licensing agreements specify the type of products we have the right to develop, manufacture and sell. Generally, we have the right to develop and sell pop toys under the licensing agreements.

Sub-license. We are generally not allowed to sub-license the IPs under the license agreement.

Sub-contracting. We are entitled to engage third parties as subcontractors to manufacture the licensed products or promotional/packaging materials, provided that we have applied for and obtained approval from the IP proprietors or licensors.

Minimum loyalty fees. For each year, we generally need to pay IP proprietors or licensors an amount of minimum loyalty fees as specified in the license agreements. Such paid minimum loyalty amount can be deducted in the commissions fees expected to be paid by us.

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Commission fees. The commission fees are charged at different rates depending on the category of transaction or sale, and are generally calculated as a specified percentage of the total sales amount or the total invoiced amount.

Sell-off period. We are typically allowed to sell the unsold products developed under the IPs within three months after the termination of the license agreement.

Validity of IP rights and Infringement. The IP proprietors or licensors represent that they have the relevant intellectual property rights or full authorization in relation to the IPs.

Labeling. Any licensed product sold within the licensed territory must bear the appropriate certification labels as requested by the IP proprietors or licensors.

Termination. Either we or the IP proprietors or licensors are entitled to terminate the agreement upon the occurrence of certain specified events, such as a material breach of agreement, breach of law or bankruptcy.

We actively manage our portfolio of licensed IPs and initiates renewal discussions well in advance of expiration dates. During the Track Record Period, we have not experienced any instance where we sought to renew a licensed IP but was rejected by the licensor. Our standard process involves a performance review of each licensed IP as its contract nears expiration. Based on this review, we make a strategic decision on whether to pursue renewal.

OUR CUSTOMERS

Our customers primarily include TOP TOY Retail Partners, distributors and consumers. For the years ended December 31, 2023, 2024 and 2025, revenue from our five largest customers in each period amounted to RMB1,117.8 million, RMB1,263.3 million and RMB2,130.8 million, representing 76.5%, 66.2% and 59.5% of our total revenue for the respective periods. For the years ended December 31, 2023, 2024 and 2025, revenue from our largest customer in each period amounted to RMB781.4 million, RMB922.8 million and RMB1,671.4 million, representing 53.5%, 48.3% and 46.6% of our total revenue for the respective periods. The table below sets forth the details of our five largest customers in each period during the Track Record Period.

Customer	Commencement of Business Relationship	Revenue (RMB in thousands)	% of Total Revenue	Customer Type	Credit Terms
Year ended December 31, 2025					
MINISO Group ⁽¹⁾	2021	1,671,368	46.6%	Distributor	the following month

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Customer	Commencement of Business Relationship	Revenue (RMB in thousands)	% of Total Revenue	Customer Type	Credit Terms
Customer A ⁽²⁾	2021	178,643	5.0%	Top Toy Retail Partner	6 months
Customer G ⁽³⁾	2025	110,636	3.1%	Distributor	1 month
Customer B ⁽²⁾	2023	99,344	2.8%	Top Toy Retail Partner	6 months
Customer C ⁽²⁾	2023	70,812	2.0%	Top Toy Retail Partner	6 months
Total		<u>2,130,803</u>	<u>59.5%</u>		
Year ended December 31, 2024					
MINISO Group ⁽¹⁾	2021	922,785	48.3%	Distributor	the following month
Customer A ⁽²⁾	2021	229,581	12.0%	Top Toy Retail Partner	6 months
Customer D ⁽²⁾	2020	41,692	2.2%	Top Toy Retail Partner	3 months
Customer B ⁽²⁾	2023	37,480	2.0%	Top Toy Retail Partner	6 months
Customer C ⁽²⁾	2023	31,725	1.7%	Top Toy Retail Partner	6 months
Total		<u>1,263,263</u>	<u>66.2%</u>		
Year ended December 31, 2023					
MINISO Group ⁽¹⁾	2021	781,358 ⁽⁴⁾	53.5%	Distributor	the following month
Customer A ⁽²⁾	2021	256,238	17.5%	Top Toy Retail Partner	6 months
Customer E and its related party ⁽⁴⁾	2021	31,561	2.2%	Distributor	1 month
Customer F and its related party ⁽⁵⁾	2022	25,143	1.7%	Distributor	N/A
Customer D ⁽²⁾	2020	23,515	1.6%	Top Toy Retail Partner	3 months
Total		<u>1,117,815</u>	<u>76.5%</u>		

Notes:

- (1) MINISO Group was an overlapping supplier during the Track Record Period. See “— Overlapping Customers and Suppliers.” Upon [REDACTED], the transactions with MINISO Group will constitute continuing connected transactions between MINISO Group and us. For details, please refer to the section “Connected Transactions” in this document. MINISO Group is a public company and the shares of which are listed on the Main Board (stock code: 9896) and the ADSs of which are listed on the NYSE under the symbol “MNSO”.

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- (2) TOP TOY Retail Partners who are individuals.
- (3) Customer G is a cultural and creative company headquartered in Hong Kong. Customer G is a private company with a registered capital of HKD10 thousand.
- (4) Customer E is a toy products sales and market planning company headquartered in Guangdong Province, China. Customer E is a private company with a registered capital of RMB1.0 million.
- (5) Customer F is a toy, animation and amusement products sales company headquartered in Jiangsu Province, China, with its related party headquartered in Shenzhen, China. Customer F is a private company with a registered capital of RMB10.0 million.

To the knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, except for MINISO Group which was one of our five largest customers in 2023, 2024 and 2025, our five largest customers in each period during the Track Record Period were Independent Third Parties.

Except for MINISO Group, during the Track Record Period and up to the Latest Practicable Date, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in any of our five largest customers in each year during the Track Record Period that are required to be disclosed under the Listing Rules. Please refer to “Connected Transactions” and “Relationship with Controlling Shareholders” for further details regarding our collaboration with MINISO Group.

We have implemented a multi-pronged strategy to reduce reliance on any single distributor, including MINISO, by establishing a broad, omni-channel sales and distribution network both domestically and internationally. Beyond MINISO, the Company’s extensive channels include directly operated stores, TOP TOY retail partner-operated stores, online sales, large offline retailers such as Sam’s Club and Don Don Donki, and a variety of other retail partners.

In Chinese Mainland, we are actively expanding and upgrading our physical store network, with an emphasis on opening new flagship locations and refurbishing existing stores to strengthen brand presence and accelerate sales growth. This expansion is demonstrated by our progress during the Track Record Period, during which the number of stores in Chinese Mainland increased from 148 as of December 31, 2023, to 304 as of December 31, 2025. Simultaneously, we are developing our online channels, especially our mini-program, to accumulate private domain traffic and enhance brand awareness and conversion.

We have also been consistently diversifying our independent third-party distributor base. Our distributor network in Chinese Mainland grew from 11 as of December 31, 2023, to 215 as of December 31, 2025. We plan to further increase sales through this channel by deepening collaborations with key accounts. This includes diversifying our product assortments, securing additional shelf space and launching exclusive product lines.

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In overseas markets, our expansion focuses on establishing self-operated stores, broadening our presence on major global e-commerce platforms, and enhancing direct-to-consumer initiatives. Our international footprint has already extended, with the number of TOP TOY stores outside Chinese Mainland rising from 4 as of December 31, 2024, to 30 as of December 31, 2025. We anticipate further growth, with plans to open more directly operated or TOP TOY Retail Partner-operated stores outside Chinese Mainland in 2026. To drive e-commerce sales, we will increase engagement on international platforms through optimized product listings, localized digital marketing, and region-specific promotions. Over the medium to long term, we plan to distribute products through independent third-party distributors to more countries and regions.

According to Frost & Sullivan, there exists adequate alternative distributors that are capable of distributing the Group’s pop toys at a similar scale to MINISO. The Group can leverage pop toy collection stores, general toy retailers, lifestyle and variety stores, supermarkets, and ecommerce platforms. These channels not only provide extensive geographic coverage and large customer traffic, but also possess mature retail operations, established supply chain systems, and proven capabilities in managing fast-moving products. Moreover, online marketplaces and social-commerce platforms continue to expand their participation in the pop toy sector. Collectively, this diversified channel landscape offers sufficient scale, stability, and market reach to support the effective and sustainable distribution of the Group’s pop toy products.

OVERLAPPING CUSTOMERS AND SUPPLIERS

MINISO Group, one of our five largest customers in 2023, 2024 and 2025, was also our supplier during the Track Record Period. MINISO Group is a global value retailer offering a variety of trendy lifestyle products featuring IP design. During the Track Record Period, we distributed our pop toy products through stores operated by MINISO Group and procured IT support services and other management service from MINISO Group. In 2023, 2024 and 2025, our sales to MINISO Group amounted to RMB781.4 million, RMB922.8 million and RMB1,671.4 million, accounting for 53.5%, 48.3% and 46.6% of our revenue during the same periods, respectively, and our purchases from MINISO Group amounted to RMB9.1 million, RMB15.6 million and RMB5.5 million, accounting for 0.8%, 1.0% and 0.2% of our total purchases in the same periods, respectively. For further details, see “Connected Transactions.”

Our largest supplier in 2025, was also our customer during the Track Record Period (“Customer-Supplier Y”). Customer-Supplier Y is a company primarily engaged in toy products sales, IP licensing service and e-commerce platform service and an Independent Third Party. During the Track Record Period, we procured pop toy products, IP licensing service for IPs including Sanrio and Crayon Shin-chan, and e-commerce platform services and platform promotion services for our flagship store on e-commerce channels from Customer-Supplier Y, and Customer-Supplier Y procured our self-developed products from our Company. In 2023, 2024 and 2025, our purchases from Customer-Supplier Y amounted to RMB22.4 million, RMB39.6 million and RMB214.6 million, accounting for 1.9%, 2.5% and 7.0% of our total

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purchases in the same periods, respectively, and our sales to Customer-Supplier Y amounted to RMB0.3 million, RMB0.6 million and RMB3.3 million, accounting for less than 0.1%, less than 0.1% and 0.1% for our total revenue during the same periods, respectively.

The sales to and purchases from such overlapping customers and suppliers were neither inter-connected nor inter-conditional with each other, and were conducted in the ordinary course of business under normal commercial terms and on arm’s length basis.

COMPETITION

The pop toy market in China is competitive and fragmented. Our competitors comprise both brand-owned retailers and pop toy collection retailers.

We believe that we are positioned favorably against our competitors on the basis of (i) our strong brand momentum and commercialization capabilities, (ii) our diverse IP matrix and comprehensive product portfolio, (iii) engaging in-store shopping experience and engagement driven operation, (iv) our fast-growing store network, (v) our agile, efficient and digitalized supply chain, (iv) our multi-channel operation, (vi) our global scalability and capability penetrating into various tiers of cities, and (vii) our experienced founder and entrepreneurial management team. These competitive advantages all contribute to the core value propositions of our products, which remain the key attraction to consumers.

SEASONALITY

We are subject to seasonal fluctuations in consumer demand. For instance, we typically experience sales peaks during major festivals such as the New Year and Christmas, as well as during the summer period, which is largely attributable to the summer vacation. According to Frost & Sullivan, this pattern of seasonal fluctuation is common in China’s pop toy industry. In anticipation of increased orders during these peak seasons, we strategically maintain higher inventory levels in the preceding weeks to ensure supply continuity.

EMPLOYEES

We had a total of 616 full-time employees as of December 31, 2025. As of December 31, 2025, 507 of our full-time employees are located in China and 109 full-time employees are located in certain overseas countries. The following table sets forth the numbers of our full-time employees categorized by function as of December 31, 2025.

	<u>Number of Employees</u>
Function	
Product Development and Supply Chain	174
Business Operation	364

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	<u>Number of Employees</u>
Marketing	21
Administration	57
Total	616

Our success depends on our ability to attract, motivate, train and retain qualified personnel. We adopt high standards in recruitment with strict procedures to ensure the quality of new hires. We provide training programs for our employees in order to enhance their professional and technical skills and understanding of our industry. We believe that we maintain a good working relationship with our employees, and we have not experienced any work stoppages due to labor disputes in the past. None of our employees are represented by labor unions.

Under applicable laws, we participate in various government statutory employee benefit plans, including social insurance funds, namely, medical insurance, maternity insurance, workplace injury insurance, unemployment insurance, and pension benefits, as well as a housing provident fund. We are required under applicable laws to contribute to employee benefit plans at specified percentages of the salaries, bonuses, and certain allowances of our employees up to a maximum amount specified by the local government from time to time.

We enter into standard labor contracts with our employees. We also enter into standard confidentiality agreements with all of our employees and non-compete agreements with our key employees. The non-compete restricted period typically expires two years after the termination of employment period. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material strikes, protests or other labor conflict or dispute.

INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by applicable laws and regulations and in accordance with the commercial practices in our industry. We maintain various insurance policies to safeguard against risks and unexpected events, including property insurance covering inventory and warehouses. We provide social security insurance for our employees as required by PRC law. During the Track Record Period, we did not make any material insurance claims in relation to our business. For risk factors relating to our insurance policies, please see “Risk Factors — Risks Related to Our Business and Industry — Our insurance coverage may be inefficient, which could expose us to significant costs.”

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PROPERTIES

As of the Latest Practicable Date, we did not own any real property. As of the Latest Practicable Date, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this document any valuation report. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Leased Properties

Our corporate headquarters is located in Guangzhou, China, where we lease office space with an area of 2,568 square meters. In addition, as of the Latest Practicable Date, we had also leased office space of 3,865 square meters in other cities in China. We also leased approximately 15,462 square meters and 2,341 square meters overseas for TOP TOY stores as of the Latest Practicable Date. We believe that our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate future growth. As of the Latest Practicable Date, we had leased three main warehouses in China with a total size of 37,897 square meters.

As of the Latest Practicable Date, the lessors of 19 of the leased premises, which are mainly used as stores, offices and warehouses, had not provided copies of the real property title certificates to us. In addition, under the PRC laws and regulations, lease agreements in general are required to be registered with the local land and real estate administration bureau. As of the Latest Practicable Date, the lease agreements for 68 leased properties China had not been registered with the relevant PRC government authorities. As advised by our PRC Legal Adviser, the penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. The aggregate maximum potential penalty which may be imposed as a result of the non-registration was RMB680,000 as of the Latest Practicable Date. As of the Latest Practicable Date, we had not been subject to any administrative penalties by the relevant competent authorities in respect of lease registrations, nor had we received any rectification notice from the relevant PRC government authorities regarding lease registrations. See “Risk Factors — Risks Related to Our Business and Industry — Our leased property interest may be defective and our leases of certain properties may be challenged.” In the event that relocation becomes necessary, we believe we can promptly find suitable alternative space for relocation under comparable terms, without material operational disruption or costs, considering the nature and respective size of use of these leased properties.

Our servers are primarily hosted at internet data centers owned by major internet data center providers in China. We believe that our current facilities are adequate and that we will be able to obtain additional facilities, principally through leasing, to accommodate any future expansion plans.

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DATA PRIVACY AND SECURITY

We collect gender, age, telephone number, location, email address, order history, and reward points records from consumers, as well as the name and address of contact persons of business partners. We also collect certain necessary information from employees. We are committed to protecting consumers’ personal information privacy and security. We follow strictly the relevant laws and regulations, including the recently promulgated Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》), in collecting the personal information of consumers, and we conduct regular self-inspections and correct any irregularities found to ensure our maximum protection of each consumer’s personal information.

Data protection policies. We maintain a multi-layered internal control framework to safeguard personal information and ensure compliance with data protection regulations. (i) Technical Security Controls: we have implemented robust technical defenses, including encryption monitoring systems and firewalls. (ii) Organizational & Administrative Controls: our governance structure clearly assigns roles and responsibilities. The legal team is responsible for privacy compliance, ensuring our data processing activities adhere to applicable laws and regulations. The information security team oversees the overall data security strategy, incident response, and the implementation of technical safeguards. In addition, we have established comprehensive policies, such as a Personal Information Protection and Management Procedure and Personal Information Protection and Management Specification.

Management standards for information system security, data security, Internet security and operation and maintenance security. These management standard policies are formulated to strengthen and standardize the security control of the entire life cycle of information in our Company, covering the key control points for internal data security, system development security, network intrusion prevention and information system operation.

Third-party information security guidelines. These guidelines govern how we manage interactions with suppliers and service providers to ensure information security and data protection, and they stipulate the responsibilities, procedures and requirements to be followed by our employees in managing information security and data privacy with suppliers and service providers.

Incident response policy. Our incident response policy implements the incident response mandate provided in the data protection policy, describes the incident response plan, and ensures quick detection and reporting of and response to information security incidents.

We currently use third-party clouds to host our network infrastructure. The third-party cloud service providers have encryption protocols and other security measures in place to safeguard our data. In addition, we back up our consumer and other forms of personal data on a regular basis and conduct frequent reviews of our back-up systems.

Despite the data privacy and security policies and measures adopted, there is no guarantee that advances in technology, the expertise of hackers, new discoveries in the field of cryptography or other events or developments will not result in a compromise or breach of the technology that we use to protect confidential information. See “Risk Factors — Risks Related

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to Our Business and Industry — Failure to protect personal or confidential information against security breaches could subject us to significant reputational, financial and legal consequences and substantially harm our business and results of operations.” On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly issued the Cybersecurity Review Measures, which require that (i) any procurement of network products and services by critical information infrastructure operators, which affects or may affect national security, or (ii) any network platform operator which has personal information of more than one million users and is going to be listed abroad, shall be subject to cybersecurity review, or (iii) any data processing activities by network platform operators, which affect or may affect national security. With respect to (i) and (ii), we have not been designated by the relevant PRC authorities as an operator of “critical information infrastructure” and the [REDACTED] does not constitute a “listing abroad” under the Cybersecurity Review Measures. In terms of (iii), we do not believe that our handling of the data stored by our cloud service provider affects or may affect national security, given that (a) we only collect user data necessary for providing our products and services, and none of such data would endanger national security and public interests if tampered with, damaged, disclosed, illegally obtained or illegally utilized. In addition, we have not received any notice, investigation, or penalty from the relevant authorities indicating that our data processing activities could potentially endanger national security nor have we received any notice from the relevant authorities requiring us to conduct a cybersecurity review. Therefore, we do not believe that we are subject to a cybersecurity review by the CAC.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to leveraging our ability to create value for society. Since our founding, we have adopted as our long-term strategic goal to promote environmental sustainability, support and participate in socially responsible projects, and adhere to a high standard of corporate governance. We do not operate any significant production facilities. To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary, adjust our human resources policies to accommodate material changes to relevant labor and work safety laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we complied with relevant health, work safety, social or environmental laws and regulations in all material respects, and did not have any accident, or claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major safety incident that occurred in the course of our business operations.

ESG Governance

Our Directors are directly involved in setting up our overall ESG governance management policies, strategies, priorities and targets, reviewing our ESG policies on an annual basis to ensure its effectiveness, and fostering a culture of acting in accordance with our core ESG values.

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Upon the [REDACTED], we will establish an ESG working group, consisting of senior management and staff with a solid understanding of ESG issues and our business. The ESG working group will be responsible for the continual assessment of ESG matters on a regular basis and directly report to the Board. To identify and assess the materiality of ESG-related risks, we conduct scenario analysis across three time horizons: short-term, medium-term, and long-term, and evaluate ESG topics from two dimensions of “materiality to the Company” and “materiality to stakeholders”. We have identified certain ESG-related risks in connection with our business over the short term, medium term and long-term, and have formulated strategies and implemented systems to manage and mitigate these risks.

Set forth below are the key factors and metrics adopted for the materiality assessment and the corresponding ESG-related risks identified:

Factors and Metrics	Period	Risks Identified
- Employee training record - Annual employee assessment result	Short-term and medium-term	Professional Development
Feedbacks to internal surveys on employee satisfaction	Short-term and medium-term	Employee Well-being and Diversity
- Annual electricity consumption and carbon emission - Carbon footprint assessments	Short-term, medium-term and long-term	Energy Savings and Emission Reduction
Recycling and utilization of packaging materials	Short-term, medium-term and long-term	Supply Chain Management

Product Quality and Safety

We prioritize product quality and safety through a comprehensive control system supported by stringent policies and a specialized engineering and quality team. In 2024, we enhanced our design and production oversight by establishing a dedicated engineering team that reviews raw materials, assembly structures, and manufacturing processes during development.

We adhere to rigorous internal standards — such as our Testing Manual, Restricted Substances List, and International Toy Standards — aligned with the strictest global regulations, such as the regulations in Europe, the United States, Canada and China. For instance, in 2025, we introduced corporate standard Q/TOPTOY 003-2025 for our products, imposing stricter limits on toxic chemicals to enhance safety and environmental performance.

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We use recyclable materials for all product packaging, additionally, we avoid the use of hot melt adhesive, heavy metals, phthalates, and other regulated chemical substances in our products, and use inks compliant with relevant EU regulations to reduce environmental impact.

Supply Chain Management

We have implemented measures to streamline production, warehousing, transportation, and distribution operations to improve logistics efficiency, increase the recycling and utilization rate of cardboard packaging, and reduce carbon emissions. Supplier relationships are regulated through a Supplier Delivery Requirements Agreement and a Supplier Quality Behavior Agreement, which set standards for product quality, licensing, and other critical dimensions. Suppliers that fail to meet quality requirements or violate red-line standards during assessment or sampling are held accountable and required to rectify issues within one week or within two days in severe cases. Failure to comply may result in termination of cooperation.

Furthermore, we require suppliers to conduct carbon footprint assessments during production and provide corresponding emission data for verification to ensure compliance with our carbon emission standards. After delivery, we collect and review carbon emission data to monitor environmental impact throughout the production process. We aspire to promote environmental friendliness in third-party delivery by encouraging the logistics service providers to deploy more new energy vehicles in their fleets, optimize shipping routes, and use lightweight and recyclable packaging materials to reduce the volume and weight of packaging. We undertake careful supplier selection procedure before entering into any procurement agreement. The effectiveness of our supplier selection procedure is ensured by our management and staff with extensive experiences and expertises and the deployment of analysis tools in our supplier selection system. Supplier selection prioritizes emission reduction performance, and on-site inspections are conducted to evaluate production processes.

We are committed to aligning with internationally recognized standards and continuously improving raw material traceability and process management. Specific measures include promoting certification and origin tracing for key materials such as wood, paper, cotton, and leather. All wood and paper materials used in products and packaging must be sourced from Forest Stewardship Council (FSC)-certified suppliers. We also require suppliers to provide detailed information regarding the origin, brand, and specifications of raw materials to ensure full supply chain transparency. We plan to explore the application of bio-based materials, recyclable ABS or PLA biodegradable plastics in our products while maintaining high quality, strong durability and consistent appearance, which could gradually reduce the consumption of PVC and ABS plastics.

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Energy Savings and Emission Reduction

We actively promote green and low-carbon principles across all operated stores by optimizing electricity management, enhancing equipment efficiency and implementing digital tools to drive energy savings and emission reductions in operations. All of the directly operated stores have replaced their lighting with high-efficiency LED energy-saving fixtures. While maintaining the same level of illumination, the density of light fixtures has been decreased thereby reducing energy consumption.

Metrics

We are committed to operating our business in an environmentally sustainable manner. We have formulated a set of key performance indicators that are relevant to our ESG subject areas and identified targets based on the historical level of our key performance indicators.

The following table sets forth the total electricity consumption, total greenhouse gas emission, total use of office paper and total use of packaging materials of our store network during the Track Record Period.

	For the Year Ended December 31,		
	2023	2024	2025
Total electricity consumption (kWh) . . .	875,185	1,462,910	2,544,649
Total greenhouse gas emission			
(ton-CO ₂ e)	470	1,033	330,768
– Scope 2 (ton-CO ₂ e) ¹	470	785	1,350
– Scope 3 (ton-CO ₂ e) ²	–	248	329,418
Total use of office paper (kilograms) . . .	370	1,083	1,985
Total use of packaging materials			
(kilograms)	64,483	85,087	135,122

Note:

- (1) Scope 2 greenhouse gas emissions are mainly generated from purchased electricity consumed in the Company’s operation. The electricity emission factor for Chinese Mainland is 0.5366 t CO₂/MWh, which is adopted from the Announcement on the Release of 2022 Power Carbon Dioxide Emission Factors by the Ministry of Ecology and Environment of China, refers to 0.774 t CO₂/MWh disclosed by Malaysia Energy Commission, Grid Emission Factor (GEF) in Malaysia.
- (2) Scope 3 greenhouse gas emissions have been counted in 2024 and 2025, which classify to Category 6 “business travel”. The relevant travel data are obtained from suppliers and the calculation method is Distance-based method.

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We aim to reduce total electricity consumption per unit of revenue of retail sales in directly operated stores by 2%-5% over the next three years. The target range is based on an internal assessment of potential energy-saving initiatives across our operations.

Our greenhouse gas emissions consist of Scope 2 and Scope 3 emissions. To reduce our Scope 2 emissions, our current priority actions including adopting recycling and regenerative technologies, transitioning to renewable energy, and promoting green office practices. We intend to purchase more electricity derived from renewable sources for our own operations, aiming to implement energy-efficiency measures across our store network and facilities.

We actively work with upstream and downstream stakeholders to reduce the Scope 3 emissions in our supply chain. This includes optimization of our shipping routes and transition to greener transportation methods. In addition, we encourage our employees to adopt green commuting practices to further minimize our Scope 3 emissions.

Corporate Social Responsibilities

We are committed to being responsible corporate citizens, continuously fulfilling corporate social responsibility. We recognize the size and influence of our platform, and seek to utilize our influence in a socially responsible manner. We actively encourage and support socially responsible initiatives and promote the concept of corporate social responsibility throughout our company.

Employee Well-being and Diversity

We believe a core part of our corporate social responsibility is to take care of our employees. We value our people and respect the dignity, character, privacy, and personal interest of each of our employees. We place strong emphasis on well-being in the workplace. Activities are organized regularly to facilitate our employees to explore and pursue their hobbies and interests, and achieve a healthy work-life balance.

Our management team adheres to a simple and candid communication style, fostering a humble and honest atmosphere among all employees that cultivates strong bonds among our people. We actively work to create an inclusive and open environment where every employee feels valued and empowered to contribute to their fullest potential, and foster inclusion and equality among employees from all backgrounds, regardless of age, gender, disability, and citizenship status, among others. For example, we offer maternity and paternity leaves to our employees and have dedicated nursing rooms within our office building, and substantially all of our job postings are gender-blind.

BUSINESS

Professional Development

We encourage everyone within our organization to pursue professional development opportunities. In furtherance of this goal, we have been offering a large variety of professional development training for new employees and store staff, along with specialized overseas training, management trainee programs, and leadership development initiatives. We continuously refine our training structure based on business needs and frontline employee feedback, ensuring a more detailed and targeted approach.

- *New employees:* We have established a structured onboarding training program covering the first week through probation period to ensure a smooth transition into the Company.
- *Store staff:* We have designed a comprehensive training system specifically for store personnel, featuring diverse training modules categorized by employee roles and product positioning. For example, in July 2024, we invited SGS, a globally renowned inspection and certification laboratory, to conduct training on overseas regulations, including EU toy standards (EN 71.1- 3), US toy standards (ASTM F963), and Chinese national standards, particularly regarding compliance issues related to chemical substances and electronic components. This training program enhanced the compliance awareness of our procurement and engineering teams, further elevating internal product safety and quality control standards.

We conduct employee assessments at the end of each year to provide feedback and guidance, and, depending on their performance and responsibilities, provide promotion and training opportunities.

Business Ethics

We insist “zero-tolerance” towards anti-corruption and integrity compliance. We have established anti-corruption management requirements for our Directors, employees, suppliers, store staff and other business partners.

- *For Directors and all employees:* We have formulated the *Code of Business Conduct and Ethics*, applicable to Directors, senior management, and all employees, which includes anti-corruption requirements such as conflicts of interest, gifts and gratuities, and compliance with the FCPA. New employees must also sign the *Letter of Commitment of Integrity* alongside their employment contracts.
- *For store staff:* All store staff (both in directly operated stores and TOP TOY Retail Partner stores) must sign the *Integrity Contract*.
- *For suppliers:* In all business contracts, a signed *Anti-Commercial Bribery Notice* must be included.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any cases related to fraud, bribery or other misconduct committed by employees, TOP TOY Retail Partners, distributors, suppliers and other third parties.

RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting, internal control, regulatory compliance, human resources risk management and anti-corruption.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policies, budget management policies, treasury management policies, financial statements preparation policies and finance department and staff management policies. We have various procedures and information technology systems in place to implement our accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Internal Control Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our legal, finance and other departments work closely together to: (a) perform risk assessments and give advice on risk management strategies; (b) improve business process efficiency and monitor internal control effectiveness; and (c) promote risk awareness throughout our company. Furthermore, we have adopted stringent internal measures in the management of our designers and to prevent IP infringement in our product design. For further details, see “— Intellectual Property.”

We continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

Complaint Handling

We provide contact information on the interfaces of our website, mini-programs and our products for our consumers to ask questions and solve potential problems. Our consumers can lodge any complaint they may have via email, telephone and other methods. Any complaint received will be handled by the relevant business department, including verification and response. We did not receive any material complaints from consumers or platform users and had no material product recalls during the Track Record Period and up to the Latest Practicable Date.

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Regulatory Compliance and Legal Risk Management

In order to manage our compliance and legal risk exposures effectively, we have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. We maintain internal procedures to ensure that we have obtained all material requisite licenses, permits and approvals for our business operation, and our legal team conduct regular reviews to monitor the status and effectiveness of those licenses and approvals.

Human Resources Risk Management and Anti-Corruption

We have established internal control policies covering various aspects of human resource management such as recruiting, training, work ethic and legal compliance. Each of our senior management team and key employees has entered into with us an employment agreement containing confidentiality, intellectual property and non-competition provisions.

We have in place an employee handbook and a code of conduct which is distributed to all our employees. The handbook contains internal rules and guidelines regarding work ethics, fraud prevention mechanisms, negligence and corruption. We also provide regular and specialized training tailored to the needs of our employees in different departments, through which we enable our employees to better comply with applicable laws and regulations in the course of conducting business.

We also have in place anti-corruption policy to safeguard against corruption within our company. We have an internal reporting channel that is open and available for our employees to report suspected corrupt acts anonymously. We have a team that is responsible for investigating the reported incidents and taking appropriate measures. Our procurement agreement with suppliers includes anti-corruption provisions, and our dedicated internal control personnel regularly reviews procurement process and outcome.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business involving employment, copyrights, contract disputes and other matters. See “Risk Factors — Risks Relating to Our Business and Industry — We may, from time to time, be subject to legal proceedings during the course of our business operations. Our directors, management, shareholders, employees and business partners may also from time to time be subject to legal proceedings, which could adversely affect our reputation and results of operations.” During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any litigation, arbitration or administrative proceedings which could have a material adverse impact on our business, financial condition or results of operations. As of the Latest Practicable Date, we were not aware of any pending or threatened litigation, arbitration or administrative proceedings against us which may have a material and adverse impact on our business, financial condition or results of operations.

BUSINESS

Licenses and Permits

During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, permits, approvals and certificates from the relevant government authorities that are material for our business operations. We had not experienced any material difficulties in renewing material licenses, permits or certificates during the Track Record Period and up to the Latest Practicable Date and do not expect there to be any material difficulties in renewing them upon their expiry, if applicable. During the Track Record Period and up to the Latest Practicable Date, we had not been penalized by any government authorities for non-compliance relating to material licenses, permits or certificates.

Compliance

During the Track Record Period and as of the Latest Practicable Date, we had not had any non-compliance incidents which our Directors believe would, individually or in the aggregate, have a material operational or financial impact on our company as a whole.

AWARDS AND RECOGNITION

We received a number of recognition for brand recognition and innovations in product design. The following table sets out selected awards and recognition the Company had received as of the Latest Practicable Date. Some of the significant awards and recognition that we have received are set forth below.

No.	Year	Award/Recognition	Awarding Institution/Authority
1	2025	2025 Guangzhou Unicorn Innovative Enterprises (2025廣州獨角獸創新企業)	Guangzhou Municipal Bureau of Science and Technology (廣州市科技局), Guangzhou Science and Technology Innovation Enterprise Association (廣州市科技創新企業協會), Guangzhou Industrial Development Research Institute (廣州產業發展研究院)
2	2025	2023-2024 Forbes China New Retail Potential Enterprises TOP 50 (2023-2024福布斯中國新零售潛力企業 TOP 50)	Forbes China (福布斯中國)
3	2024	2024 Asian Licensing Excellence Awards — Licensee of the Year (Toys) (2024亞洲授權業卓越大獎—年度被授權商(玩具))	Asian Licensing Association (亞洲授權業協會)
4	2023	2022 Forbes China Top 100 Emerging Brands (2022福布斯中國新銳品牌Top 100)	Forbes China (福布斯中國)
5	2023	China Chain Store Annual Outstanding Case (中國連鎖年度優秀案例)	China Chain Store & Franchise Association (中國連鎖經營協會)
6	2022	2022 Winshang.com Top 100 Annual Emerging Brands (2022年贏商網百強榜年度新興品牌 TOP 100)	Winshang.com (贏商網)
7	2021	2021 China New Growth Innovation Practice Brand (2021中國新增長創新實踐品牌)	Harvard Business Review (哈佛商業評論)

REGULATORY OVERVIEW

This section sets out a summary of the most significant aspects of laws and regulations in the PRC which are material to our business operations.

REGULATIONS RELATING TO FOREIGN INVESTMENT

The establishment, operation and management of our PRC companies are governed by the Company Law of the PRC (《中華人民共和國公司法》), which was promulgated on December 29, 1993 and last amended on December 29, 2023. Pursuant to the Company Law of the PRC, foreign-invested companies are also regulated by the PRC Company Law, unless where foreign-investment related laws provided otherwise.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which was promulgated on March 15, 2019 and came into effect on January 1, 2020, sets out the regulatory framework for foreign investments and pursuant to which (i) foreign natural persons, enterprises or other organizations (collectively, the “foreign investors”) shall not invest in any sector forbidden by the negative list for access of foreign investment, (ii) for any sector restricted by the negative list, foreign investors shall conform to the investment conditions provided in the negative list, and (iii) sectors not included in the negative list shall be managed under the principle of treating domestic investments and foreign investments equally. It, together with its implementation rules, also sets forth necessary mechanisms to facilitate, protect and manage foreign investments and proposes to establish a foreign investment information report system where foreign investors or foreign-funded enterprises shall submit investment information to the competent departments of commerce through the enterprise registration system and the enterprise credit information publicity system.

The Measures for Foreign Investment Information Reporting (《外商投資信息報告辦法》), which was promulgated on December 30, 2019 and came into effect on January 1, 2020, sets out the details of the foreign investment information report system. Since January 1, 2020, with respect to foreign investors carrying out investment activities directly or indirectly in the PRC, the foreign investors or foreign-funded enterprises shall submit investment information to the commerce authorities in accordance with these measures.

According to the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) promulgated on September 6, 2024, our business does not fall under such categories where foreign investment is restricted or prohibited.

REGULATION RELATING TO OUR INDUSTRY AND PRODUCT

Regulations Relating to Franchised Commercial Operation

Pursuant to the Regulations on the Administration of Commercial Franchising (the “Franchising Regulations”, 《商業特許經營管理條例》), which was promulgated and took effect on May 1, 2007, commercial franchising refers to business activities where a franchisor, being an enterprise possessing registered trademarks, corporate logos, patents, proprietary

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technology, or other business resources, licenses through contracts its business resources to the franchisees, being other business operators, and the franchisees carry out business operations under a uniform business model and pay franchising fees to the franchisor pursuant to the contracts. The Franchising Regulations sets forth the prerequisite requirements for the franchisors, including the possession of a mature business model, the capability to provide business guidance, technical support, and business training to the franchisees, and the ownership of at least two direct stores which shall have been in operation for at least one year in China. It also sets forth the requirements governing the franchise agreements. For example, the franchisors and franchisees are required to enter into franchising agreements containing certain required terms, and the franchise term thereunder shall be no less than three years unless otherwise agreed by the franchisee.

Pursuant to the Administrative Measures on the Filing of the Commercial Franchise (《商業特許經營備案管理辦法》), which was promulgated and took effect on February 1, 2012, and last amended on December 29, 2023, within 15 days after executing the first franchise agreement, the franchisor shall file with the MOFCOM or its local counterparts for record, and if there occurs any change to the franchisor’s business registration, business resources, and the franchisee store network throughout China, the franchisor shall apply to MOFCOM for alteration within 30 days after the occurrence of such change. Furthermore, within the first quarter of each year, the franchisor shall report the execution, revocation, termination, and renewal of the franchise agreements occurring in the previous year to MOFCOM or its local counterparts.

Furthermore, the franchisor is required to implement information disclosure system. The Administrative Measures on the Information Disclosure of Commercial Franchising (《商業特許經營信息披露管理辦法》), which took effect on April 1, 2012, provides a list of information that the franchisor shall disclose to franchisees in writing at least 30 days prior to the conclusion of the franchising agreements, except such agreements are renewed under the original terms.

Regulations Relating to Blind Boxes

The Compliance Guidelines for Blind Boxes Business Activities (for Trial Implementation) (the “Blind Boxes Guidelines”, 《盲盒經營行為規範指引(試行)》) was promulgated and effective on June 8, 2023. According to the Blind Boxes Guidelines, blind box business operators shall set fair prices for blind boxes, avoiding unmarked fees, overpricing, or price fraud. Blind box business operators are prohibited from indirectly induce consumption through arbitrarily adjusting the probabilities for a specific model being selected from a given blind box against the publicly disclosed probabilities, and altering the relevant selection outcome of a specific blind box. Blind box business operators shall not sell blind boxes to the minors under the age of eight. Where blind boxes are sold to the minors aged eight or above, the blind box business operators shall ensure the relevant guardians has agreed to the purchase. Blind box business operators shall publicize the key product details of the blind boxes to consumers, including product names, product categories, product specifications, the products potentially contained in a given box and the relevant price range, product selection rules which

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may set out the format of participation such as via online or offline method and probabilities for a specific model being selected, as well as the quantity of limited-edition products. Blind box business operators are encouraged to promise not hoarding, hyping, or entering the secondary market. In addition, for blind boxes sold via non-instant methods such as offline stores where the consumers will not know the selection outcomes until opening the blind box, blind box business operators must retain the records of selection rules and probabilities and establish a corresponding sampling inspection mechanism. For blind boxes sold through instant online methods, through which the consumers will know the selection outcome instantly, operators must retain the records of selection rules and probabilities and complete records of selection outcome. The relevant record retention time is generally not less than three years.

During the Track Record Period, some of our products were in the form of blind boxes. See “Risk Factors — Risks Related to Doing Business in the Countries We Operate — Government’s oversight and regulation over our business operations in various countries could result in a material change in our operations and the value of our Shares.” We have adopted various measures for blind boxes to ensure compliance with the relevant laws and regulations. In particular, we disclose key product information — such as the range of models available in a blind box and the probability of selecting each model — on our online platform homepage, product detail pages, and in prominent locations in our physical stores, ensuring consumers are fully informed before purchase. According to Frost & Sullivan, our measures and internal policies for blind boxes are in line with industry norms. As confirmed by our Directors and PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the Blind Boxes Guidelines and had not been subject to any administrative penalties relating to the sale of blind box products. The Blind Boxes Guidelines did not have a material adverse effect on our sales and results of operations during the Track Record Period.

Regulations Relating to Pan-entertainment Product Retail

Pursuant to the Civil Code of the PRC (the “PRC Civil Code”, 《中華人民共和國民法典》), which was promulgated on May 28, 2020 and became effective on January 1, 2021, where the purpose of a contract cannot be achieved because the quality of the subject matter does not comply with the quality requirements, the buyer may refuse to accept the subject matter or terminate the contract. Where the buyer request to return the subject matter or terminate the contract in accordance with PRC applicable laws, the seller shall bear the risk of return of the payment to buyer and liquidation damages to the subject matter. The seller shall deliver the subject matter according to the agreed quality requirements. In case that the seller provides the quality specifications concerning the subject matter, the delivered subject matter shall comply with the quality requirements in such specifications. If the terms in relation to quality are not met, the liability for breach of contract shall be borne by the seller in accordance with the agreement between the parties.

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Regulations Relating to Pricing

According to the Pricing Law of the PRC (《中華人民共和國價格法》), promulgated on December 29, 1997, and became effective on May 1, 1998, business operators shall follow the principles of fairness, lawfulness and good faith in fixing prices. Business operators shall not commit any illegitimate price acts, such as colluding with others to manipulate the market price, thus harming the lawful rights and interests of other operators or consumers. Where a business operator commits any illegitimate price acts, such operator shall be ordered to make correction, and the illegal gains thereof shall be confiscated, a fine not more than five times the illegal gains may be imposed on such operator; if there are no illegal gains, such operator shall be given a warning and may also be fined; if the circumstances are serious, such operator shall be ordered to suspend the business for rectification, or have the business license thereof revoked by the administrative department for industry and commerce, or should such illegitimate price acts be otherwise subject to any penalties or punitive orders under other relevant PRC applicable laws, such laws shall also apply and business operators shall abide by such laws.

Regulations Relating to Consumer Protection

According to the Consumers Rights and Interests Protection Law of the PRC (《中華人民共和國消費者權益保護法》), or the Consumers Rights and Interests Protection Law, which took effect on January 1, 1994 and was last amended on October 25, 2013, business operators must ensure product safety and provide authentic information; upon discovering defects endangering safety, they shall immediately report to relevant administrative authorities, notify consumers, and adopt measures such as recalls or suspension of selling, while bearing all necessary consumer expenses incurred by consumers. Violations of the Consumers Rights and Interests Protection Law may result in a warning, the confiscation of illegal income, and the imposition of fines. In addition, the relevant business operator will be ordered to suspend its operations, have its business license revoked and criminal liability incurred in serious cases.

Regulations Relating to Products Quality and Liability

According to the Product Quality Law of the PRC (the “PRC Product Quality Law”, 《中華人民共和國產品質量法》), which was became effective on September 1, 1993 and was last amended and became effective on December 29, 2018, products for sale must satisfy relevant safety standards and sellers shall adopt measures to maintain the quality of products for sale. Sellers shall not mix impurities or imitations into products, or pass counterfeit goods off as genuine ones, or defective products as good ones or substandard products as standard ones. For sellers, any violation of state or industrial standards for health and safety or other requirements may result in civil liabilities and administrative penalties, such as compensation for damages, fines, confiscation of products illegally manufactured or sold and the proceeds from the sales of such products illegally manufactured or sold, and even revoking business licenses; in addition, severe violations may subject the responsible individual or enterprise to criminal liabilities. Consumers or victims who suffer injuries or property losses due to product defects may demand compensation from either the producer or the seller. Where the liability lies with the producer, the seller shall, after settling the claim, have the right to recover such claim from the producer, and vice versa.

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According to the Civil Code of the PRC (《中華人民共和國民法典》), which was promulgated on May 28, 2020 and became effective on January 1, 2021, a commercial seller is subject to liability for harm to persons or property caused by the product defects. The infringed may seek compensation from the commercial seller. Where the infringed seeks compensation from the commercial seller, the commercial seller shall have the right to make a claim against the liable manufacturer after it has made compensation. Where any harm is caused to another person by a defective product and the defect is caused by the fault of a third party such as carrier or warehouseman, the seller of the product that has paid the compensation shall be entitled to be reimbursed by the third party. Where any defect of a product is discovered after the product is put into circulation, the seller shall take such remedial measures as warning and recall in a timely manner, otherwise any failure to react timely or sufficiently that concurrently causes damages shall subject such seller to tort liabilities.

Regulations Relating to Unfair Competition

According to the Anti-unfair Competition Law of the PRC (the “Anti-unfair Competition Law”, 《中華人民共和國反不正當競爭法》) promulgated on September 2, 1993 and last amended on June 27, 2025, when trading in the market, business operators should abide by the principles of voluntariness, equality, fairness, honesty and credibility, and abide by laws and recognized business ethics. Unfair competition refers to a business operator, in violation of the Anti-unfair Competition Law, disrupts the competition order and infringes the legitimate rights and interests of other business operators or consumers. A business operator in violation of Anti-unfair Competition Law may be subject to civil liability and administrative penalties. A business operator whose legitimate rights and interests are damaged by any act of unfair competition may file a lawsuit.

Regulations Relating to Advertising

According to the Advertising Law of the PRC (《中華人民共和國廣告法》), which was promulgated on October 27, 1994, and was last amended on April 29, 2021, advertisement shall be expressed in a true, legitimate, healthy manner, and shall not contain false or misleading content, or defraud or mislead consumers. The Advertising Law of the PRC forbids the usage of certain words or phrases in advertisements, such as “national,” “supreme,” or “best” and provides a more detailed definition of “false advertisement”. Advertisers, advertising agents and advertisement publishers shall abide by the laws, regulations and the principles of justice, honesty and fair competition when carrying out advertising activities.

Regulations Relating to Lease of Property

Pursuant to the Administrative Measures for Commodity Housing Tenancy (《商品房屋租賃管理辦法》) issued on December 1, 2010 and came into effect on February 1, 2011, the parties concerned to a housing tenancy shall go through the housing tenancy registration formalities with the competent construction (real-estate) departments of the municipalities directly under the Central Government, cities and counties where the housing is located within 30 days after the housing tenancy contract is signed. The competent construction (real estate)

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departments of the people’s governments of the municipalities directly under the central government of the PRC cities and counties shall urge those who do not register on time hereof to make corrections within a specified time limit, and shall impose a fine below RMB1,000 on individuals who fail to make corrections within the specified time limit, and a fine between RMB1,000 and RMB10,000 on institutions which fail to make corrections within the specified time limit, though such lease is valid and binding according to Provisions of the Supreme People’s Court on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes on Housing Lease in Cities and Suburban Areas (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋》).

Regulations Relating to Fire Prevention

According to the Fire Prevention Law of the PRC (the “Fire Prevention Law”, 《中華人民共和國消防法》) was promulgated on April 29, 1998 and was last amended and became effective on April 29, 2021, the constructor or user entity shall be subject to fire protection inspection before a public gathering place is put into use or opens for business. Any construction illegally putting into use or operating a public gathering place without being permitted by the fire and rescue department or without conforming to the use and operation conditions as the constructor or user undertakes upon inspection, may be ordered to stop construction, stop use, stop production or business operation, and be imposed a fine ranging from RMB30,000 to RMB300,000.

Regulation Relating to Online Sale of Our Product

According to the E-Commerce Law of the PRC (《中華人民共和國電子商務法》) promulgated on August 31, 2018 and became effective on January 1, 2019, e-commerce operators include operators of e-commerce platforms, business operators one-commerce platforms, and other e-commerce operators that sell commodities or offer services on websites they develop themselves or through other network services. Unless otherwise provided, e-commerce operators shall complete the market entity registration. Commodities sold or services offered by e-commerce operators shall meet the requirements to safeguard personal safety and property security and the requirements on environmental protection, and they shall not supply or offer any commodity or service prohibited by laws and administrative regulations. An e-commerce operator shall also: (i) continuously display and update its business license information and administrative license or relevant information which indicates that it does not need to complete the market entity registration in a prominent position on its homepage or provide the link to the aforesaid information, (ii) disclose information about commodities or services in a comprehensive, truthful, accurate and timely manner so as to safeguard the consumers’ right to know and right of choice, and (iii) deliver commodities or services according to its promises or the ways and time limits as agreed upon with consumers, and bear the likely risks and responsibilities when commodities are in transit except when consumers choose a separate logistics service provider.

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Pursuant to the Measures for the Administration of Live Streaming Marketing (for Trial Implementation) (《網絡直播營銷管理辦法(試行)》) which was promulgated on April 16, 2021 and became effective on May 25, 2021, a live streaming room operator or live streaming marketer engaging in live streaming marketing activities shall publish commodity or service information in a truthful, accurate and comprehensive manner, and shall not (i) violate the relevant regulations of the Provisions on Ecological Governance of Network Information Content (《網絡信息內容生態治理規定》); (ii) publish false or misleading information to deceive or mislead users; (iii) market commodities that are counterfeit or inferior, infringe upon intellectual property rights or fail to satisfy the requirements for guaranteeing personal and property safety; (iv) fabricate or falsify transactions, followers, page views, likes or other data; (v) promote and attract attention for others although it or he knows or should have known that they have violations of laws and regulations or high-risk behaviors; (vi) harass, slander, insult or intimidate any other person, or infringe upon the lawful rights and interests of any other person; (vii) conduct pyramid sales, fraud, or gambling, or sell contraband or controlled articles, among others; or (viii) commit any other act in violation of any law or regulation or relevant provisions issued by the state.

The activities of e-commerce live streaming are currently regulated by the Opinions on Further Regulating For-profit Activities of Live Streaming to Promote the Healthy Development of the Industry (《關於進一步規範網絡直播營利行為促進行業健康發展的意見》) promulgated on March 25, 2022 and effective on the same date, the Notice on the Issuance of the Guiding Opinions on Strengthening the Normative Management of Webcasting (《關於印發<關於加強網絡直播規範管理工作的指導意見>的通知》) promulgated on February 9, 2021 and effective on the same date, the Notice of the State Administration of Radio and Television on Strengthening the Management of Live Network Show and Live E-commerce Broadcasting (《國家廣播電視總局關於加強網絡秀場直播和電商直播管理的通知》) promulgated on November 12, 2020 and effective on the same date, the Guiding Opinions of the State Administration for Market Regulation on Strengthening the Supervision of Live Streaming Marketing Activities (《市場監管總局關於加強網絡直播營銷活動監管的指導意見》) promulgated on November 5, 2020 and effective on the same date, the Measures for the Administration of Cyber Performance Business Operations (《網絡表演經營活動管理辦法》) promulgated on December 2, 2016 and effective on January 1, 2017 and the Provisions on the Administration of Internet Live-Streaming Services (《互聯網直播服務管理規定》) issued on November 4, 2016 and effective on December 1, 2016. According to the above-mentioned applicable regulations, illegal acts in live streaming marketing that infringe upon the lawful rights and interests of consumers, infringe upon intellectual property rights, and disrupt the market order shall be investigated and punished in accordance with the law.

Regulations Relating to Import and Export of Goods

The Foreign Trade Law of the PRC (the “Foreign Trade Law”, 《中華人民共和國對外貿易法》) was promulgated on May 12, 1994, and last amended on December 27, 2025 and came into effective on March 1, 2026. Pursuant to the Foreign Trade Law, the State allows free import and export of goods and technologies, unless it is otherwise provided under the laws and administrative regulations. According to the provisions of the Foreign Trade Law, the State

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may restrict or prohibit the import or export of relevant goods or technologies for any of certain reasons. Import and export of goods that are banned or restricted for import and export without permission shall be handled and punished by the Customs in accordance with the provisions of laws and administrative rules; if crime is constituted, the criminal liabilities shall be ascertained.

According to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated on January 22, 1987 and last amended on April 29, 2021 and became effective on the same date, where an enterprise engages in import or export of goods which goes through customs declaration formalities, it shall be subject to registration by customs or shall authorize a customs clearing enterprise to handle customs declaration formalities.

Regulations Relating to Import and Export of Toys

Measures for the Inspection, Supervision and Administration of Import and Export Toys (《進出口玩具檢驗監督管理辦法》), was promulgated on March 2, 2009, and amended and became effective on April 28, 2018, May 29, 2018 and November 23, 2018. Imported toys shall be inspected in accordance with the mandatory requirements of the national technical specifications of China. Exported toys shall be inspected according to the technical regulations and standards of the importing country or region. If the technical requirements agreed by the two parties are higher than the technical regulations and standards, the inspection shall be carried out in accordance with the agreed requirements. If the technical regulations and standards of the importing country or region are not clearly defined the inspection shall be carried out in accordance with the mandatory requirements of the national technical specifications of China. Where an intergovernmental treaty is made in place, the inspection shall be carried out in accordance with the requirements stipulated therein. When exported toys are inspected, in addition to the relevant materials in accordance with the Provisions on Entry and Exit Inspection and Quarantine, the product quality and safety compliance statement shall be provided at the same time. When the exported toy is first inspected, the test report issued by the toy laboratory and other materials as stipulated by the General Administration of Customs shall be provided.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated on August 23, 1982 and last amended on April 23, 2019, registered trademarks are trademarks approved and registered by the trademark bureau, including commodity trademarks, service trademarks, collective trademarks, and certification marks. A trademark registrant enjoys exclusive rights to use a registered trademark, which is protected by the law. A trademark registration applicant shall, according to the prescribed classification of goods, enter the class and designation of goods on which the trademark is to be used, and file an application for registration.

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Copyright

The Copyright Law of the PRC (《中華人民共和國著作權法》), promulgated on September 7, 1990 and last amended on November 11, 2020, specifies that works of Chinese citizens, legal persons or other organizations, namely ingenious intellectual achievements in the fields of literature, art and science that can be presented in a certain form, whether published or not, shall enjoy the copyright. The copyright holder can enjoy multiple rights, including the right of publication, the right of authorship, and the right of reproduction.

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》), promulgated on March 12, 1984 and last amended on October 17, 2020 and its implementation rules, the term “invention-creations” refers to inventions, utility models and designs. The duration of a patent right for inventions, utility models and designs shall be 20 years, 10 years and 15 years, respectively, all commencing from the application date.

Domain Name

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), promulgated on August 24, 2017, the principle of “first to file” is adopted for domain name services. The applicant of domain name registration shall provide the agency of domain name registration with true, accurate and complete information about the domain name holder’s identity for registration purpose. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

Regulations Relating to Data, Cyber, and Information Security

In accordance with the PRC Civil Code, natural person’s personal information shall be protected by law, and the processing of personal information shall be subject to the principle of legitimacy, rightfulness and necessity, with no excessive processing.

The Standing Committee of the National People’s Congress promulgated the Cyber Security Law of the PRC (the “Cyber Security Law”, 《中華人民共和國網絡安全法》) on November 7, 2016, which was last amended on October 28, 2025 and became effective on January 1, 2026. In accordance with the Cyber Security Law, network operators must comply with applicable laws and regulations and fulfill their obligations to safeguard cyber security in conducting business and providing services. For the construction and operation of the network or the provision of services through the network, technical and other necessary measures shall be taken as required by law and the compulsory requirements of national standards to ensure the safe and stable operation of the network, respond to cyber security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. Network operators shall not collect personal information irrelevant to their

REGULATORY OVERVIEW

services. In the event of any unauthorized disclosure, damage or loss of collected personal information, network operators shall take immediate remedial measures, notify the affected users and report the incidents to the relevant authorities in a timely manner.

The PRC Data Security Law (《中華人民共和國數據安全法》) was released on June 10, 2021 and became effective on September 1, 2021. The PRC Data Security Law stipulates the measures to support and promote data security and development, to establish and optimize the national data security management system, and to clarify organizations’ and individuals’ responsibilities in data security. According to the PRC Data Security Law, data processing activities shall be carried out in accordance with PRC laws and regulations, establishing and improving the data security management system of the whole process, organizing and carrying out data security education and training, and taking corresponding technical measures and other necessary measures to safeguard data security. Where data processing activities are carried out through the Internet and other information networks, the above-mentioned data security protection obligations shall be fulfilled on the basis of the hierarchical network security protection system. In carrying out data processing activities, risk monitoring shall be improved, and remedial measures shall be taken immediately when data security defects, loopholes and other risks are found. In the event of a data security incident, the processors of data shall take immediate measures to deal with it, inform the user in time and report to the competent authorities in accordance with relevant provisions.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》, the “PIPL”), which was released on August 20, 2021 and became effective on November 1, 2021, stipulates the scope of personal information and the ways of processing personal information, establishes rules for processing personal information and for providing personal information to overseas recipients, and clarifies the individual’s rights and the processor’s obligations in the process of personal information processing. The PIPL applies to (i) the processing within the territory of the PRC of natural persons’ personal information; or (ii) the processing outside the territory of the PRC over personal information of natural persons within the PRC, provided that such information is processed (a) for the purpose of providing products or services to domestic natural persons, (b) to analyze or assess the conduct of domestic natural persons, or (c) under any other circumstances as prescribed by laws and administrative regulations. The PIPL requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Different types of personal information and personal information processing will be subject to various rules on consent, notification, and other obligations.

According to the Cybersecurity Review Measures (《網絡安全審查辦法》), which was promulgated on December 28, 2021 and became effective from February 15, 2022, a network platform operator who possesses personal information of more than one million users shall apply for cybersecurity review before the listing of the network platform operator’s securities

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abroad, and the relevant governmental authorities may initiate cybersecurity review if such governmental authorities consider relevant network products or services and data processing affect or may affect national security. We do not think listing in Hong Kong is listing abroad.

According to the Regulations on Network Data Security Management, which was promulgated on September 24, 2024 and came into force on January 1, 2025, clarifies the general provisions on network data security management, and also further supplements and refines the specific requirements on personal information protection, important data security management, cross-border security management of network data, and obligations of network platform service providers.

REGULATIONS RELATING TO LABOR PROTECTION

Employment Law

The Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated on July 5, 1994 and last amended on December 29, 2018, provides that employees are entitled to gain equal opportunities in employment, choose occupations, receive labor remuneration, and acquire protection of work safety and healthcare, social insurance and welfare, etc.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated on June 29, 2007 and amended on December 28, 2012, together with its implementation rules, provides that the labor contracts shall be concluded in order to establish the labor relationship between employers and employees. The employer and employee shall fully perform their respective obligations as set out in the labor contract. An employer shall truthfully inform the employees regarding the scope of work, working conditions, workplace, occupational hazards, work safety conditions, labor remuneration and other information requested by the employees. Employers failing to comply with these regulations may be subject to rectification order or compensation.

Social Insurance and Housing Provident Fund

According to Social Security Law of the PRC (《中華人民共和國社會保險法》), which was promulgated on October 28, 2010 and amended on December 29, 2018, an employer is required to make contributions to social insurance schemes for its employees, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance. If the employer fails to make social insurance contributions in full and on time, the social insurance authorities may demand the employer to make payments or supplementary payments for the unpaid social insurance premium within a prescribed time limit together with a 0.05% surcharge of the unpaid social insurance premium from the due date. If the payment is not made within such time limit, the relevant administrative authorities will impose a fine ranging from one to three times the total outstanding amount.

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Pursuant to the Interpretation II of the Supreme People’s Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people’s court. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38(3) of the Labor Contract Law of the PRC, the people’s court shall support such claims in accordance with the law. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the people’s court shall support such requests in accordance with the law.

According to the Administrative Regulations on Housing Provident Funds (《住房公積金管理條例》), which was promulgated on April 3, 1999 and last amended on March 24, 2019, employers are required to make contribution to housing provident funds for their employees. Where an employer fails to pay up housing provident funds, the housing provident fund administration center may order it to make payment within a prescribed time limit. If the employer still fails to do so, the housing provident fund administration center may apply to the court for compulsory enforcement of the unpaid amount.

REGULATIONS RELATING TO TAXATION

Regulation relating to EIT

According to the EIT Law, which was promulgated on March 16, 2007 and amended from time to time, together with its implementation rules, enterprises are classified into resident enterprises and non-resident enterprises. Enterprises, which are incorporated in the PRC or incorporated pursuant to the foreign laws with their “de facto management bodies” located in the PRC, are deemed as “resident enterprise” and subject to an enterprise income tax rate of 25% on their global income. Non-resident enterprises are subject to (i) an enterprise income tax rate of 25% on their income generated by their establishments or places of business in the PRC and their income derived outside the PRC which are effectively connected with their establishments or places of business in the PRC; and (ii) an enterprise income tax rate of 10% on their income derived from the PRC but not connected with their establishments or places of business located in the PRC. Non-resident enterprises without establishment or place of business in the PRC are subject to an enterprise income tax of 10% on their income derived from the PRC. The enterprise income tax on important high and new-tech enterprises that are necessary to be supported by the State may be levied at the reduced tax rate of 15%.

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Regulation relating to Withholding Income Tax

Pursuant to the EIT Law and its implementation rules, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in the PRC to its foreign investors are subject to a 10% withholding income tax rate, unless otherwise provided in the tax treaty concluded between the PRC and such foreign investor’s jurisdiction of incorporation.

Pursuant to the Measures for the Administration of Non-Resident Taxpayers’ Enjoyment of Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》) effective from January 1, 2020, any non-resident taxpayer meeting conditions for enjoying the treaty benefits may be entitled to the treaty benefits itself when filing a tax return or making a withholding declaration through a withholding agent, subject to the subsequent administration by the tax authorities. If a competent tax authority, during subsequent administration, finds out that a non-resident taxpayer enjoys treaty benefits without meeting the conditions thereof and underpays or fails to pay them at all, it may instruct the non-resident taxpayer to pay the overdue taxes within a prescribed time period.

Regulation relating to Value-Added Tax

According to the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), which was promulgated by the NPCSC on December 25, 2024 and came into effect on January 1, 2026, and the Regulation on the Implementation of the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法實施條例》), which was promulgated by the State Council on December 25, 2025 and came into effect on January 1, 2026, entities and individuals (including individual industrial and commercial proprietors) selling goods, services, intangible assets, real estate and importing goods within the territory of the PRC are taxpayers of VAT and shall pay VAT in accordance with the provisions of the law. Unless otherwise stated, for payers who sell goods, and provide processing, repairs and replacement services and rental services of tangible movable assets as well as import goods, the tax rate shall be 13%, and be, in certain specified circumstances, 9%, 6% and 0%.

REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the PRC Foreign Currency Administration Rules (《中華人民共和國外匯管理條例》) promulgated on January 29, 1996 and amended from time to time, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the SAFE or its designated banks is obtained.

According to the SAFE Notice on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including but not limited to foreign currency capital and foreign debts) may convert from foreign currency into RMB on self-discretionary basis. The ratio of the discretionary exchange rate of foreign exchange receipts under the domestic capital account is tentatively set at 100%. The SAFE may adjust the above ratio in due course according to the balance of payment status.

REGULATORY OVERVIEW

According to the SAFE Circular on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) which was promulgated on October 23, 2019, foreign-invested enterprises engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to the law on the condition that the current Special Administrative Measures for Access of Foreign Investment (Negative List) are not violated and the relevant domestic investment projects are genuine and in compliance with laws.

REGULATIONS RELATING TO M&A AND OVERSEAS LISTINGS

Pursuant to the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (2009 Revision) (the “M&A Rules”, 《關於外國投資者併購境內企業的規定》(2009修訂)), which was promulgated by the MOFCOM on August 8, 2006 and became effective on September 8, 2006, and was last amended and became effective on June 22, 2009 Foreign Investors must comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company and thus changing the nature of the domestic company into a foreign invested enterprise, or when the foreign investors establish a foreign invested enterprise in China, purchase the assets of a domestic company and operate the asset; or when the foreign investors purchase the asset of a domestic company, establish a foreign invested enterprise by injecting such assets and operate the assets. The M&A Rules requires that if an overseas company established or controlled by PRC companies or individuals intends to acquire equity interests or assets of any other PRC (domestic company affiliated with such PRC companies or individuals, such acquisition must be submitted to MOFCOM for approval. The M&A Rules also requires companies with special purpose of overseas listing through acquisitions of PRC domestic companies, which are controlled directly or indirectly by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing and trading of such securities on an overseas stock exchange.

The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023. The Overseas Listing Trial Measures require, among others, the PRC domestic companies that seek to initially offer and list securities in overseas markets either directly or indirectly, file the required documents with the CSRC after its application for overseas listing is submitted.

On February 24, 2023, the CSRC released the Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities by Domestic Enterprises (the “Confidentiality Provisions”, 《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which became effective on March 31, 2023. Pursuant to the Confidentiality Provisions, domestic joint-stock enterprises listed in overseas markets via direct offering and domestic operational entities of enterprises listed in overseas markets via indirect offering must obtain approval and complete filing or other requirements before they publicly disclose any documents and materials that contain state secrets or government work secrets or that, if divulged, will jeopardize China’s national security or public interest, or before they provide such documents or materials to entities or individuals such as securities companies, securities service providers and overseas regulators.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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].

CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, the following transactions that we enter into with our connected persons will constitute continuing connected transactions upon [REDACTED].

OUR CONNECTED PERSONS

The table below sets forth parties who will become our connected persons upon [REDACTED] and the nature of their relationship with our Company. We have entered into certain transactions which will constitute our continuing connected transactions upon [REDACTED] with the following connected persons:

Name	Connected relationship
MINISO	Our Controlling Shareholder
Mr. Ye	the chairman of the Board, a non-executive Director and a Controlling Shareholder of our Group

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

We have entered into the following transactions that will constitute continuing connected transactions under Rule 14A.31 of the Listing Rules upon [REDACTED]:

			Proposed annual cap for the fiscal year ending December 31, (in RMB million)		
Transaction	Applicable Listing Rule	Waiver sought	2026	2027	2028
Non-exempt continuing connected transactions					
Supply of pop toy products to MINISO Group	Rule 14A.35 Rule 14A.36 Rule 14A.105	Announcement and independent Shareholders’ approval	2,604.5	3,217.5	3,954.8
Partially-exempt continuing connected transactions					
Provision of IT support to our Group	Rule 14A.35 Rule 14A.76(2) Rule 14A.105	Announcement	10.0	13.0	20.0

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Supply of pop toy products to MINISO Group

On [REDACTED], our Company entered into a product supply framework agreement (the “**Product Supply Framework Agreement**”) with MINISO Group, pursuant to which our Group will supply certain pop toy products, including model figures, 3D building blocks, vinyl plush toys and other pop toys, to MINISO Group, with effect from the [REDACTED]. Such

CONNECTED TRANSACTIONS

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. We will leverage on the global distribution network of MINISO Group to maximize our Group’s reach geographically for the distribution of pop toys.

The initial term of the Product Supply Framework Agreement will commence on the [REDACTED] and will end on December 31, 2028, subject to renewal upon the mutual consent of both parties.

Reasons for the transaction

Our Group has historically been supplying TOP TOY branded products to MINISO Group for sale in MINISO Group’s retail outlets to enhance our reach to a broader base of retail customers, in light of the broad retail footprint of the 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.

Pricing policy

The relevant products will be supplied to MINISO Group at a price set within a fixed percentage range of the suggested retail price, which is at a similar level as that offered to independent third-party customers of our Company, with a volume discount which is also comparable to that offered to independent third-party distributors as confirmed by the Industry Consultant. Such pricing terms offered to MINISO Group would be on normal commercial terms or better, and no less favourable to those offered to independent third-parties. According to Frost & Sullivan, the abovementioned basis of determination of pricing of the products sold to MINISO Group and the volume discount offered to MINISO Group are in line with the industry norm.

Historical amounts

For each of the three fiscal years ended December 31, 2023, 2024 and 2025, the transaction amounts recorded for the supply of pop toy products to MINISO Group, were RMB781.4 million, RMB922.8 million and RMB1,671.4 million, respectively. The historical transaction amounts as set out above have already accounted for certain pop toy businesses that have historically been carried out by MINISO, which will form part of our businesses upon the completion of the Business Rearrangement. For details of the Business Rearrangement, see section headed “Relationship with Our Controlling Shareholders — Business Rearrangement”.

CONNECTED TRANSACTIONS

Revenue derived from supply of pop toys to MINISO Group represented 53.5%, 48.3% and 46.6% of the total revenue of our Company for each of the three fiscal years ended December 31, 2023, 2024 and 2025, respectively.

Annual caps

In respect of the Product Supply Framework Agreement, the transaction amounts to be paid by MINISO Group to us for the three years ending December 31, 2028 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2026	2027	2028
	<i>(RMB in millions)</i>		
Transaction amounts to be paid by MINISO Group to us	2,604.5	3,217.5	3,954.8

Basis of annual caps

The above proposed annual caps for the transaction amount to be paid by MINISO Group to us in respect of the supply of pop toy products are determined taking into account the following factors:

- (a) The historical transaction amounts demonstrating an increasing trend recorded from 2023 to 2025 were mainly driven by MINISO’s overall business growth (as denoted by the overall increase of the total revenue of MINISO from RMB13.8 billion in 2023, RMB17.0 billion in 2024 and RMB21.4 billion in 2025) and hence the corresponding increase in demand for such pop toy products. For 2023 to 2024, there was a decrease in terms of revenue contribution from 2023 to 2024 for the supply of pop toys to MINISO Group, which was mainly attributable to the more diversified customer base and distribution channels of our Company, hence the percentage contribution attributable to the transactions with MINISO Group decreases overall despite an increase in absolute transaction amount.
- (b) The proposed annual cap for 2026 was estimated to be RMB2,604.5 million. The increase of the proposed annual caps for 2026 as compared to the historical transaction amount in 2025 is mainly attributable to the rapid growth of pop toy industry and increasing consumer awareness and market penetration of pop toys, particularly the surge in popularity of vinyl plush toy categories in 2025, and MINISO Group’s ongoing store network expansion and upgrades; and
- (c) Going forward, the proposed annual caps are expected to continue to gradually increase at a rate in line with the proposed strategic expansion plan of MINISO Group in terms of store expansion and overall business growth, which will in turn drive the growth for demand of pop toy products supplied by our Company alongside the other lifestyle products of MINISO Group providing a comprehensive product mix to its customers for a holistic shopping experience.

CONNECTED TRANSACTIONS

Listing Rules implications

As the highest applicable percentage ratio of the transactions contemplated under the Product Supply Framework Agreement for each of the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis, such transactions will, upon [REDACTED], constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the circular requirement under Rule 14A.46 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders’ approval requirement under Rule 14A.36 of the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

2. Provision of IT support to our Group

On [REDACTED], our Group entered into an IT support framework agreement (the “**IT Support Framework Agreement**”) with MINISO Group. MINISO Group will provide IT system implementation, authorization of use of software, operation and maintenance, information technology consultation and data analysis services to our Group, with effect from the [REDACTED].

The initial term of the IT Support Framework Agreement will commence on the [REDACTED] and will end on December 31, 2028, subject to renewal upon the mutual consent of both parties.

Reasons for the transaction

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.

Pricing policy

We shall pay MINISO Group the costs incurred for the provision of such IT support services, including, among others, external IT technician and internal staff costs for IT support and maintenance, cloud service cost and system and software usage costs. Both the provision of cloud service by third-party providers and IT maintenance by external IT technicians will be charged at actual cost basis based on the service fees charged by third-party cloud service suppliers and external IT technicians respectively; other IT support and maintenance services provided by internal IT staff of MINISO Group will be charged at average hourly rate basis incurred by MINISO Group; and other system and software usage by MINISO Group will be charged at a fixed price per user account per year by MINISO Group with reference to the average cost incurred by MINISO Group for contracting with the relevant third party service providers for such systems and software services.

CONNECTED TRANSACTIONS

We will review the charges and costs incurred for the relevant IT support services with reference to prevailing market prices of such services to ensure they are fair and reasonable and on normal commercial terms or better.

Historical amounts

For the three fiscal years ended December 31, 2023, 2024 and 2025, the transaction amounts in relation to the IT support services were RMB2.0 million, RMB3.5 million and RMB4.4 million, respectively.

The historical transaction amounts paid by us to MINISO Group represented 1.2%, 1.5% and 0.6% of the total operating expenses of our Company for each of the three fiscal years ended December 31, 2023, 2024 and 2025, respectively.

Annual caps

In respect of the IT Support Framework Agreement, the transaction amounts to be paid by us to MINISO Group for the three years ending December 31, 2028 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2026	2027	2028
	<i>(RMB in millions)</i>		
Transaction amounts to be paid by us to MINISO Group	10.0	13.0	20.0

Basis of annual caps

The above proposed annual caps for the transaction amount to be paid by us to MINISO Group in respect of the IT support service are determined taking into consideration the following factors:

- (a) In respect of the historical transaction amounts, the lower transaction amount in 2023 was caused by the reduced level of utilisation after construction of online sales channels, while the subsequent increase in 2024 was contributed by our expansions into Thailand, Malaysia and Indonesia that require additional IT support; and
- (b) The service fees paid by us to MINISO Group were RMB2.0 million, RMB3.5 million and RMB4.4 million for the three years ended December 31, 2025, respectively. The annual cap for the year ended December 31, 2026 is determined based on the estimated annual transaction amount for the year ended December 31, 2025 as well as the growth as noted in the transaction amounts in 2025. Going forward, for the three years ending December 31, 2028, we expect the annual caps

CONNECTED TRANSACTIONS

to increase alongside the expected expansion of the business of the Group as driven by development of new business projects and overseas market expansion, leading to the corresponding increase in our need for IT support system, operation and maintenance which can in turn facilitate business growth and operational efficiency.

Listing Rules implications

As the highest applicable percentage ratio of the transactions contemplated under the IT Support Framework Agreement for each of the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 0.1% but is less than 5% on an annual basis, such transactions will, upon [REDACTED], constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules, but exempt from the independent Shareholders’ approval requirement.

WAIVERS

In respect of the transactions contemplated under the Product Supply Framework Agreement as described above, we have applied for, and the Stock Exchange [has granted] us, pursuant to Rule 14A.105 of the Listing Rules, waivers from strict compliance with the announcement, circular and independent Shareholders’ approval requirements under Rule 14A.35 and Rule 14A.36 of the Listing Rules. In relation to the transactions contemplated under the IT Support Framework Agreement as described above, we have applied for, and the Stock Exchange [has granted] us, pursuant to Rule 14A.105 of the Listing Rules, waivers from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules.

DIRECTORS’ CONFIRMATION

Our Directors (including independent non-executive Directors) are of the view that: (i) the continuing connected transactions set out above have been and will be entered into in our ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps of the continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

JOINT SPONSORS’ CONFIRMATION

The Joint Sponsors are of the view that the aforesaid continuing connected transactions for which a waiver has been sought have been and will be entered into in the Company’s ordinary and usual course of business on normal commercial terms or better, that are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole and the proposed annual caps of the continuing connected transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board consists of seven Directors, comprising two executive Directors, two non-executive Directors and three independent non-executive Directors. The following table provides certain information about the Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
YE Guofu (葉國富) . . .	48	Non-executive Director and Chairman of the Board	October 2020	31 July 2025	Responsible for providing strategic advice to the Group
SUN Yuanwen (孫元文) . . .	34	Executive Director and Chief Executive Officer	October 2020	24 April 2025	Responsible for the overall strategy, business development and management of our Group
YAN Xiaojiao (晏曉嬌) . . .	40	Executive Director and Chief Financial Officer	October 2020	31 July 2025	Responsible for the overall strategy, finance and capital management of our Group
CHANG Yuliang (常宇亮) . . .	44	Non-executive Director	July 2025	31 July 2025	Responsible for providing strategic advice to the Group
NG Likwa (吳歷華) . . .	47	Independent non-executive Director	[REDACTED]	[REDACTED]	Providing independent opinion and judgment to the Board and serving as chairman and/or members of certain committees of the Board

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
WANG Xiaomei (王曉梅) . . .	47	Independent non-executive Director	[REDACTED]	[REDACTED]	Providing independent opinion and judgment to the Board and serving as chairman and/or members of certain committees of the Board
WANG Yajin (王雅瑾) . . .	41	Independent non-executive Director	[REDACTED]	[REDACTED]	Providing independent opinion and judgment to the Board and serving as chairman and/or members of certain committees of the Board

For certain proceedings in which our director(s) may have been involved, see section headed “Risk Factors — Risks Related to Our Business and Industry — We may, from time to time, be subject to legal proceedings during the course of our business operations. Our directors, management, shareholders, employees and business partners may also from time to time be subject to legal proceedings, which could adversely affect our reputation and results of operations.” for further details.

Save as disclosed in this document, none of the Directors had held any directorships in listed companies during the three years immediately prior to the Latest Practicable Date, there is no other information in respect of the Directors to be disclosed pursuant to Rules 13.51(2)(a) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of Shareholders or potential [REDACTED].

Executive Directors

Mr. SUN Yuanwen (孫元文), aged 34, is our executive Director, and has served as the chief executive officer of our Group since October 2020. Mr. Sun is responsible for the overall strategy, business development and management of our Group.

Mr. Sun established the TOP TOY brand in October 2020, and has been leading our Group since. Prior to that, Mr. Sun joined MINISO Group in July 2018 and served as the operation director of business division of MINISO Group. Prior to joining MINISO Group, Mr. Sun also

DIRECTORS AND SENIOR MANAGEMENT

worked at UNIQLO where he was responsible for store operation from July 2013 to June 2018. Mr. Sun is experienced in the retail industry with business insights in pop toy trends, which transformed into unique insights in introducing comprehensive mix of pop toys of our Company.

Mr. Sun received his bachelor’s degree in mechanical engineering and automation from Qingdao University of Science and Technology in China in July 2013.

Ms. YAN Xiaojiao (晏曉嬌), aged 40, is our executive Director, and has served as the chief financial officer of our Group since October 2020. Ms. Yan is responsible for the overall strategy, finance and capital management of our Group.

Ms. Yan joined MINISO Group in October 2017 and served as the senior accounting manager, accounting director and vice president of finance. Prior to joining MINISO Group, Ms. Yan worked as an audit manager at KPMG Huazhen LLP Guangzhou Branch from September 2008 to October 2017.

Ms. Yan received a bachelor’s degree in international economics and trade from South China University of Technology in China in July 2006 and a master’s degree in management science and engineering from Sun Yat-sen University in China in June 2008, respectively. Ms. Yan is a certified public accountant conferred by Guangdong Association of Certified Public Accountants since 2012.

Non-executive Directors

Mr. YE Guofu (葉國富), aged 48, is our non-executive Director and the chairman of our Board, and is responsible for providing strategic advice to the Group. Mr. Ye is the founder of MINISO and has served as a director of MINISO since January 2020, and was re-designated as an executive Director with effect from MINISO’s listing on the Stock Exchange in July 2022. Mr. Ye has also served as the chairman of the Board and the chief executive officer of MINISO since February 2020.

Mr. Ye founded MINISO Corporation, the predecessor of MINISO Group, in August 2009 and has since then served as the chief executive officer of MINISO Corporation until August 2018. After MINISO Guangzhou, the PRC holding entity before MINISO Group established offshore holding structure, was established in October 2017, Mr. Ye has since then been serving as a director and the general manager of MINISO Guangzhou.

Mr. Ye has also served as a director of Yonghui Superstores Co., Ltd (SSE: 601933) since March 2025.

Mr. Ye received his junior college diploma in economic management from Zhongnan University of Economics and Law in China in July 2001.

DIRECTORS AND SENIOR MANAGEMENT

Mr. CHANG Yuliang (常宇亮), aged 44, is our non-executive Director since July 2025. Mr. Chang is responsible for providing strategic advice to the Group.

Mr. Chang joined Temasek in July 2017 and is currently a Managing Director with expertise in equity investments in consumer, industrials, and financial services sectors. Prior to joining Temasek, Mr. Chang served as Director in Deutsche Bank Research in Hong Kong, responsible for China equity strategy of both A-share and H-share investment, from August 2014 to July 2017. Additionally, from January 2014 to August 2014, Mr. Chang worked on Strategy Research and Business Development at Hony Capital. Prior to that, Mr. Chang worked at China International Capital Corporation from November 2008 to December 2013 and Goldman Sachs from July 2005 to September 2008, respectively.

Mr. Chang received a bachelor’s degree in business administration from Wuhan Polytechnic University in June 2003, and received a master’s degree in finance from Stockholm School of Economics in April 2005.

Independent Non-Executive Directors

Mr. NG Likwa (吳歷華), aged 47, has been appointed as an independent non-executive Director with effect from the [REDACTED].

Mr. Ng has over 20 years of experience in the cultural industry. He has served as the co-founder and chief executive officer of SUPERGEN Group, a holding company of Edward Gaming esports team, since December 2015. In addition, Mr. Ng served as the general manager of Shanghai Pearl River Commercial from May 2010 to May 2015. Furthermore, Mr. Ng served as a marketing and special project director of Sony BMG Music Entertainment China from May 2007 to May 2010 and an assistant manager to chief representative of LVMH Group from March 2006 to March 2007. Prior to that, Mr. Ng served as a business development manager and a special assistant to managing director at Sony Music China (Shanghai Epic Music Entertainment), from June 2001 to March 2006.

Mr. Ng received a bachelor’s degree in International Business Management from Shanghai International Studies University in China in July 2001. Mr. Ng received his EMBA degree from Cheung Kong Graduate School of Business in September 2018.

Ms. WANG Xiaomei (王曉梅), aged 47, has been appointed as an independent non-executive Director with effect from the [REDACTED].

Ms. Wang has extensive experience in financial management and auditing. Ms. Wang has served as an independent director of Jiumaojiu International Holdings Limited (HKEX: 9922) since June 2024. In addition, Ms. Wang has been a founder and the senior partner of Guangzhou Ray Consulting Co., Ltd. since February 2019. Prior to that, Ms. Wang was a chief financial officer of Guangzhou Cool Trip Travel Agency Co., Ltd. from April 2016 to September 2018. From July 2000 to March 2016, Ms. Wang worked at KPMG Huazhen LLP Guangzhou Branch serving various positions including an auditor, assistant manager from July 2000 to June 2008 and serving as a senior manager of audit department from July 2008 to September 2011, respectively, and her last position was an audit partner from October 2011 to March 2016.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Wang received a bachelor’s degree in international finance from the Guangdong University of Foreign Studies in China in June 2000. She is also a member of the Association of Chartered Certified Accountants since 2012 and a senior member of the Chinese Institute of Certified Public Accountants since 2017. Ms. Wang also holds the independent director qualification certified by the Shanghai Stock Exchange.

Ms. WANG Yajin (王雅瑾), aged 41, has been appointed as an independent non-executive Director with effect from the [REDACTED].

Ms. Wang joined China Europe International Business School, or CEIBS, since January 2021, and currently serves as an Associate Dean (research) and a Professor of Marketing, as well as Research Area Director of ESG, at CEIBS. Prior to joining CEIBS, Ms. Wang served on the faculty of the marketing department at the Robert H. Smith School of Business, University of Maryland, the United States from September 2015 to November 2021.

Ms. Wang received a bachelor’s degree in Journalism and a double bachelor’s degree in Law and Sociology from Peking University in China in July 2007. Ms. Wang received a master’s degree in Mass Communications in February 2011 and a PhD in Marketing in June 2015, both from the University of Minnesota in the United States.

SENIOR MANAGEMENT

The following table provides information about members of the senior management of our Company:

Name	Age	Position	Date of joining our Group	Date of appointment as an executive officer	Roles and responsibilities
SUN Yuanwen (孫元文) . . .	34	Executive Director and Chief Executive Officer	October 2020	10 October 2020	Responsible for the overall strategy, business development and management of our Group
YAN Xiaojiao (晏曉嬌) . . .	40	Executive Director and Chief Financial Officer	October 2020	10 October 2020	Responsible for the overall strategy, finance and capital management of our Group

DIRECTORS AND SENIOR MANAGEMENT

Mr. SUN Yuanwen (孫元文), aged 34, is our executive Director and the chief executive officer. For further details, please see the paragraphs headed “— Executive Directors” in this section.

Ms. YAN Xiaojiao (晏曉嬌), aged 40, is our executive Director and chief financial officer. For further details, please see the paragraphs headed “— Executive Directors” in this section.

JOINT COMPANY SECRETARIES

Ms. YU Wing Sze (余詠詩) has been appointed as a joint company secretary with effect from the [REDACTED]. Ms. Yu currently serves as a manager of the listing services division at TMF Hong Kong Limited, a company providing corporate accounting and corporate secretarial services in Hong Kong. Ms. Yu has over 15 years of experience in company secretarial profession and has been serving as the company secretary of several listed companies in Hong Kong. Ms. Yu is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Yu received a bachelor’s degree in business administration from the Chinese University of Hong Kong in Hong Kong in December 2005.

Ms. YAN Xiaojiao has been appointed as a joint company secretary with effect from the [REDACTED]. For further details, please see the paragraphs headed “— Executive Directors” in this section.

CORPORATE GOVERNANCE

Audit Committee

Our audit committee is in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the audit committee are, among other things, to monitor the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to our financial statements and accounting matters, review the adequacy of our internal control over financial reporting, and review all related party transactions for potential conflict of interest situations and approving all such transactions. The audit committee comprises three members, namely Ms. WANG Xiaomei, Mr. NG Likwa and Ms. WANG Yajin. Ms. WANG Xiaomei, being the chairperson of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

Our remuneration committee is in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the remuneration committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The remuneration committee comprises Ms. WANG Yajin, Mr. SUN Yuanwen and Ms. WANG Xiaomei. Ms. WANG Yajin is the chairperson of the committee.

DIRECTORS AND SENIOR MANAGEMENT

Nomination Committee

Our nomination committee is in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The nomination committee comprises Mr. NG Likwa, Mr. YE Guofu and Ms. WANG Xiaomei. Mr. NG Likwa is the chairman of the committee.

Corporate Governance Code

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, save as disclosed below, we expect to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the [REDACTED].

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company’s competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of the Company, the nomination committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. Pursuant to the board diversity policy, the nomination committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

Management Presence

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

Since the principal business operations of our Group are conducted in Chinese Mainland, members of our senior management are, and are expected to continue to be, based in Chinese Mainland. Further, as our executive Directors have a vital role in our Group’s operations, it is crucial for them to remain in close proximity to our Group’s central management located in Chinese Mainland. Our Company does not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange [has granted], a waiver from compliance with Rule 8.12 of the Listing Rules. For further details, see “Waivers and Exemptions — Management Presence in Hong Kong.”

DIRECTORS AND SENIOR MANAGEMENT

Confirmation from our Directors

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in September 2025, and (ii) understands his or her obligations as a director of a [REDACTED] under the Listing Rules.

Each of our independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as at the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

DIRECTORS’ REMUNERATION

Our Directors receive remuneration, including basic salaries, housing fund, allowances and benefits in kind, employer’s contributions to a retirement benefit scheme, discretionary bonuses and share-based compensation expenses.

The aggregate amount of remuneration (including directors’ fees, salaries, allowances and other benefits, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments) for our Directors for the fiscal years ended December 31, 2023, 2024 and 2025 was RMB1.6 million, RMB1.9 million and RMB136.9 million, respectively.

The aggregate amount of remuneration (including salaries, allowances and other benefits, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments) for the five highest paid individuals who are not our Directors for the fiscal years ended December 31, 2023, 2024 and 2025 was approximately RMB3.5 million, RMB2.4 million and RMB20.6 million, respectively.

Save as disclosed above, no other payments have been paid or are payable, in respect of the fiscal years ended December 31, 2023, 2024 and 2025 by our Company to our Directors. No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

See paragraphs headed “Statutory and General Information — Share Incentive Plan” in Appendix IV for details regarding the incentive plans for our Directors and the senior management.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser (the “**Compliance Adviser**”) pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company, among others, in the following circumstances:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where the business activities, development or results of our Company deviate from any forecast, estimate or other information in this document; and
- (d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or [REDACTED] of its [REDACTED] or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Adviser shall commence on the [REDACTED] and end on the date on which our Company distributes to Shareholders the annual report of our financial results for the first full financial year commencing after the [REDACTED] and such appointment may be subject to extension by mutual agreement.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, save as disclosed in this document, he or she did not have any interest in a business which materially competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised), the following persons will have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group:

<u>Name of Shareholder</u>	<u>Capacity/Nature of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of interest in our Company after the [REDACTED] and the [REDACTED]</u>
MINISO Group Holding Limited	Beneficial owner	[REDACTED]	[REDACTED]

Except as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group.

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of our authorized share capital and the amount in issue and to be issued as fully paid or credited as fully paid immediately prior to and following completion of the [REDACTED], assuming the [REDACTED] is not exercised:

Share capital as at the date of this document

Authorized share capital

Number	Description of shares	Aggregate nominal value
4,952,367,222	Ordinary Shares with a par value of US\$0.00001 each	US\$49,523.67
<u>47,632,778</u>	Preferred Shares with a par value of US\$0.00001 each	<u>US\$476.33</u>
<u>5,000,000,000</u>	Shares in total	<u>US\$50,000.00</u>

Issued share capital

Number	Description of shares	Aggregate nominal value
965,016,800	Ordinary Shares with a par value of US\$0.00001 each	US\$9,650.17
<u>47,632,778</u>	Preferred Shares with a par value of US\$0.00001 each	<u>US\$476.33</u>
<u>1,012,649,578</u>	Shares in total	<u>US\$10,126.50</u>

Share capital immediately following the completion of the [REDACTED] and the [REDACTED]

Issued share capital

Number	Description of shares	Aggregate nominal value
1,012,649,578	Shares in issue	US\$10,126.50
[REDACTED]	Shares to be issued pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised and each Preferred Share will be converted into a Share upon [REDACTED])	[REDACTED]
<u>[REDACTED]</u>	Shares in total	<u>[REDACTED]</u>

SHARE CAPITAL

Ranking

The [REDACTED] rank equally with all Shares currently in issue or to be issued as mentioned in this document and, in particular, will rank *pari passu* for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document.

POTENTIAL CHANGES TO SHARE CAPITAL AFTER [REDACTED]

Circumstances under which general meeting and class meeting are required

Our Company may by ordinary resolution (i) increase its share capital by the creation of new shares; (ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (iii) divide its shares into several classes; (iv) sub-divide its existing shares or any of them into shares of smaller amount; (v) cancel any shares, which at the date of the passing of the ordinary resolution, have not been taken or agreed to be taken by any person. In addition, our Company may by special resolution reduce its share capital or any capital redemption reserve subject to any conditions prescribed by law.

See section headed “Summary of the Constitution of Our Company — 2. Articles of Association — 2.4 Alteration of capital” in Appendix III in this document for further details.

Subject to the Cayman Companies Act, all or any of the special rights attached to the shares or any class of shares (unless otherwise provided for by the terms of issue of the shares of that class) may be varied, modified or abrogated either with (in addition to a special resolution to amend the Memorandum or the Articles) the consent in writing of the holders of not less than three-fourths of the voting rights of the issued shares of that class or with the approval of a resolution passed by a majority of not less than three-fourths of the votes cast at a separate meeting of the holders of the shares of that class.

See section headed “Summary of the Constitution of Our Company — 2. Articles of Association — 2.3 Variation of rights of existing shares or classes of shares” in Appendix III in this document for further details.

General mandate to issue Shares

Subject to the [REDACTED] becoming unconditional, our Directors were granted a general mandate to allot, issue and deal with any Shares or securities convertible into Shares (including any sale or transfer of treasury shares by our Company) of not more than the sum of:

- 20% of the total number of Shares in issue (excluding treasury shares of our Company) immediately following completion of the [REDACTED] (excluding any Shares which may be issued pursuant to the exercise of the [REDACTED] and the Shares that may be issued pursuant to the exercise of options that may be granted under the Post-[REDACTED] Share Incentive Plan); and

SHARE CAPITAL

- the total number of Shares to be repurchased by our Company pursuant to the authority referred to in “— Potential Changes to Share Capital after [REDACTED] — General mandate to repurchase Shares” below.

This general mandate to issue Shares will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to condition;
- the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the memorandum and the articles of association of our Company; and
- the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority.

General mandate to repurchase Shares

Subject to the [REDACTED] becoming unconditional, our Directors were granted a general mandate to repurchase our own Shares up to 10% of the total number of Shares in issue (excluding treasury shares of our Company) immediately following completion of the [REDACTED] (excluding any Shares which may be issued pursuant to the exercise of the [REDACTED] and the Shares that may be issued pursuant to the exercise of options under the Post-[REDACTED] Share Incentive Plan).

This mandate only relates to repurchases on the Stock Exchange or on any other stock exchange on which the securities of our Company may be [REDACTED] and which is recognized by the SFC and the Stock Exchange for this purpose, and in accordance with all applicable laws and the requirements under the Listing Rules as amended from time to time.

This general mandate to repurchase Shares will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to condition;
- the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the memorandum and the articles of association of our Company; and
- the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority.

See section headed “Statutory and General Information — Further Information About Our Company and Subsidiaries — 5. Explanatory Statement on Repurchase of Our Own Securities” in Appendix IV in this document for further details of this general mandate to repurchase Shares.

STOCK INCENTIVE PLANS

We [have adopted] the Post-[REDACTED] Share Incentive Plan. See section headed “Statutory and General Information — Share Incentive Plan — Post-[REDACTED] Share Incentive Plan” in Appendix IV in this document for further details.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our historical financial information as of and for the years ended December 31, 2023, 2024 and 2025 included in “Appendix I — Accountants’ Report” to this document, together with the respective accompanying notes. Our historical financial information have been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report, and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including “Risk Factors” and “Business.”

OVERVIEW

We are China’s largest and fastest-growing pop toy collection brand. In 2025, we achieved GMV of RMB4.2 billion in Chinese Mainland, and our self-developed products accounted for over 55% of revenue — the highest among Chinese pop toy collection brands, according to Frost & Sullivan. From 2023 to 2025, we achieved a GMV CAGR exceeding 50%, making us the fastest-growing pop toy collection brand in China, according to Frost & Sullivan.

Since the launch of our first store in December 2020, we have established a fully integrated platform across the pop toy value chain. Leveraging deep insights into pop toy enthusiasts, we have developed industry-leading, consumer-oriented product design and IP operation capabilities. We have successfully built a comprehensive and expanding IP matrix driven by proprietary, licensed and third-party IPs, and created a pop toy universe with a diverse product portfolio. This product portfolio, including model figures, 3D building blocks, vinyl plush toys and others, enables us to meet the diverse needs of pop toy consumers and continuously expand our customer base. Through wide omni-channel consumer reach, we ensure every consumer can experience the pure joy of pop toys and find their unique source of fun and emotional connection.

We have accumulated a substantial customer base, high brand awareness, and a broad sales network, becoming the largest and fastest-growing pop toy collection brand in China. Our revenue increased from RMB1,461.1 million in 2023 to RMB3,587.0 million in 2025,

FINANCIAL INFORMATION

representing a CAGR of 56.7%. Our gross margin also increased from 31.4% in 2023 to 32.1% in 2025. Revenue contribution from our self-developed products increased from 53.6% of our total revenue from sales of pop toy products in 2023 to 56.7% in 2025.

BASIS OF PRESENTATION

Upon completion of the Reorganization and the Business Rearrangement, our Company became the holding company of the companies now comprising our Group for our principal businesses. See the section headed “History, Reorganization and Corporate Structure” in this document for more details. As our Group’s principal businesses were ultimately controlled by our Controlling Shareholder during the Track Record Period and both before and after the Reorganization and the Business Rearrangement, the control is not transitory and consequently there was a continuation of the risks and benefits to our Controlling Shareholder. Accordingly, our historical financial information has been prepared and presented using the merger basis of accounting as if our current group structure had been in existence and remained unchanged throughout the Track Record Period.

The historical financial information presented in this section has been prepared in accordance with all applicable IFRS Accounting Standards (“**IFRSs**”) as issued by the International Accounting Standards Board (“**IASB**”). The IASB has issued a number of new and revised IFRSs. For the purpose of preparing our historical financial information, our Group has adopted all applicable new and revised IFRSs effective for the accounting period beginning on January 1, 2025, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2025. The measurement basis used in the preparation of our historical financial information is the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires our management to exercise their judgement in the process of applying our accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are set forth in notes 2 and 3 to the Accountants’ Report in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are affected by a number of general factors that impact the overall pop toy market, including, among others, the overall economic and industry trends and related impact on consumer behavior, market demand for pop toys, and the competitive environment. Unfavorable changes in any of these general conditions could materially and adversely affect our results of operations.

While our business is influenced by these general factors, our results of operations are more directly affected by the following company-specific factors.

FINANCIAL INFORMATION

IP Portfolio and Operations

At the core of our business is our ability to build and leverage a robust and diverse portfolio of IPs. Our success is significantly dependent on our ability to identify and develop compelling proprietary IPs and maintain long-term collaborations with well-recognized third-party IP licensors. As of the Latest Practicable Date, we had 24 proprietary IPs and 42 licensed IPs. In 2023, 2024 and 2025, we derived total revenue of RMB757.3 million, RMB896.1 million and RMB1,977.0 million from proprietary and licensed IPs, respectively. Our financial performance is directly driven by our ability to develop proprietary IPs with engaging narratives and strong product potential, which enhances our creative control over product development and supports the creation and growth of long-lasting product series. The originality and market appeal of these products often result in strong sales performance and contribute to higher profitability. Equally important is our ability to attract and maintain partnerships with leading IP holders, which grants us access to established fan bases and enhances our product offerings. The success of our designs and reinterpretations of these licensed IPs directly impacts our revenue and market position. Our relationships and contractual terms with IP licensors also affect our business and profit margin. Our results are further affected by our expertise in IP operations, which involves a self-reinforcing cycle of design, marketing, and consumer engagement to maximize the commercial and cultural value of each IP.

Product Design and Sourcing

Our financial results are directly linked to our ability to consistently design, develop, and launch pop toy products that resonate with evolving consumer tastes. We primarily generate revenue from the sale of products across our core categories: model figures, 3D building blocks and vinyl plush toys. Model figures are our highest-selling category, 3D building blocks have the broadest demographic reach, while vinyl plush toys are the fastest-growing category. The ability of our in-house design team to transform both proprietary and licensed IPs into innovative and high-quality products is critical to our business and financial success. This includes careful material selection, the application of unique finishes, and the creation of products with inherent collectability. The market’s reception of our new product launches significantly impacts our sales, and the performance of these new items is a key determinant of our revenue growth. Furthermore, our ability to manage our product portfolio, balancing new and high-growth categories with established ones, affects our overall revenue and gross margins. The strategic balance between our self-developed products and carefully selected third-party products also influences our financial results. In 2025, our self-developed products accounted for over 55% of our total revenue, underscoring the importance of our own product development capabilities.

FINANCIAL INFORMATION

Sales Network Development

Our results of operations are significantly affected by the success of our comprehensive omni-channel sales and distribution network. This network includes directly operated stores, TOP TOY Retail Partners, distributors, and a growing online presence across major e-commerce and social media platforms. Our ability to strategically expand our physical store network, both in China and internationally, remains an important driver of revenue growth, with these stores serving not only as sales channels but also as critical marketing and brand engagement touchpoints. As of December 31, 2025, we operated 334 TOP TOY stores, including 50 directly operated stores, 273 stores operated by TOP TOY Retail Partners, and 11 stores operated by distributors. Concurrently, our performance on platforms like Tmall and Douyin is increasingly contributing to our success. In 2023, 2024 and 2025, our revenue from online sales was RMB76.0 million, RMB140.3 million and RMB276.1 million, respectively. Offline distributors such as MINISO Group are also integral to our omni-channel network and continued growth in sales. Our capability to strategically expand this network, optimize the performance of each channel, and ensure seamless consumer experience across all touchpoints directly impacts our market share and long-term financial success.

Global Market Expansion

Our results of operations are affected by our ability to execute our globalization strategy. We plan to continually expand our presence in overseas markets and capture the vast and growing opportunities in the global pop toy market. In 2025, we opened 28 overseas stores, which achieved high foot traffic and sales shortly after opening. In general, the pricing of our products in overseas markets is higher than in China, allowing us to capture good profit margins. As of the Latest Practicable Date, we have entered into international markets such as Thailand, Malaysia, Indonesia, and Japan. Looking ahead, we intend to further develop our overseas business in existing and new markets, including Southeast Asia, East Asia, and North and South America. At the same time, we continue to sell more products to numerous overseas markets through an online and offline distribution network.

Brand Equity Growth

Our ability to build and continually strengthen the “TOP TOY” brand as a leading name in the pop toy market is crucial to our long-term success. Our results are impacted by our ability to attract and retain a loyal consumer base through strong brand equity. The effectiveness of our marketing initiatives and community engagement strategies significantly impacts sales and customer loyalty. Our approach focuses on creating a vibrant community through co-creation opportunities, social sharing, and immersive digital and physical experiences. The success of our comprehensive membership program, which had over 12 million registered members as of December 31, 2025, is a testament to this strategy. The increasing scale and loyalty of this engaged community are a key driver of our revenue and profitability.

FINANCIAL INFORMATION

Supply Chain Efficiency

Our financial performance is significantly influenced by our ability to manage an integrated, efficient, and agile supply chain. Leveraging China’s supply chain advantage in the pop toy sector is a key component of our competitive advantage. Our operational results are directly affected by our ability to source from highly qualified suppliers at competitive prices, which is essential to our ability to offer products with high appeal. Our digitally integrated supply chain management system enhances coordination with suppliers, streamlines processes, and improves productivity. With our strategically located warehouses in Zhaoqing and Shenyang, and supported by logistics parks and long-term partnerships with reliable logistics providers, we ensure rapid and reliable product delivery across the country. The efficiency of our supply chain allows us to manage a large and diverse portfolio of SKUs, accelerate the launch of new products, and maintain effective cost control, all of which are essential to our financial performance. In addition, we place a strong emphasis on the quality of materials and the craftsmanship of our suppliers, which are fundamental to maintaining the premium standards and appeal of our pop toy products. By partnering with suppliers who adhere to rigorous quality control processes and demonstrate strong manufacturing expertise, we are able to consistently deliver products that meet customer expectations. This commitment to quality drives repeat purchases and supports healthy margins, thereby contributing to our robust financial performance.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Our critical accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set forth in detail in notes 2 and 3 to the Accountants’ Report in Appendix I to this document.

FINANCIAL INFORMATION

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our combined statements of profit or loss for the periods indicated in absolute amounts. This information should be read together with our historical financial information and related notes included elsewhere in this document. The results of operations in any period are not necessarily indicative of the results that may be expected for any future period.

	For the Year ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands)		
Revenue	1,461,107	1,908,825	3,586,960
Cost of sales	(1,002,282)	(1,284,452)	(2,434,994)
Gross profit	458,825	624,373	1,151,966
Other income	50	69	143
Selling and distribution expenses	(152,022)	(201,857)	(543,590)
General and administrative expenses	(16,703)	(27,216)	(152,583)
Other net income/(loss)	1,805	1,058	(1,489)
Reversal of credit loss/(credit loss) on trade and other receivables	871	970	(10,483)
Impairment loss on non-current assets	(2,880)	(1,806)	(882)
Operating profit	289,946	395,591	443,082
Finance income	1,129	1,093	5,101
Finance costs	(4,287)	(5,798)	(8,990)
Net finance costs	(3,158)	(4,705)	(3,889)
Changes in the carrying amount of redemption liabilities	—	—	(158,491)
Profit before taxation	286,788	390,886	280,702
Income tax expense	(74,399)	(97,356)	(179,661)
Profit for the year	212,389	293,530	101,041
Attributable to:			
Equity shareholders of the Company	212,389	297,156	92,725
Non-controlling interests	—	(3,626)	8,316
Profit for the year	212,389	293,530	101,041

Note:

- (1) Credit loss on trade and other receivables in 2025 mainly represents the credit loss of the deposit due from a third party amounting to RMB10 million.

FINANCIAL INFORMATION

NON-IFRS FINANCIAL MEASURE

In evaluating our business, we consider and use adjusted net (loss)/profit (Non-IFRS Measure) as a supplemental measure to review and assess our operating performance. The presentation of this non-IFRS financial measure is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. We define adjusted net (loss)/profit (Non-IFRS Measure) as (loss)/profit for the year excluding [REDACTED] expenses, equity-settled share-based payment expenses and changes in the carrying amount of redemption liabilities. Our management considers that (i) equity-settled share-based payment expenses and changes in the carrying amount of redemption liabilities are non-cash in nature and do not result in cash outflow, and (ii) [REDACTED] expenses are expenses relating to the [REDACTED].

We present adjusted net (loss)/profit (Non-IFRS Measure) because it is used by our management to evaluate our operating performance and formulate business plans. Accordingly, we believe that the use of this non-IFRS financial measure provides useful information to [REDACTED] and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

The non-IFRS financial measure has limitations as an analytical tool. Further, this non-IFRS measure may differ from the non-IFRS information used by other companies, including peer companies, and therefore its comparability may be limited.

The non-IFRS financial measure should not be considered in isolation or construed as an alternative to (loss)/profit for the year or any other measure of performance. [REDACTED] are encouraged to review our historical non-IFRS financial measure as shown below. The non-IFRS financial measure presented here may not be comparable to similarly titled measure presented by other companies. Other companies may calculate similarly titled measures differently, limiting the usefulness of such measures when analyzing our data comparatively. We encourage [REDACTED] and others to review our financial information in its entirety and not rely on a single financial measure.

We recorded adjusted net profit (Non-IFRS Measure) of RMB213.4 million, RMB294.4 million and RMB522.5 million for the years ended December 31, 2023, 2024 and 2025, respectively. The following table reconciles our adjusted net (loss)/profit (Non-IFRS Measure) for the years ended December 31, 2023, 2024 and 2025 presented in accordance with IFRS, which is profit for the year.

	For the Year ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands)		
Reconciliation of profit for the year to adjusted net profit (Non-IFRS Measure):			
Profit for the year	212,389	293,530	101,041
Add back:			
Equity-settled share-based payment expenses . .	1,025	847	237,075
Changes in the carrying amount of redemption liabilities	–	–	158,491
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit (Non-IFRS Measure) . . .	213,414	294,377	522,477

FINANCIAL INFORMATION

Revenue

We primarily derive our revenue from the sale of pop toy products through directly operated stores, stores operated by TOP TOY Retail Partners, offline distributors and online channels. Other sources of revenue mainly include license fees, sales-based royalties and sales-based management and consultation service fees from TOP TOY Retail Partners. The following table sets forth the components of our revenue by amounts and percentages of our total revenue broken down by revenue source for the periods presented:

	For the Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Revenue:						
– Sales of pop toy products						
– Retail sales in directly operated stores . . .	109,490	7.5	172,543	9.0	444,280	12.4
– Product sales to franchisees ⁽¹⁾	356,719	24.4	499,794	26.2	678,043	18.9
– Sales to offline distributors	855,457	58.5	1,008,144	52.9	2,044,333	57.0
– Online sales ⁽²⁾	75,960	5.2	140,297	7.3	276,050	7.7
– Other sales channels ⁽³⁾	14,212	1.0	3,309	0.2	45,377	1.2
Sub-total.	<u>1,411,838</u>	<u>96.6</u>	<u>1,824,087</u>	<u>95.6</u>	<u>3,488,083</u>	<u>97.2</u>
– License fees, sales-based royalties, and sales-based management and consultation service fees						
– License fees and sales-based royalties . . .	6,563	0.4	9,093	0.5	12,843	0.4
– Sales-based management and consultation service fees	<u>19,687</u>	<u>1.4</u>	<u>27,034</u>	<u>1.4</u>	<u>36,515</u>	<u>1.0</u>
Sub-total.	<u>26,250</u>	<u>1.8</u>	<u>36,127</u>	<u>1.9</u>	<u>49,358</u>	<u>1.4</u>
– Others ⁽⁴⁾	<u>23,019</u>	<u>1.6</u>	<u>48,611</u>	<u>2.5</u>	<u>49,519</u>	<u>1.4</u>
Total	<u>1,461,107</u>	<u>100.0</u>	<u>1,908,825</u>	<u>100.0</u>	<u>3,586,960</u>	<u>100.0</u>

Notes:

- (1) Product sales to franchisees represents sales to/revenue from TOP TOY Retail Partners.
- (2) Online sales are conducted through our directly operated online stores on third-party e-commerce platforms or through online distributors. Online sales do not include sales through online to offline platforms, which are accounted for in sales through offline channels.
- (3) Other sales channels mainly represent group-buying channels and vending machines.
- (4) Others mainly represent sales of fixtures to franchisees and distributors.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our revenue from sales of pop toy products between self-developed products and third-party products for the periods presented:

	For the Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Revenue:						
Self-developed Products	757,334	53.6	896,135	49.1	1,977,010	56.7
Third-party Products	654,504	46.4	927,952	50.9	1,511,073	43.3
Total Revenue from Sales of Pop Toy Products	1,411,838	100.0	1,824,087	100.0	3,488,083	100.0

Our revenue from sales of self-developed products grew substantially during the Track Record Period, with revenue contribution increased from 53.6% in 2023 to 56.7% in 2025. This growth was primarily driven by our continuous efforts to leverage our IP portfolio to design, develop and launch self-developed pop toy products, which are essential for expanding our revenue base and enhancing our profit margins.

The following table breaks down our revenue by geographic region for the periods presented:

	For the Year ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Revenue:						
Chinese Mainland	1,461,107	100.0	1,897,015	99.4	3,291,146	91.8
Overseas	–	–	11,810	0.6	295,814	8.2
Total	1,461,107	100.0	1,908,825	100.0	3,586,960	100.0

Cost of Sales

Our cost of sales mainly consists of cost of inventories. Cost of inventories accounted for 95.4%, 95.1% and 94.1% of our total cost of sales for the years ended December 31, 2023, 2024 and 2025, respectively. Cost of inventories comprises carrying amount of inventories sold and inventory write-down. Other than cost of inventories, cost of sales also includes depreciation and amortization expenses, licensing expenses and logistics expenses. Licensing expenses mainly represent licensing fees paid to IP licensors, and logistics expenses mainly represent shipping expenses for the products sold to customers through online-to-offline or online channels.

FINANCIAL INFORMATION

Gross Profit and Margin

The following table sets forth our gross profit and gross margin for the periods presented:

	For the Year ended December 31,		
	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(in thousands, except for percentages)</i>		
Gross profit	458,825	624,373	1,151,966
Gross margin (%)	31.4	32.7	32.1

Selling and Distribution Expenses

Selling and distribution expenses consist of (i) payroll and employee benefits, (ii) depreciation and amortization, (iii) promotion and advertising expenses, (iv) rental and related expenses, (v) logistics expenses, and (vi) other expenses. Our selling and distribution expenses were RMB152.0 million, RMB201.9 million and RMB543.6 million in the years ended December 31, 2023, 2024 and 2025, respectively.

	For the Year ended December 31,		
	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(in thousands)</i>		
Payroll and employee benefits	45,760	67,834	270,446
Depreciation and amortization	47,808	54,234	82,003
Promotion and advertising expenses	35,576	46,017	83,807
Rental and related expenses	2,305	12,045	38,628
Logistics expenses	4,362	4,587	23,584
Other expenses	16,211	17,140	45,122
Total	<u>152,022</u>	<u>201,857</u>	<u>543,590</u>

General and Administrative Expenses

General and administrative expenses consist of (i) payroll and employee benefits, (ii) tax and surcharges, (iii) information system service expenses, (iv) professional service expenses, (v) depreciation and amortization expenses, (vi) [REDACTED] expenses and (vii) other expenses. Our general and administrative expenses were RMB16.7 million, RMB27.2 million and RMB152.6 million in the years ended December 31, 2023, 2024 and 2025, respectively.

FINANCIAL INFORMATION

	For the Year ended December 31,		
	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(in thousands)</i>		
Payroll and employee benefits	2,450	4,890	90,234
Taxes and surcharges	5,758	8,175	14,251
Information system service expenses	2,716	3,849	5,757
Professional service expenses	306	1,280	3,569
Depreciation and amortization	4,059	5,205	5,028
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Other expenses	1,414	3,817	7,874
Total	16,703	27,216	152,583

Other Net (Loss)/Income

Other net (loss)/income mainly consists of loss on disposal of property, plants and equipment and loss or gain relating to the cancellation and modification of certain of our lease contracts.

Impairment loss on non-current assets

Impairment loss on non-current assets mainly consists of impairment of property, plant and equipment, which primarily represents impairment of renovation assets due to losses incurred by a small number of our directly operated stores.

Taxation

Cayman Islands and British Virgin Islands

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, we are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, our Hong Kong subsidiaries are subject to Hong Kong profits tax at the rate of 16.5% on their taxable income generated from the operations in Hong Kong. A two-tiered profits tax rate regime was introduced in 2018 where the first HKD2 million of assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) whilst the remaining profits will continue to be taxed at 16.5%. There is an anti-fragmentation measure where each group will have to nominate only one company in the group to benefit from the progressive rates.

FINANCIAL INFORMATION

Chinese Mainland

Under the Corporate Income Tax (“CIT”) Law, our subsidiaries established in Chinese Mainland are subject to a unified statutory CIT rate of 25%. Our certain subsidiaries met the criteria for a preferential income tax rate granted to small and low profit-making enterprise in Chinese Mainland and were entitled to a preferential income tax rate of 5%. One of our subsidiaries in Hengqin, Zhuhai is entitled to a preferential income tax rate of 15%.

Other Jurisdictions

Taxes on taxable profits in other jurisdictions have been calculated at the rates of tax prevailing in the countries and regions in which we operate, based on existing legislation, interpretations and practices in respect thereof.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 87.9% from RMB1,908.8 million in the year ended December 31, 2024 to RMB3,587.0 million in the year ended December 31, 2025, mainly attributable to (i) enhanced product appeal and expanded product categories, including popular selections such as our vinyl plush toys, whose contribution to our total revenue from sales of pop toy products increased from 3.5% in the year ended December 31, 2024 to 31.6% in the year ended December 31, 2025, resulting from the success of our IP strategy and product design initiatives, (ii) the expansion of our sales network, including an increase in the number of offline stores from 276 as of December 31, 2024 to 334 as of December 31, 2025 and our growing sales through online channels, as a result of our continued efforts to expand and optimize our sales channels, and (iii) the increase in revenue generated from our overseas operations due to our expansion into international markets, including Thailand, Malaysia, Indonesia, and Japan.

In terms of geographical locations, the increase in our revenue from the year ended December 31, 2024 to the year ended December 31, 2025 was mainly attributable to the growth of our operations in both Chinese Mainland and overseas markets. Revenue generated from our operations in Chinese Mainland was RMB3,291.1 million in the year ended December 31, 2025, increasing by 73.5% from RMB1,897.0 million in the year ended December 31, 2024. Revenue generated from overseas markets significantly increased from RMB11.8 million in the year ended December 31, 2024 to RMB295.8 million in the year ended December 31, 2025, driven by the execution of our globalization strategy since 2024.

FINANCIAL INFORMATION

Cost of sales

Our cost of sales increased by 89.6% from RMB1,284.5 million in the year ended December 31, 2024 to RMB2,435.0 million in the year ended December 31, 2025, mainly as a result of an increase in cost of inventories, which is generally in line with the increase in our product sales.

Gross profit and gross margin

Our gross profit increased by 84.5% from RMB624.4 million in the year ended December 31, 2024 to RMB1,152.0 million in the year ended December 31, 2025, while gross margin remained relatively stable at 32.7% and 32.1% in the years ended December 31, 2024 and 2025, respectively. The increase in gross profit was mainly driven by our revenue growth.

Selling and distribution expenses

Our selling and distribution expenses increased by 169.2% from RMB201.9 million in the year ended December 31, 2024 to RMB543.6 million in the year ended December 31, 2025. Such increase was mainly due to (i) an increase in payroll and employee benefits, primarily driven by an increase in equity-settled share-based payment expenses and an increase in the headcount of our overseas sales staff, (ii) an increase in promotion and advertising expenses which is in line with our business growth, (iii) an increase in rental and related expenses primarily due to the increase in the number of our directly operated stores, and (iv) an increase in logistics and warehousing costs and service fees as a result of our expansion into international markets and online sales channels. The increase was also partly due to an increase in depreciation and amortization expenses attributable to the increasing number of our overseas directly operated stores and warehouses.

General and administrative expenses

Our general and administrative expenses increased by 461.0% from RMB27.2 million in the year ended December 31, 2024 to RMB152.6 million in the year ended December 31, 2025. Such increase was primarily due to (i) an increase in payroll and employee benefits primarily driven by an increase in equity-settled share-based payment expenses, (ii) an increase in [REDACTED] expenses which do not recur after the [REDACTED], and (iii) an increase in taxes and surcharges relating to sales of pop toy products, which is in line with our product sales growth and overseas expansion.

Other net income/loss

We recorded other net loss of RMB1,489 thousand in the year ended December 31, 2025, as compared to other net income of RMB1,058 thousand in the year ended December 31, 2024, which was mainly attributable to an increase in losses on disposal of property, plant and equipment as we optimized the network of our directly operated stores in the year ended December 31, 2025.

FINANCIAL INFORMATION

Operating profit

As a result of the foregoing, we recorded operating profit of RMB395.6 million in the year ended December 31, 2024 and RMB443.1 million in the year ended December 31, 2025.

Net finance costs

We had net finance costs of RMB4.7 million and RMB3.9 million in the years ended December 31, 2024 and 2025. The decrease was primarily due to an increase in finance income, which was primarily due to the interest income generated from Series A financing.

Income tax expense

We recorded income tax expense of RMB97.4 million in the year ended December 31, 2024 and RMB179.7 million in the year ended December 31, 2025.

Profit for the year

Our net profit decreased from RMB293.5 million in 2024 to RMB101.0 million in 2025, which was mainly attributable to an increase in equity-settled share-based payment expenses and the changes in the carrying amount of redemption liabilities.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 30.6% from RMB1,461.1 million in the year ended December 31, 2023 to RMB1,908.8 million in the year ended December 31, 2024, mainly attributable to (i) enhanced product appeal and expanded product categories, including popular selections such as our vinyl plush toys, whose contribution to our total revenue from sales of pop toy products increased from 0.1% in 2023 to 3.5% in 2024, resulting from the success of our IP strategy and product design initiatives, and (ii) the expansion of our sales network, including (a) a significant increase in the number of offline stores from 148 as of December 31, 2023 to 276 as of December 31, 2024, (b) the expansion of our distribution network with the number of our distributors increasing from 11 as of December 31, 2023 to 29 as of December 31, 2024, and (c) our growing sales through online channels with an increased contribution to our total revenue from sales of pop toy products from 5.4% in 2023 to 7.7% in 2024, as a result of our continued efforts to expand and optimize our sales channels.

In terms of geographical locations, revenue generated from our operations in Chinese Mainland reached RMB1,897.0 million in the year ended December 31, 2024, increasing by 29.8% from RMB1,461.1 million in the year ended December 31, 2023. As we began our globalization initiative, we generated revenue of RMB11.8 million from overseas markets in 2024.

FINANCIAL INFORMATION

Cost of sales

Our cost of sales increased by 28.2% from RMB1,002.3 million in the year ended December 31, 2023 to RMB1,284.5 million in the year ended December 31, 2024, mainly as a result of an increase in cost of inventories, which is generally in line with the increase in our product sales.

Gross profit

Gross profit increased by 36.1% from RMB458.8 million in the year ended December 31, 2023 to RMB624.4 million in the year ended December 31, 2024, and gross margin increased from 31.4% to 32.7% during the same period. The increase in gross profit was mainly driven by our revenue growth, while the increase in gross margin mainly resulted from improved pricing and higher margins due to our enhanced product portfolio with refined discount strategies in offline channels.

Selling and distribution expenses

Our selling and distribution expenses increased by 32.8% from RMB152.0 million in the year ended December 31, 2023 to RMB201.9 million in the year ended December 31, 2024. Such increase was mainly due to increased payroll and employee benefits, promotion and advertising expenses and rental and related expenses, primarily driven by an increase in the number of our directly operated stores and an increase in the headcount of our staff following our market expansion in 2024.

General and administrative expenses

Our general and administrative expenses increased by 62.9% from RMB16.7 million in the year ended December 31, 2023 to RMB27.2 million in the year ended December 31, 2024. Such increase was primarily due to (i) an increase in payroll and employee benefits to support our globalization strategy, (ii) an increase in other administrative expenses including IT system service fees, and (iii) an increase in depreciation and amortization expenses as we leased new offices and purchased new office equipment in 2024.

Other net income

Our other net income decreased by 41.4% from RMB1,805 thousand in the year ended December 31, 2023 to RMB1,058 thousand in the year ended December 31, 2024, which was mainly attributable to a decrease in gain relating to cancellation and modification of lease contracts as the number of vacated directly operated stores decreased in 2024.

FINANCIAL INFORMATION

Impairment loss on non-current assets

Our impairment loss on non-current assets was RMB2.9 million and RMB1.8 million in the years ended December 31, 2023 and 2024, respectively. The impairment loss on non-current assets in 2023 and 2024 was attributable to the provision for impairment related to certain underperforming directly operated stores.

Operating profit

As a result of the foregoing, we recorded operating profit of RMB289.9 million in the year ended December 31, 2023 and RMB395.6 million in the year ended December 31, 2024.

Net finance costs

We had net finance costs of RMB3.2 million in the year ended December 31, 2023 and RMB4.7 million in the year ended December 31, 2024. The increase was primarily due to an increase in finance costs, which was in turn primarily due to increased interest expenses on our lease liabilities.

Income tax expense

We recorded income tax expense of RMB74.4 million in the year ended December 31, 2023 and RMB97.4 million in the year ended December 31, 2024.

Profit for the year

Our net profit increased from RMB212.4 million in 2023 to RMB293.5 million in 2024, which was mainly attributable to (i) an increase in our total revenue primarily due to (a) the enhancement of our product portfolio, (b) the expansion in our sales network, and (c) the commencement of our globalization initiative; and (ii) an increase in our gross margin mainly resulted from improved pricing and higher margins due to our enhanced product portfolio with refined discount strategies in offline channels.

FINANCIAL INFORMATION

DISCUSSION OF CERTAIN KEY ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB	RMB	RMB	RMB
	(in thousands)			(unaudited)
Current assets				
Inventories	128,128	227,416	461,375	432,236
Trade and other receivables	228,590	334,336	484,002	348,576
Cash and cash equivalents	33,421	71,883	391,831	425,386
Other investment	—	—	—	40,000
Restricted cash	118	352	—	—
Total current assets	390,257	633,987	1,337,208	1,246,198
Current liabilities				
Contract liabilities	10,039	15,670	28,400	92,589
Loans and borrowings	280,000	340,208	310,000	310,000
Trade and other payables	251,632	404,770	579,870	358,712
Lease liabilities	39,377	63,766	66,061	81,405
Redemption liabilities arising from preferred shares	—	—	573,681	586,082
Current taxation	27,272	25,979	57,753	39,910
Total current liabilities	608,320	850,393	1,615,765	1,468,698
Net current liabilities	(218,063)	(216,406)	(278,557)	(222,500)

We recorded net current liabilities as of December 31, 2023, 2024 and 2025 and February 28, 2026. The decrease in net current liabilities from RMB218.1 million as of December 31, 2023 to RMB216.4 million as of December 31, 2024, was primarily due to the increase in our current assets, in particular inventories and trade and other receivables, as a result of our business growth. The increase in net current liabilities from RMB216.4 million as of December 31, 2024 to RMB278.6 million as of December 31, 2025 was primarily due to the changes in the carrying amount of redemption liabilities of RMB158.5 million and the increase in trade and other receivables of RMB149.7 million as a result of our business growth. Our net current liabilities decreased from RMB278.6 million as of December 31, 2025 to RMB222.5 million as of February 28, 2026, mainly due to a decrease in our trade and other payables as a result of the decline in our procurement during the Spring Festival, and an increase in other investment primarily attributable to purchase of wealth management products. For further details, see — Indebtedness — Loans and Borrowings.”

FINANCIAL INFORMATION

Inventories

Our inventories consist of (i) finished goods which are held for sale, including the products placed at franchised stores, and (ii) low value consumables to be consumed in the ordinary course of business. Our inventories increased from RMB128.1 million as of December 31, 2023 to RMB227.4 million as of December 31, 2024, and RMB461.4 million as of December 31, 2025, mainly as a result of our business growth.

The following table sets forth the turnover days of our inventories for the periods indicated:

	For the Year Ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	38.1	50.5	51.6

(1) Inventory turnover days for a period equals the average of the opening and closing inventories balance divided by cost of sales for that period and multiplied by 365 days for a year.

Our inventory turnover days increased from 38.1 days for the year ended December 31, 2023 to 50.5 days for the year ended December 31, 2024, primarily due to stocking of inventories for overseas markets as we launched our globalization strategy in 2024. Our inventory turnover days remained stable at 50.5 days for the year ended December 31, 2024 and 51.6 days for the year ended December 31, 2025.

The following table sets forth an aging analysis of our inventory as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(in thousands)</i>		
Cost:			
Within 180 days	149,757	219,891	429,486
181 days to 1 year	5,745	22,885	46,016
1-2 years	9,039	9,144	12,023
Over 2 years	843	5,873	5,401
Less: Write-down of inventories	(37,256)	(30,377)	(31,551)
Total	<u>128,128</u>	<u>227,416</u>	<u>461,375</u>

As of February 28, 2026, RMB262.6 million, or 56.9%, of our inventories as of December 31, 2025, had been sold.

FINANCIAL INFORMATION

Trade and Other Receivables

Our trade and other receivables mainly consist of trade receivables, miscellaneous expenses paid on behalf of franchisees, and value-added tax recoverable. The following table sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands)		
Non-current			
Deposits			
– Third parties	9,458	16,893	17,055
– Related parties	–	–	4,010
	<u>9,458</u>	<u>16,893</u>	<u>21,065</u>
Current			
Trade receivables, net of loss allowance			
– Third parties	16,953	41,482	91,407
– Related parties	139,832	182,241	213,479
Trade receivables, net of loss allowance	<u>156,785</u>	<u>223,723</u>	<u>304,886</u>
Miscellaneous expenses paid on behalf of franchisees ⁽¹⁾	27,719	44,025	71,514
Prepayments for inventories	18,616	26,345	36,117
Deposits, net of loss allowance	11,520	16,013	14,432
Receivables due from online payment platforms and banks ⁽²⁾	6,988	5,455	13,201
VAT recoverable	1,899	1,853	20,255
Prepayments for promotion and advertising expenses	1,871	5,207	4,640
Other receivables from related parties	7	336	2,675
Prepayments for [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	3,185	11,379	11,967
Total	<u>228,590</u>	<u>334,336</u>	<u>484,002</u>

(1) Miscellaneous expenses paid on behalf of franchisees mainly include store renovation costs, store staff salaries and miscellaneous expenses reimbursed by store staff paid on behalf of franchisees.

(2) Receivables due from online payment platforms and banks included the proceeds of online sales through e-commerce platforms collected by and retained in third-party online payment platforms. Withdrawal of the balances retained in online payment platforms could be made anytime upon our instructions. The amounts also included those due from banks for offline sales made through customer credit/debit cards and other online payment platforms that require overnight processing by the collection banks.

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Our current trade and other receivables increased from RMB228.6 million as of December 31, 2023 to RMB334.3 million as of December 31, 2024 and further to RMB484.0 million as of December 31, 2025, primarily due to our business growth.

Trade receivables are derived mainly from credit sales to certain distributors and franchisees. We generally allow a credit term of 30 to 90 days for these distributors and a credit term of 30 to 180 days for these franchisees. The following table sets forth the turnover days of our trade receivables for the periods indicated:

	For the Year Ended December 31,		
	2023	2024	2025
Trade receivables turnover days ⁽¹⁾	25.8	36.4	26.9

(1) Trade receivables turnover days for a period equals the average of the opening and closing trade receivables (net of loss allowance) divided by revenue for that period and multiplied by 365 days for a year.

Our trade receivable turnover days increased from 25.8 days for the year ended December 31, 2023 to 36.4 days for the year ended December 31, 2024 primarily due to an increase in trade receivables due from TOP TOY Retail Partners. Our trade receivable turnover days decreased from 36.4 days for the year ended December 31, 2024 to 26.9 days for the year ended December 31, 2025, primarily due to continued growth across all sales channels in 2025, especially the increase in sales without credit terms, which further contributed to the reduction in trade receivable turnover days.

The following table sets forth an aging analysis of our trade receivables (net of loss allowance) based on the invoice date as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(in thousands)</i>		
Within 90 days	155,033	214,128	287,956
91 to 180 days	1,361	5,239	4,683
181 to 360 days	313	4,081	6,615
Over 360 days	78	275	5,632
Total	<u>156,785</u>	<u>223,723</u>	<u>304,886</u>

As of February 28, 2026, RMB254.8 million, or 83.4%, of our trade receivables as of December 31, 2025, had been settled.

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Trade and Other Payables

Our trade and other payables mainly consist of trade payables, deposits and accrued expenses. The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands)		
Trade payables	136,889	207,417	334,797
Amounts due to related parties	4,517	14,795	221
Accrued expenses	16,874	42,250	54,844
Deposits	69,271	98,481	113,440
Payable relating to leasehold improvements	6,812	13,945	14,446
Payroll payable	3,346	9,064	15,985
Other taxes payable	8,664	10,087	18,024
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	5,259	8,731	20,631
Total	251,632	404,770	579,870

Our trade and other payables increased from RMB251.6 million as of December 31, 2023 to RMB404.8 million as of December 31, 2024 and further to RMB579.9 million as of December 31, 2025. The increase was primarily due to the increase in trade payables in line with our business growth.

We generally are granted by our suppliers with a credit period of 30 to 60 days. The following table sets forth the turnover days of our trade payables for the periods indicated:

	For the Year Ended December 31,		
	2023	2024	2025
Trade payables turnover days ⁽¹⁾	34.4	48.9	40.6

(1) Trade payables turnover days for a period equals the average of the opening and closing trade payables divided by cost of sales for that period and multiplied by 365 days for a year.

Our trade payables turnover days increased from 34.4 days for the year ended December 31, 2023 to 48.9 days for the year ended December 31, 2024, primarily due to the better credit terms we received as our purchase volume increased and our bargaining power with suppliers improved. Our trade payables turnover days decreased from 48.9 days for the year ended December 31, 2024 to 40.6 days for the year ended December 31, 2025, primarily due to our increasing procurement from certain suppliers with shorter credit terms in 2025 to satisfy our business needs.

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The following table sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	(in thousands)		
Within 1 month	133,315	201,488	311,886
1 to 3 months	2,707	2,243	15,801
3 months to 1 year	718	2,781	5,141
Over 1 year	149	905	1,969
Total	136,889	207,417	334,797

As of February 28, 2026, RMB326.5 million, or 97.5%, of our trade payables as of December 31, 2025, had been settled.

Contract Liabilities

Our current contract liabilities primarily consist of advance payments received from customers for purchase of goods. Our current contract liabilities increased from RMB10.0 million as of December 31, 2023 to RMB15.7 million as of December 31, 2024, and further to RMB28.4 million as of December 31, 2025, primarily due to increased advance payments received from customers for purchase of goods as a result of our business growth.

As of February 28, 2026, RMB25.3 million, or 89.1%, of our current contract liabilities as of December 31, 2025, had been settled.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the year indicated:

	As of or for the Year Ended December 31,		
	2023	2024	2025
Revenue growth rate (%)	N/A	30.6	87.9
Gross margin (%)	31.4	32.7	32.1
Net profit growth rate (%)	N/A	38.2	(65.6)
Net margin (%)	14.5	15.4	2.8
Current ratio (%) ⁽¹⁾	64.2	74.6	82.8

Note:

- (1) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective year and multiplied by 100%.

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LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, our primary sources of liquidity had been cash flows from operating activities. Our cash and cash equivalents were RMB33.4 million, RMB71.9 million and RMB391.8 million as of December 31, 2023, 2024 and 2025, respectively. Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash.

As of December 31, 2025, we had a current loan from the entity under common control of the Controlling Shareholders with a principal amount of RMB310 million, which is maturing at the end of 2026. For further details, see “Relationship with Our Controlling Shareholders — Independence from Controlling Shareholders — Financial Independence.”

Based on our current cash and cash equivalents, anticipated cash flows from operations and the net [REDACTED] from the [REDACTED], our Directors are of the view that we will have sufficient funds to meet our working capital and capital expenditure requirements for at least the next 12 months from the date of this document, despite our net liabilities as of December 31, 2025.

Based on the review of financial documents and other due diligence documents, discussion with the Directors and the Directors’ confirmation, the Joint Sponsors concur with the Directors’ view.

In utilizing the [REDACTED] from the [REDACTED], we may establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, make loans to our PRC subsidiaries, or acquire offshore entities with operations in China in offshore transactions. Most of these uses are subject to PRC regulations. See “Risk Factors—Risks Related to Our Business and Industry—Chinese Mainland regulation of loans to and direct investment in Chinese Mainland entities by offshore holding companies and governmental administration of currency conversion may delay or prevent us from using the [REDACTED] of our offshore [REDACTED] to make loans to or make additional capital contributions to our Chinese Mainland subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.”

We may decide to enhance our liquidity position or increase our cash reserve for future investments through additional capital and finance funding. The issuance and sale of additional equity would result in further dilution to our Shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

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Cash Flows

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

	For the Year ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
	<i>(in thousands)</i>		
Net cash from operating activities	256,985	333,944	474,862
Net cash used in investing activities . . .	(19,215)	(58,389)	(154,434)
Net cash used in financing activities . . .	<u>(264,751)</u>	<u>(237,093)</u>	<u>(1,901)</u>
Net (decrease)/increase in cash and cash equivalents	(26,981)	38,462	318,527
Cash and cash equivalents at beginning of year	60,402	33,421	71,883
Effect of movements in exchange rates on cash held	<u>—</u>	<u>—</u>	<u>915</u>
Cash and cash equivalents at end of year	<u>33,421</u>	<u>71,883</u>	<u>391,325</u>

Net cash from operating activities

Net cash from operating activities for the year ended December 31, 2025 was RMB474.9 million. This amount was primarily attributable to profit before taxation of RMB280.7 million for the year ended December 31, 2025, as adjusted by certain non-cash items, mainly equity-settled share-based payment expenses of RMB237.1 million, changes in the carrying amount of redemption liabilities of RMB158.5 million, and depreciation and amortization of RMB149.7 million, and changes in certain working capital accounts that affected operating cash flows, primarily consisting of (i) a RMB334.2 million increase in trade and other receivables, and (ii) a RMB234.0 million increase in inventories which is due to the growth of our business, partially offset by a RMB309.3 million increase in trade and other payables.

Net cash from operating activities for the year ended December 31, 2024 was RMB333.9 million. This amount was primarily attributable to profit before taxation of RMB390.9 million for the year, as adjusted by certain non-cash items, mainly depreciation and amortization of RMB82.7 million, and changes in certain working capital accounts that affected operating cash flows, primarily consisting of (i) a RMB113.2 million increase in trade and other receivables, and (ii) a RMB99.3 million increase in inventories, partially offset by a RMB153.0 million increase in trade and other payables. The increase in trade and other receivables, inventories and trade and other payables reflected our business growth.

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Net cash from operating activities for the year ended December 31, 2023 was RMB257.0 million. This amount was primarily attributable to profit before taxation of RMB286.8 million for the year, as adjusted by certain non-cash items, mainly depreciation and amortization of RMB75.0 million, and changes in certain working capital accounts that affected operating cash flows, primarily consisting of (i) a RMB101.9 million increase in trade and other receivables, and (ii) a RMB47.2 million increase in inventories, partially offset by a RMB92.7 million increase in trade and other payables. The increase in trade and other receivables, inventories and trade and other payables reflected our business growth.

Net cash used in investing activities

Net cash used in investing activities for the year ended December 31, 2025 was RMB154.4 million, consisting primarily of (i) payments for purchases of property, plant, equipment and intangible assets of RMB126.4 million, and (ii) payments for purchases of other investments of RMB150.0 million, partially offset by proceeds from disposal of other investments of RMB150.0 million.

Net cash used in investing activities for the year ended December 31, 2024 was RMB58.4 million, consisting primarily of (i) payments for purchases of other investments of RMB135.0 million, and (ii) payments for purchases of property, plant, equipment and intangible assets of RMB61.2 million, partially offset by proceeds from disposal of other investments of RMB135.0 million.

Net cash used in investing activities for the year ended December 31, 2023 was RMB19.2 million, consisting primarily of (i) payments for purchases of other investments of RMB60.0 million, and (ii) payments for purchases of property, plant, equipment and intangible assets of RMB22.8 million, partially offset by proceeds from disposal of other investments of RMB60.0 million.

Net cash used in financing activities

Net cash used in financing activities for the year ended December 31, 2025 was RMB1.9 million, primarily due to deemed distribution of RMB322.3 million, repayments of loans and borrowings of RMB110.0 million, and payments of capital element of lease liabilities of RMB70.5 million, partially offset by proceeds from the issuance of preferred shares of RMB424.9 million.

Net cash used in financing activities for the year ended December 31, 2024 was RMB237.1 million, primarily due to deemed distribution of RMB257.5 million and payment of capital element of lease liabilities of RMB39.0 million, partially offset by proceeds from loans and borrowings of RMB60.0 million.

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Net cash used in financing activities for the year ended December 31, 2023 was RMB264.8 million, primarily due to repayments of loans and borrowings of RMB280.0 million, deemed distribution of RMB206.6 million and payment of capital element of lease liabilities of RMB53.9 million, partially offset by proceeds from loans and borrowings of RMB280.0 million.

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB	RMB	RMB	RMB
	(in thousands)			(Unaudited)
Loans and borrowings	280,000	340,208	310,000	310,000
Lease liabilities	80,740	213,483	199,419	217,854
Redemption liabilities arising from preferred shares	—	—	573,681	586,082
Total	360,740	553,691	1,083,100	1,113,936

Loans and Borrowings

The following table sets forth the breakdown of our loans and borrowings as of the dates indicated, which were non-trade in nature, unsecured and non-guaranteed:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB	RMB	RMB	RMB
	(in thousands)			(Unaudited)
Borrowings from an entity under common control of the Controlling Shareholder	280,000	310,000	310,000	310,000
Borrowing from the Controlling Shareholder . . .	—	30,208	—	—
Total	280,000	340,208	310,000	310,000

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The balance of borrowings from an entity under common control of the Controlling Shareholder outstanding as of December 31, 2023, 2024 and 2025 represented the interest-free borrowings from MINISO (Guangzhou) Co., Ltd., a subsidiary of the Controlling Shareholder. The borrowings were repayable on demand as at December 31, 2023 and 2024, and subsequently on June 25, 2025, the due date of the borrowings has been changed to December 31, 2026. We intend to settle the remaining RMB310.0 million of the borrowings after the [REDACTED].

The balance of the borrowing from the Controlling shareholder outstanding as of December 31, 2024 represented the borrowing from the Controlling Shareholder. The borrowing is interest-bearing at 3% per annum and originally due on October 9, 2025. As of December 31, 2025, we have fully repaid this loan with our cash on hand.

As of February 28, 2026, we did not have any unutilized banking facilities.

Lease Liabilities

Our lease liabilities are in relation to properties that we lease primarily for our office premises, directly operated stores and warehouses. The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB	RMB	RMB	RMB
				(Unaudited)
	(in thousands)			
Non-Current	41,363	149,717	133,358	136,449
Current	39,377	63,766	66,061	81,405
Total	80,740	213,483	199,419	217,854

Except as discussed above, as of February 28, 2026, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities. There has not been any material change in our indebtedness since February 28, 2026 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

We did not have any material contingent liabilities as of December 31, 2023, 2024 and 2025.

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CAPITAL EXPENDITURES

Our capital expenditures are primarily incurred for the purposes of renovating our directly operated stores and IP licensing. Our capital expenditures were RMB22.8 million, RMB61.2 million and RMB126.4 million in the years ended December 31, 2023, 2024 and 2025, respectively. We intend to fund our future capital expenditures with our existing cash balance and anticipated cash flows from operations. We will continue to make well-planned capital expenditures to meet the expected growth of our business.

CONTRACTUAL OBLIGATIONS

We did not have any significant capital and other commitments, long-term obligations, guarantees or other contractual obligations as of December 31, 2025.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholder’s equity or that are not reflected in our combined financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see note 28 to the Accountants’ Report in Appendix I to this document. As of December 31, 2025, we had outstanding balances with related parties of RMB220.2 million that are included in trade and other receivables, RMB0.2 million that are included in trade and other payables and RMB12.8 million that are included in lease liabilities. These balances as of December 31, 2025 are primarily related to our business operations.

Our Directors believe that our transactions with the related parties during the Track Record were conducted in the normal course of business and on an arm’s length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks, including credit risk, liquidity risk and interest rate risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our senior management. See note 27 to the Accountants’ Report in Appendix I to this document for a detailed description of our financial risk management.

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Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in our financial losses. Our credit risk is primarily attributable to trade and other receivables. Our exposure to credit risk arising from cash and cash equivalents and restricted cash is limited because the counterparties are banks and financial institutions with high-credit-quality, which we consider to be low credit risk.

Trade receivables

Our trade receivables mainly arise from sales of goods to distributors and franchisees. Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. As of December 31, 2023, 2024 and 2025, 95%, 93% and 87% of the total trade receivables were due from our five largest debtors, respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

All trade receivables are due within 30 to 180 days from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, we do not obtain collateral from customers. We measure loss allowances for trade receivables at an amount equal to lifetime expected credit losses (ECLs), which is calculated using a provision matrix. We do not provide any guarantees which would expose us to credit risk.

Other receivables

In determining the ECL for remaining other receivables, we have taken into account the historical default experience and forward-looking information, as appropriate. During the year ended December 31, 2025, we considered the deposit due from a third party amounting to RMB10,000,000 to be in default and a full loss allowance was made accordingly. We have assessed that the remaining other receivables have not had a significant increase in credit risk since initial recognition and the risk of default is insignificant, and therefore, no credit loss allowance of the remaining other receivables is considered necessary by management for the years ended December 31, 2023, 2024 and 2025.

See note 27 to the Accountants’ Report in Appendix I to this document for our exposure to credit risk and ECLs for trade receivables and other receivables.

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Liquidity Risk

As of December 31, 2023, 2024 and 2025, our net current liabilities amounted to RMB218.1 million, RMB216.4 million and RMB278.6 million, respectively. Individual operating entities within our Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the board when the borrowings exceed certain predetermined levels of authority. Our policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

We rely on the cash generated from operating activities as the main source of liquidity. For the years ended December 31, 2023, 2024 and 2025, we had net cash generated from operating activities of RMB257.0 million, RMB333.9 million and RMB474.9 million, respectively. In addition, our management monitors the utilization of borrowings and ensures compliance with borrowing covenants, if any. Our Directors believe that we will have sufficient funds available from the operating activities to meet our financial obligations in the foreseeable future.

See note 27 to Accountants’ Report in Appendix I to this document for details of remaining contractual maturity of our financial liabilities.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We do not account for any fixed-rate financial instruments at fair value through profit or loss at the end of each reporting periods. Therefore, interest-bearing financial instruments at fixed rates do not expose us to fair value interest rate risk. Our interest rate risk arises primarily from cash at bank and restricted cash at variable rates, which exposes us to cash flow interest rate risk. We determine the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. We do not enter into financial derivatives to hedge interest rate risk. See note 27 to Accountants’ Report in Appendix I to this document for details of our interest rate profile and a sensitivity analysis.

DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. Our board of Directors has discretion as to whether to distribute dividends, subject to certain restrictions under the Cayman Islands law and the Articles of Association. As advised by our legal adviser on Cayman Islands law, our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary

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course of business. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of Directors. In order for us to distribute any dividends to our shareholders, we may rely on dividends distributed by our PRC subsidiaries for our cash requirements. PRC laws require that dividends be paid by PRC companies only out of the profit for the year calculated according to PRC accounting principles. PRC laws also require a PRC company to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. We do not currently have a formal dividend policy or pre-determined dividend payout ratio. During the Track Record Period, no dividends have been declared or paid by us to our Shareholders.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had no distributable reserves.

[REDACTED]

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF OUR COMPANY

Please see the section “Unaudited [REDACTED] Financial Information” in Appendix II for our unaudited [REDACTED] adjusted net tangible assets attributable to equity shareholders of our Company.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, which is the end date of the periods reported on in the Accountants’ Report included in Appendix I to this document, and there is no event since December 31, 2025 that would materially affect the information as set out in the Accountants’ Report included in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

For a detailed description of our future plans, see “Business — Our Strategies.”

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the range of the [REDACTED] stated in this [REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED] and other estimated expenses in connection with the [REDACTED] (assuming the [REDACTED] is not exercised). We intend to use our [REDACTED] for the purposes and in the amounts set forth below.

	For the period from January 1, 2026 to December 31, 2026	For the period from January 1, 2027 to December 31, 2027	For the period from January 1, 2028 to December 31, 2028	For the period from January 1, 2029 to December 31, 2029	Total	Approximate % of the total
	(HK\$ million)					
Further enrich our diversified IP portfolio and enhance our IP operation capabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deepen our global omni-channel presence.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Brand building, consumer engagement, and marketing initiatives.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Enhance supply chain capabilities and strengthen end-to-end digitalization . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Working capital and general corporate purposes.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	100%

FUTURE PLANS AND USE OF [REDACTED]

Approximately [REDACTED]% (approximately HK\$[REDACTED], assuming the [REDACTED] is not exercised) is expected to be used to further enrich our diversified IP portfolio and enhance our IP operation capabilities. Specifically:

- Approximately [REDACTED]% (approximately HK\$[REDACTED], assuming the [REDACTED] is not exercised) will be used to enrich our licensed IP portfolio, a fundamental driver of our broad consumer appeal and market reach. We will continue to deepen collaborations with existing licensed IP owners. Specifically, we will extend license periods to secure popular IPs for extended timeframes, providing stability for our product roadmap and marketing strategies. We will also pursue broadened licensed territories to enter new markets. Our focus will also include increased IP utilization through developing cross-category applications for existing IPs to maximize their commercial potential across our product lines. At the same time, we are committed to partnering with more renowned IPs globally to further broaden our target consumer base and meet more diverse consumer needs. This involves strategically onboarding new IPs that complement our existing matrix, to ensure our portfolio remains at the forefront of consumer trends and continues to drive growth across all our channels. Each potential IP partnership will undergo rigorous evaluation where we weigh factors including audience alignment, growth trajectory, multi-channel potential, and exclusivity opportunities. This systematic approach ensures our portfolio remains balanced between established, revenue-generating properties and emerging IPs with significant growth potential.
- Approximately [REDACTED]% (approximately HK\$[REDACTED], assuming the [REDACTED] is not exercised) will be used to strengthen the incubation and development of our proprietary IPs and enhance product R&D and design capabilities, which are a core element of our brand differentiation and long-term barrier in the pop toy industry. We plan to actively engage outstanding external designers and studios through strategic partnerships to inject fresh creativity and diverse artistic perspectives into our IP pipeline. Simultaneously, we will recruit and onboard 5 to 15 highly skilled in-house designers to expand our internal creative team each year in the next four years, building a more robust and versatile design talent base. We believe such investment will enhance our ability to continuously incubate and operate proprietary IPs that are well-loved by consumers and possess unique artistic styles. We will also fund associated preliminary work, such as comprehensive market research and consumer insight analysis. For example, we plan to leverage data analytics from our direct-to-consumer channels, including sales data from TOP TOY stores and engagement metrics from our member base, to identify emerging trends and unmet consumer needs. Furthermore, to accelerate our IP development and secure high-potential creative assets, we may, at an appropriate time, strategically invest in or acquire existing IPs or original design studios that align with evolving consumer preferences, market trends, and demonstrate compelling growth potential. We prioritize IPs with a proven fan base, strong storytelling potential, and cross-border appeal that fits our product development strengths. We believe the availability of such IPs is abundant as a wide array of

FUTURE PLANS AND USE OF [REDACTED]

emerging IPs is continuously generated by independent artists and creators. We expect these investments in our proprietary IPs will further improve our gross margin in the future, as a result of our enriched product portfolio with a higher proportion of our self-developed products, offering enhanced pricing and profit margins.

Approximately [REDACTED]% (approximately HK\$[REDACTED], assuming the [REDACTED] is not exercised) is expected to be used to deepen our global omni-channel presence. Specifically:

- Approximately [REDACTED]% (approximately HK\$[REDACTED], assuming the [REDACTED] is not exercised) will be used for overseas market development, a key pillar of our long-term growth strategy. We plan to adopt adaptable and locally-tailored business models to continue to deepen our operation in overseas markets we already have presence in, and facilitate our expansion into new key international markets, such as the United States, France, Germany and the United Kingdom. We will also expand local overseas teams by hiring 200 to 250 staff annually in the next four years, which will include experts in business development, marketing, and logistics and employees for our directly operated stores. These teams will be instrumental in driving efficient market entry, building brand relevance, navigating regional nuances, and supporting the construction of a robust and scalable global sales network.
- Approximately [REDACTED]% (approximately HK\$[REDACTED], assuming the [REDACTED] is not exercised) will be channeled into expanding our retail network within Chinese Mainland. We plan to steadily increase the number of physical stores to better penetrate the rapidly growing pop toy market. A key focus will be on deepening our presence in high-traffic, premium retail locations and expanding into new cities to capture a broader consumer base. We will continue to open a mix of directly operated and TOP TOY Retail Partner-operated stores, with a focus on flagship locations. The associated capital expenditure and upfront payment for products for each store typically ranges from RMB1 million to RMB1.2 million for a standard mainline store. Investments will also be made to upgrade the interior design, fixtures, and visual merchandising of existing stores to create a more captivating, immersive, and consistent brand experience that strengthens consumer engagement. We will also recruit relevant business development, operations, and in-store staff to support the growing network and ensure we have the human capital to maintain operational excellence and service quality. We expect to recruit a total of approximately 150 additional employees to support the opening of our directly operated stores and store operation for our expanded store network in Chinese Mainland in the next four years. Furthermore, we will increase investment in other distribution channels to reinforce our integrated omnichannel approach and maximize consumer reach.

FUTURE PLANS AND USE OF [REDACTED]

Approximately [REDACTED]% (approximately HK\$[REDACTED], assuming the [REDACTED] is not exercised) is expected to be used for brand building, consumer engagement, and marketing initiatives. We will invest in comprehensive, integrated marketing campaigns and consumer engagement activities across all channels to continuously elevate brand awareness and strengthen our brand influence. In particular, we will invest in content marketing, focusing on producing and distributing high-quality, engaging material that resonates with our target demographics across social media platforms and create interactive online experiences. This will involve collaborating with a broader and more diverse range of influencers and content creators to leverage their reach and authenticity for effective content creation and dissemination, thereby tapping into new audience segments and fostering genuine community advocacy. Furthermore, we will strategically invest in large-scale event marketing, executing synchronized multi-channel promotions centered around key retail calendar events such as Children’s Day, major shopping festivals, new store grand openings, and store anniversaries. We believe these efforts are crucial for effectively supporting successful product launches and generating sustained market excitement.

Approximately [REDACTED]% (approximately HK\$[REDACTED], assuming the [REDACTED] is not exercised) is expected to be used to enhance supply chain capabilities and strengthen end-to-end digitalization. Specifically, we will improve supply chain strength and diversify product categories, including optimizing warehousing and logistics capabilities in Chinese Mainland and overseas markets. For example, we plan to enhance inventory management systems, expand storage capacity, and streamline distribution networks to improve efficiency, reduce lead times, and ensure faster, more reliable delivery to our growing network of TOP TOY stores and other customers. We will also invest in core production resources such as high-precision molds, and form strategic partnerships with key manufacturing factories. These actions are aimed at guaranteeing superior product quality, ensuring stable supply, maintaining cost competitiveness, and facilitating the production of a wider variety of product categories. Additionally, we plan to explore establishing a localized supply chain system in overseas markets to improve direct sourcing capabilities, optimize cost structures for international operations and enhance responsiveness to local market needs. We will also invest in the development, procurement, and upgrading of digital systems to further improve the operational efficiency of our overall business. We anticipate that these investments in our supply chain will largely optimize our cost structure by reducing the excess stock and controlling our cost of inventories at a reasonable level.

Approximately [REDACTED]% (approximately HK\$[REDACTED], assuming the [REDACTED] is not exercised) will be used for working capital and general corporate purposes.

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED], the net [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED] million, respectively. We intend to apply the additional or reduced net [REDACTED] to the above uses on a pro rata basis.

The additional net [REDACTED] that we would receive if the [REDACTED] was exercised in full would be (i) HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the maximum [REDACTED] of the indicative [REDACTED]), (ii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED], being the mid-point of the indicative [REDACTED]) and (iii) HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the minimum [REDACTED] of the indicative [REDACTED]). We intend to apply the additional net [REDACTED] to the above uses on a pro rata basis.

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we will only place such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[53], received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this [REDACTED].



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TOP TOY INTERNATIONAL GROUP LIMITED AND UBS SECURITIES HONG KONG LIMITED AND J.P. MORGAN SECURITIES (FAR EAST) LIMITED

Introduction

We report on the historical financial information of TOP TOY International Group Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[3] to I-[53], which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025, the statement of financial position of the Company as at December 31, 2025, the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2023, 2024 and 2025 (the “Track Record Period”), and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[3] to I-[53] forms an integral part of this report, which has been prepared for inclusion in the [REDACTED] of the Company dated [Date] (the “[REDACTED]”) in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

APPENDIX I

ACCOUNTANTS’ REPORT

Reporting accountants’ responsibility (continued)

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Company’s financial position as at December 31, 2025 and the Group’s financial position as at December 31, 2023, 2024 and 2025 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[3] have been made.

Dividends

We refer to Note 23(d) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong
[Date]

APPENDIX I**ACCOUNTANTS’ REPORT**

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in Renminbi)

	Note	For the years ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Revenue	4	1,461,107	1,908,825	3,586,960
Cost of sales	5	(1,002,282)	(1,284,452)	(2,434,994)
Gross profit		458,825	624,373	1,151,966
Other income		50	69	143
Selling and distribution expenses	5	(152,022)	(201,857)	(543,590)
General and administrative expenses	5	(16,703)	(27,216)	(152,583)
Other net income/(loss)	6	1,805	1,058	(1,489)
Reversal of credit loss/(credit loss) on trade and other receivables	27(a)	871	970	(10,483)
Impairment loss on non-current assets		(2,880)	(1,806)	(882)
Operating profit		289,946	395,591	443,082
Finance income		1,129	1,093	5,101
Finance costs		(4,287)	(5,798)	(8,990)
Net finance costs	7	(3,158)	(4,705)	(3,889)
Changes in the carrying amount of redemption liabilities	22	–	–	(158,491)
Profit before taxation		286,788	390,886	280,702
Income tax expense	8	(74,399)	(97,356)	(179,661)
Profit for the year		<u>212,389</u>	<u>293,530</u>	<u>101,041</u>
Attributable to:				
Equity shareholders of the Company		212,389	297,156	92,725
Non-controlling interests		–	(3,626)	8,316
Profit for the year		<u>212,389</u>	<u>293,530</u>	<u>101,041</u>
Earnings per share				
Basic and diluted	11	N/A	N/A	N/A

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit for the year	<u>212,389</u>	<u>293,530</u>	<u>101,041</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations	<u>—</u>	<u>(1,029)</u>	<u>4,655</u>
Other comprehensive income for the year	<u>—</u>	<u>(1,029)</u>	<u>4,655</u>
Total comprehensive income for the year	<u><u>212,389</u></u>	<u><u>292,501</u></u>	<u><u>105,696</u></u>
Attributable to:			
Equity shareholders of the Company	212,389	296,127	97,380
Non-controlling interests	<u>—</u>	<u>(3,626)</u>	<u>8,316</u>
Total comprehensive income for the year	<u><u>212,389</u></u>	<u><u>292,501</u></u>	<u><u>105,696</u></u>

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

		As at December 31,		
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	12	17,731	38,214	66,527
Right-of-use assets	13	80,523	204,212	191,108
Intangible assets	14	3,388	7,599	105,913
Deferred tax assets	8(c)	34,249	26,256	24,562
Other receivables	16	9,458	16,893	21,065
		<u>145,349</u>	<u>293,174</u>	<u>409,175</u>
Current assets				
Inventories	15	128,128	227,416	461,375
Trade and other receivables	16	228,590	334,336	484,002
Cash and cash equivalents	17	33,421	71,883	391,831
Restricted cash		118	352	—
		<u>390,257</u>	<u>633,987</u>	<u>1,337,208</u>
Total assets		<u>535,606</u>	<u>927,161</u>	<u>1,746,383</u>
EQUITY				
Share capital	23(a)	—	—	69
Share premium	23(a)	—	—	7,441
Capital reserve	23(a)	—	5,000	—
Other reserves	23(b)	29,788	36,309	240,392
Accumulated losses		(143,865)	(110,937)	(302,800)
Equity attributable to equity shareholders of the Company		(114,077)	(69,628)	(54,898)
Non-controlling interests		—	(3,626)	51,986
Total deficit		<u>(114,077)</u>	<u>(73,254)</u>	<u>(2,912)</u>
LIABILITIES				
Non-current liabilities				
Contract liabilities	4	—	305	172
Lease liabilities	21	41,363	149,717	133,358
		<u>41,363</u>	<u>150,022</u>	<u>133,530</u>
Current liabilities				
Contract liabilities	4	10,039	15,670	28,400
Loans and borrowings	19	280,000	340,208	310,000
Trade and other payables	20	251,632	404,770	579,870
Lease liabilities	21	39,377	63,766	66,061
Redemption liabilities arising from preferred shares	22	—	—	573,681
Current taxation		27,272	25,979	57,753
		<u>608,320</u>	<u>850,393</u>	<u>1,615,765</u>
Total liabilities		<u>649,683</u>	<u>1,000,415</u>	<u>1,749,295</u>
Total deficit and liabilities		<u>535,606</u>	<u>927,161</u>	<u>1,746,383</u>

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

		As at December 31,
	Note	2025
		RMB'000
ASSETS		
Non-current asset		
Investment in subsidiaries		
– Cost-accounted investments in subsidiaries	24	236,534
– Amounts due from subsidiaries		384,841
		<u>621,375</u>
Current assets		
Other receivables		4,315
Cash and cash equivalents		11,332
		<u>15,647</u>
Total assets		<u>637,022</u>
EQUITY		
Share capital	23(a)	69
Share premium	23(a)	7,441
Other reserves		236,852
Accumulated losses		<u>(184,278)</u>
Total equity		<u>60,084</u>
LIABILITIES		
Current liabilities		
Other payables		3,257
Redemption liabilities arising from preferred shares	22	573,681
Total liabilities		<u>576,938</u>
Total equity and liabilities		<u>637,022</u>

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

	<i>Note</i>	Net parent investment	Share-based payment reserve	Accumulated losses	Total deficit
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
		<i>Note</i>	<i>Note</i>		
		<i>23(b)(i)</i>	<i>23(b)(iv)</i>		
Balance at January 1, 2023		<u>8,544</u>	<u>183</u>	<u>(129,631)</u>	<u>(120,904)</u>
Changes in equity for the year ended December 31, 2023					
Profit/(loss) for the year		<u>226,623</u>	<u>—</u>	<u>(14,234)</u>	<u>212,389</u>
Total comprehensive income for the year		<u>226,623</u>	<u>—</u>	<u>(14,234)</u>	<u>212,389</u>
Equity-settled share-based transactions		<u>—</u>	<u>1,025</u>	<u>—</u>	<u>1,025</u>
Deemed distribution	<i>1</i>	<u>(206,587)</u>	<u>—</u>	<u>—</u>	<u>(206,587)</u>
Balance at December 31, 2023 . .		<u><u>28,580</u></u>	<u><u>1,208</u></u>	<u><u>(143,865)</u></u>	<u><u>(114,077)</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

Attributable to equity shareholders of the Company									
Note	Capital reserve	Net parent investment	Share-based payment reserve	Translation reserve	PRC statutory reserve	Accumulated losses	Total	Non-controlling interests	Total deficit
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 23(a)	Note 23(b)(i)	Note 23(b)(iv)	Note 23(b)(ii)	Note 23(b)(v)				
				Note					
				23(b)(ii)					
Balance at January 1, 2024	-	28,580	1,208	-	-	(143,865)	(114,077)	-	(114,077)
Changes in equity for the year ended December 31, 2024									
Profit/(loss) for the year	-	263,772	-	-	-	33,384	297,156	(3,626)	293,530
Other comprehensive income for the year	-	-	-	(1,029)	-	-	(1,029)	-	(1,029)
Total comprehensive income for the year	-	263,772	-	(1,029)	-	33,384	296,127	(3,626)	292,501
Deemed distribution	-	(257,525)	-	-	-	-	(257,525)	-	(257,525)
Capital injection from the controlling shareholder	5,000	-	-	-	-	-	5,000	-	5,000
Equity-settled share-based transactions	-	-	847	-	-	-	847	-	847
Appropriation to statutory reserve	-	-	-	-	456	(456)	-	-	-
Balance at December 31, 2024	5,000	34,827	2,055	(1,029)	456	(110,937)	(69,628)	(3,626)	(73,254)

APPENDIX I

ACCOUNTANTS’ REPORT

Attributable to equity shareholders of the Company												
Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Net parent investment RMB'000	Treasury shares RMB'000	Share-based		PRC statutory reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total deficit RMB'000
						payment reserve RMB'000	Translation reserve RMB'000					
	Note 23(a)	Note 23(a)	Note 23(a)	Note 23(b)(i)	Note 23(b)(iii)	Note 23(b)(iv)	Note 23(b)(ii)	Note 23(b)(v)				
Balance at January 1, 2025	-	-	5,000	34,827	-	2,055	(1,029)	456	(110,937)	(69,628)	(3,626)	(73,254)
Changes in equity for the year ended December 31, 2025												
Profit/(loss) for the year	-	-	-	280,444	-	-	-	-	(187,719)	92,725	8,316	101,041
Other comprehensive income for the year	-	-	-	-	-	-	4,655	-	-	4,655	-	4,655
Total comprehensive income for the year	-	-	-	280,444	-	-	4,655	-	(187,719)	97,380	8,316	105,696
Deemed distribution	-	-	-	(322,266)	-	-	-	-	-	(322,266)	-	(322,266)
Arising from restructuring	-	4,911	(5,000)	6,995	-	-	-	-	-	6,906	-	6,906
Issuance of ordinary shares	63	-	-	-	-	-	-	-	-	63	-	63
Issuance of shares held for share incentive plan	6	2,530	-	-	(2,536)	-	-	-	-	-	-	-
Capital injection from a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	5,880	5,880
Equity-settled share-based transactions	-	-	-	-	-	232,647	-	-	-	232,647	4,428	237,075
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	36,988	36,988
Appropriation to statutory reserve	-	-	-	-	-	-	-	4,144	(4,144)	-	-	-
Balance at December 31, 2025	69	7,441	-	-	(2,536)	234,702	3,626	4,600	(302,800)	(54,898)	51,986	(2,912)

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Renminbi)

	Note	For the years ended December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cash flows from operating activities				
Cash generated from operations	18(a)	310,358	424,600	579,661
Income tax paid		(53,373)	(90,656)	(104,799)
Net cash generated from operating activities		<u>256,985</u>	<u>333,944</u>	<u>474,862</u>
Cash flows from investing activities				
Payments for purchases of property, plant and equipment and intangible assets		(22,777)	(61,226)	(126,386)
Proceeds from disposal of property, plant and equipment		2,153	1,458	3,508
Payments for purchases of other investments		(60,000)	(135,000)	(150,000)
Proceeds from disposal of other investments		60,000	135,000	150,000
Acquisition of a subsidiary, net of cash acquired	25	—	—	(36,220)
Interest income		1,129	1,093	4,595
Investment income from other investments		280	286	69
Net cash used in investing activities		<u>(19,215)</u>	<u>(58,389)</u>	<u>(154,434)</u>
Cash flows from financing activities				
Proceeds from loans and borrowings	18(b)	280,000	60,000	80,000
Repayments of loans and borrowings	18(b)	(280,000)	—	(110,000)
Interest of loans and borrowings paid	18(b)	—	—	(1,756)
Issuance of ordinary shares	23(a)	—	—	63
Capital injection from the controlling shareholder	23(a)	—	5,000	—
Proceeds under share incentive plan	23(b)(iii)	—	—	2,536
Capital injection from a non-controlling shareholder		—	—	5,880
Proceeds from the issuance of preferred shares	22	—	—	424,862
Deemed distribution	1	(206,587)	(257,525)	(322,266)
Payments of [REDACTED] expenses relating to [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Arising from restructuring	23(a)	—	—	(89)
Payments of capital element of lease liabilities	18(b)	(53,877)	(38,978)	(70,462)
Payments of interest element of lease liabilities	18(b)	(4,287)	(5,590)	(7,442)
Net cash used in financing activities		<u>(264,751)</u>	<u>(237,093)</u>	<u>(1,901)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(26,981)</u>	<u>38,462</u>	<u>318,527</u>
Cash and cash equivalents at the beginning of the year		<u>60,402</u>	<u>33,421</u>	<u>71,883</u>
Effect of movements in exchange rates on cash held		<u>—</u>	<u>—</u>	<u>915</u>
Cash and cash equivalents at the end of the year	17	<u><u>33,421</u></u>	<u><u>71,883</u></u>	<u><u>391,325</u></u>

The accompanying notes form part of the Historical Financial Information.

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

TOP TOY International Group Limited (the “Company”) was incorporated in the Cayman Islands on April 24, 2025, as an exempted company with limited liability under the Companies Act, Cap.22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business since the date of its incorporation save for the corporate restructuring as described below. The Company and its subsidiaries (together, the “Group”) are principally engaged in the sale of pop toy products and provision of related services across the People’s Republic of China (the “PRC”) and overseas (the “[REDACTED] Businesses”).

During the Track Record Period and before the completion of the restructuring described below, the [REDACTED] Businesses were conducted through a number of entities controlled by MINISO Group Holding Limited (the “Controlling Shareholder”). To rationalize the corporate structure in the preparation of the [REDACTED] of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Group underwent a reorganization of corporate structure and certain business rearrangement (the “Restructuring”), as detailed in the section headed “History, Reorganization and Corporate Structure” in the [REDACTED]. Upon completion of the Restructuring in the third quarter of 2025, the Company became the holding company of the companies now comprising the Group for the [REDACTED] Businesses. As the [REDACTED] Businesses were ultimately controlled by the Controlling Shareholder during the Track Record Period and both before and after the Restructuring, the control is not transitory and consequently there was a continuation of the risks and benefits to the Controlling Shareholder.

Accordingly, the Historical Financial Information has been prepared and presented using the merger basis of accounting as if the current group structure had been in existence and remained unchanged throughout the Track Record Period. The consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group include the financial performance and cash flows of the [REDACTED] Businesses for the Track Record Period. The consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025 have been prepared to present the financial position of the [REDACTED] Businesses as at those dates. The assets and liabilities of the [REDACTED] Businesses have been measured at their carrying amounts prior to the Restructuring. Intra-group balances, transactions and unrealized gains/losses on intra-group transactions were eliminated when preparing the Historical Financial Information.

During the Track Record Period and before the completion of the Restructuring, part of the [REDACTED] Businesses were carried out by several entities that were under common control of the Controlling Shareholder but did not become the companies now comprising the Group upon the completion of the Restructuring (the “Associated Entities”). For the purpose of this report, a process has been completed to specifically identify assets, liabilities, revenue, expenses and cash flows of the Associated Entities relevant to the [REDACTED] Businesses during the Track Record Period in preparing the Historical Financial Information. The Historical Financial Information only includes transactions and balances that are attributable to the [REDACTED] Businesses. Since the [REDACTED] Businesses were conducted as a division in the Associated Entities, the net parent investment, representing the net assets related to the [REDACTED] Businesses which had been managed and controlled by the Associated Entities until the completion of the Restructuring, has been shown in lieu of shareholders’ equity in the Historical Financial Information. Transactions and balances were attributed to the [REDACTED] Businesses based on specific identification except for those set out below, for which they were accounted for using the most relevant bases in the views of the directors of the Company:

- Revenue was allocated based on the pricing arrangement for comparable transactions with unrelated parties;
- Staff costs, other administrative and operating expenses have been principally allocated either based on headcount to the extent a separate group of personnel could be specifically identified and attributed to the [REDACTED] Businesses;
- Income taxes, value-added tax (“VAT”) and surcharges were determined based on the assumptions that the [REDACTED] Businesses carried out by the division of the Associated Entities were separately taxable entities; and

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- Cash generated from or used by the [REDACTED] Businesses which were managed and controlled by the Associated Entities, with the net amounts of cash used of RMB206,587,000, RMB257,525,000, and RMB322,266,000 during the years ended December 31, 2023, 2024 and 2025, respectively, are presented as deemed distribution in the consolidated statements of changes in equity and consolidated statements of cash flows.

As part of the Restructuring, a subsidiary of the Group entered into agreements with the Controlling Shareholder on August 31, 2025 to transfer the relevant [REDACTED] Businesses of the Associated Entities to a subsidiary of the Group. According to the agreements, the trade and other receivables of RMB186,278,000, trade and other payables of RMB151,879,000 and current taxation of RMB41,394,000 in relation to the [REDACTED] Businesses under the Associated Entities upon the completion of the Restructuring were no longer entitled nor assumed by the Group. The net impact arising from the Restructuring is presented as a deemed contribution in the consolidated statement of changes in equity for the year ended December 31, 2025.

As of the date of this report, the Company has direct or indirect interests in the following principal subsidiaries:

Company name	Place of establishment and business	Date of establishment	Registered/ Issued and paid-up capital	Effective interest held by the Group (directly or indirectly)	Principal activities
TOP TOY (Guangdong) Cultural Creativity Co., Ltd. (那是家大潮玩(廣東)文化創意有限公司) (a)&(b)	Chinese Mainland	September 7, 2020	RMB60,000,000/ RMB60,000,000	100%	Wholesale and retail of pop toy products
Top Toy (Guangdong) Commercial Development Co., Ltd. (那是家大潮玩(廣東)商業發展有限公司) (a)&(c)	Chinese Mainland	July 27, 2023	RMB5,000,000/ RMB5,000,000	100%	Retail of pop toy products
Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd. (那是家大潮玩(珠海橫琴)商業發展有限公司) (a)&(d)	Chinese Mainland	October 8, 2024	RMB1,000,000/ RMB1,000,000	100%	Brand licensing and management and consultation services
Dongguan Sure Fun Cultural and Creative Co., Ltd. (東莞果然有趣文化創意有限公司) (a)&(e)	Chinese Mainland	May 19, 2025	RMB10,000,000/ RMB5,100,000	51%	Wholesale of pop toy products
Originality TOP TOY (Guangzhou) Cultural Creativity Co., Ltd. (原創力潮玩(廣州)文化創意有限公司) (a)&(e)	Chinese Mainland	June 11, 2021	RMB100,000/ RMB100,000	100%	Wholesale of pop toy products

Notes:

- These entities were established in Chinese Mainland. The official names of these entities are in Chinese. The English names are for identification purpose only.
- This entity prepares the financial statements in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the “PRC GAAP”). The financial statements for the year ended December 31, 2023 were audited by Guangzhou Huaguang Certified Public Accountants (廣州華廣會計師事務所(普通合夥)), and the financial statements for the year ended December 31, 2024 were audited by Guangdong Zhongzhixin Certified Public Accountants LLP (廣東中職信會計師事務所(特殊普通合夥)). The audited financial statements for the year ended December 31, 2025 are yet to available as of the date of this report.
- This entity prepares the financial statements in accordance with the PRC GAAP. No audited financial statements for the year ended December 31, 2023 are available for the entity as of the date of this report. The financial statements for the year ended December 31, 2024 were audited by Guangdong Zhongzhixin Certified Public Accountants LLP (廣東中職信會計師事務所(特殊普通合夥)). The audited financial statements for the year ended December 31, 2025 are yet available as of the date of this report.
- This entity prepares the financial statements in accordance with the PRC GAAP. The financial statements for the year ended December 31, 2024 were audited by Guangdong Zhongzhixin Certified Public Accountants LLP (廣東中職信會計師事務所(特殊普通合夥)). The audited financial statements for the year ended December 31, 2025 are yet available as of the date of this report.
- No audited financial statements are available for this entity as of the date of this report.

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The Group has adopted December 31 as its financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). Further details of the material accounting policy information adopted are set out in Note 2. The accounting policies set out in Note 2 have been applied consistently to all periods presented in the Historical Financial Information.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards effective for the accounting period beginning on January 1, 2025, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2025. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on January 1, 2025 are set out in Note 30.

At December 31, 2025, the Group recorded net current liabilities and net liabilities of RMB278,557,000 and RMB2,912,000, respectively. Based on future projection of the Group’s profit and cash inflows from operations for the next twelve months from December 31, 2025 and the assumption that redemption rights of preferred shares would not be exercised in the foreseeable future, the directors of the Company believes that the Group has adequate resources to continue to operate as a going concern throughout the next twelve months and that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group’s ability to continue as a going concern. Consequently, the Historical Financial Information has been prepared on a going concern basis.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Historical Financial Information is presented in RMB, rounded to the nearest thousand (“RMB’000”), unless otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

(b) Basis of consolidation

(i) *Subsidiaries and non-controlling interests*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The financial statements of subsidiaries are included in the Historical Financial Information from the date on which control commences until the date on which control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are measured initially at their proportionate share of the subsidiary’s net identifiable assets at the date of acquisition.

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Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and equity shareholders of the Company.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(f)(ii)).

(ii) Business combinations involving entities under common control

The Historical Financial Information incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the Controlling Shareholder.

The assets and liabilities of the combining entities or businesses are consolidated at the carrying amounts previously recognized from the perspective of Controlling Shareholder.

The consolidated statements of profit or loss and profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Historical Financial Information are presented as if the entities or businesses had been consolidated at the earliest balance sheet date presented or when they first came under common control, whichever is later.

Differences between the total consideration paid and the capital of the entities acquired under common control are presented as merger reserve.

(iii) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the group’s policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (see Note 2(f)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

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Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives and is recognized in profit or loss.

No depreciation is provided in respect of construction in progress.

The estimated useful lives of property, plant and equipment are as follows:

Leasehold improvements	Over the shorter of lease term or the estimated useful lives of the assets
Office equipment	2-5 years
Store operating equipment	2-5 years
Moulds	1 year

Amortization methods, useful lives and residual values, if any, are reviewed at each reporting date and adjusted if appropriate.

(d) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are stated at cost less accumulated amortization and any accumulated impairment losses (see Note 2(f)(ii)).

Amortization is calculated to write off the cost of intangible assets with finite useful lives using straight-line method over their estimated useful lives and is recognized in profit or loss. Their estimated useful lives of intangible assets are as follows:

Licensed intellectual properties (“Licensed IPs”) . . .	Over the period between the commencement date and the end date of the IP authorization as stipulated in the contract
Intellectual property rights (“IP Rights”)	10 years

The historical costs of Licensed IPs are measured at the present values of the fixed minimum payments at the date of purchase of the respective license rights. Amortization of Licensed IPs is recognized on a straight-line basis over the license period which typically ranges from one year to three years. Variable payments related to Licensed IPs that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

Acquired IP rights are capitalized on the basis of the costs incurred to acquire. They have a finite useful life of 10 years, which are determined based on the expected lifecycle of the IPs.

Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(e) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

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At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(f)(ii)).

Refundable rental deposits are accounted for separately from right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortized cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (“lease modification”) that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(f) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (“ECLs”) on financial assets measured at amortized cost (including cash and cash equivalents, restricted cash, term deposits, trade and other receivables).

Other financial assets measured at fair value through profit or loss, including other investments, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

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The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 30 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument’s external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor’s ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- intangible assets;
- investment in a subsidiary in the Company’s statement of financial position.

For cash-generating units (“CGU”s) where an indication of impairment is identified, an impairment assessment is performed by comparing the carrying value of the CGUs with their recoverable amounts. If the carrying value of the CGUs exceeds their recoverable amounts, the Group writes down the assets which belong to CGUs to the estimated recoverable amounts.

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount of an asset or CGU.

A reversal of an impairment loss is limited to the asset’s carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversals of impairment losses are credited to profit or loss in the periods in which the reversals are recognized.

- *Determination of CGUs*

Assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (e.g. the Group’s individual directly operated stores).

- *Calculation of recoverable amount*

The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal and value in use.

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(g) Inventories

Inventories are finished goods which are held for sale, including the products placed at franchisees’ stores, and low value consumables to be consumed in the ordinary course of business.

Inventories are carried at the lower of cost and net realizable value.

Cost of inventories is calculated using the weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value is recognized as an expense in the period the write-down occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Loss of inventories is recognized as an expense in the period the loss occurs. For the products placed at franchisees’ stores, the Group bears inventory loss up to a pre-determined loss rate as agreed with franchisees. The Group requires compensations from franchisees for the inventory losses in excess of the pre-determined loss rate.

(h) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(p)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see Note 2(i)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(i) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortized cost using the effective interest method less allowance for credit losses (see Note 2(f)(i)).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the accounting policy set out in Note 2(f)(i).

(k) Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

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(l) Redemption liabilities arising from preferred shares

The Group’s obligation to redeem the preferred shares upon the occurrence of redemption events which are beyond the control of both the Group and the preferred shareholders gives rise to a financial liability. Such redemption liability is measured at the present value of the redemption price the Group could be required to pay from time to time. Subsequent changes in the carrying amount of the redemption liability arising from remeasurement of the redemption amount are recognized in profit or loss.

(m) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is expensed in the period in which it is incurred.

(n) Employee benefits

(i) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Contributions to defined contribution plans

Pursuant to the relevant laws and regulations of the PRC, the Group’s subsidiaries in Chinese Mainland participate in a defined contribution of basic pension insurance in the social insurance system established and managed by government organizations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognized as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

The Group participates in various defined contribution retirement benefit plans which are available to all other overseas subsidiaries. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a fund and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The Group’s contributions to the defined contribution plans are expensed as incurred.

(iii) Share-based payments

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group.

The fair value of share awards granted to employees is recognized as an employee cost with a corresponding increase in the share-based payment reserve. The fair value is measured at grant date, taking into account the terms and conditions upon which the shares were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total estimated fair value of the shares is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based payment reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of shares that vest (with a corresponding adjustment to equity). For shares vested, the equity amount is transferred from share-based payment reserve to share premium.

(iv) Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

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(o) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of each reporting period, and any adjustment to tax payable in respect of previous periods. The amount of current tax payable or recoverable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Deferred tax is not recognized for:

- temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss) and does not give rise to equal taxable and deductible temporary differences;
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, the future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities;
- they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(p) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of products and the provision of services.

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Revenue is recognized when control over the product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled in exchange for the satisfaction of a specific performance obligation, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any sales rebates and sales return.

The Group allocates the transaction price expected to be received from franchisees or distributors to different performance obligations based on their relative standalone selling prices. In particular, the consideration in arrangements with franchisees includes sales-based amounts. Such sales-based amounts are excluded from the transaction price until the sales by franchisees have occurred and would be allocated entirely to the franchise license fees as they relate entirely to the Group’s promise to provide franchisees access to the Group’s brand name and trademarks.

The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for the effects of any significant financing component if the expected period of financing is 12 months or less.

Further details of the Group’s revenue and other income recognition policies are as follows:

(i) Sale of products

Retail sales in directly operated stores

Revenue from retail sales to customers in directly operated stores is recognized at the point when the end customer takes possession of and pays for the products.

Product sales to franchisees

The Group has entered into a series of agreements with certain franchisees, which mainly include a license agreement and a sales agreement (collectively “Franchise Agreements”), whereby the franchisees are licensed to operate the franchised stores and are authorized to sell, in their own retail stores, the products that they have purchased from the Group. Revenue from sales to these franchisees is recognized at the point when they obtain the legal title of the products and become obliged to pay for the products, which is when the franchisees sell the products to their customers in the franchisees’ stores.

For product sales to franchisees, the Group has determined that the franchisees are the customers of the Group. The franchisees operate retail stores at their own chosen locations under the framework set out under the Franchise Agreements. At inception of the franchise arrangement, franchisees are required to place a deposit with the Group which covers the estimated maximum value of merchandise that their stores may hold throughout the franchise period, and this amount is reviewed upon renewal of the franchise arrangement. The deposit is refundable at the expiry of the Franchise Agreements, provided that the franchisees have no remaining merchandise unsold and have settled other balances with the Group.

The franchisees employ and manage their own staff to operate the stores and serve their customers (i.e. end consumers who visit the stores), and bear the costs associated with the operation. The franchisees’ retail stores generally carry a wide range of merchandise that they exercise discretion to select from the Group’s array of product categories.

The franchisees are responsible for the placement, physical custody and condition of the merchandise that they have selected after the deliveries are accepted in stores. They also control the physical access to merchandise in possession through their operation of the retail stores. In general, the Group does not have any obligation or practice to accept any return of unsold products, except for rare cases such as a latent defect subject to a product recall or certain limited seasonal items that have passed their sales season.

The franchisees have the right to price their merchandise within a specified range of the recommended retail price set by the Group. They also have the ability to carry out discretionary promotional campaigns for their stores or decide whether to participate in a promotional campaign

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launched by the Group. The franchisees can offer more discounts on selected items beyond the range specified in discretionary promotional campaigns and will have to bear a substantial portion of reduced margin from lowering the sales price for such campaigns.

Sales to offline distributors

The Group has entered into a series of agreements with certain offline distributors, whereby the distributors are authorized to sell the products that they have purchased from the Group through its authorized channel of distribution. Revenue from sales of products to these distributors is recognized at the point when the products have been shipped from or delivered to the specific locations according to the detailed agreement between the Group and distributors. Revenue is recognized based on the contract price, net of sales rebates.

Online sales

Revenue from online sales to customers, which are conducted through the Group’s directly operated online stores on third-party e-commerce platforms, is recognized at the point when the products are delivered to customers. The Group has also entered into agreements with certain online distributors, who are authorized to sell products to customers through their online stores on various major e-commerce platforms. Revenue is recognized when control of the goods has transferred according to respective agreed terms of delivery, which is at the point in time when the distributor obtains control of the distinct goods.

(ii) License fees, sales-based royalties and sales-based management and consultation service fees

Franchisees and distributors are required to provide non-refundable upfront payments in exchange for the right to access the Group’s brand name and trademarks. In addition, franchisees are also required to pay sales-based royalties and sales-based management and consultation service fees for such access. The fixed component of such royalties is recognized as revenue over the estimated license period, while the sales-based component is recognized as revenue when the related sales occur.

(iii) Interest income

Interest income is recognized as it accrues using the effective interest method.

(q) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the “functional currency”). As the major operations of the Group are within the PRC, the Group presents its Historical Financial Information in Renminbi (“RMB”), unless otherwise stated. All values are rounded to the nearest thousand except when otherwise indicated.

(ii) Transactions and balances

Foreign currency transactions during the Track Record Period are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the end of each reporting period. Exchange gains and losses are recognized in profit or loss and presented within other net income/loss.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated at the exchange rate at the date when the fair value was determined.

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(iii) Foreign operations

The results of foreign operations are translated into RMB at the exchange rates approximating the exchange rates at the dates of the transactions. Statement of financial position items are translated into RMB at the exchange rates at the end of each reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the translation reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences in the translation reserve relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(r) Related parties

- (a) A person, or a close member of that person’s family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group’s parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group’s parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(s) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group’s most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group’s various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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3 ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Note 2(p)(i)-product sales to franchisees: whether revenue from product sales to franchisees is recognized at the point when the franchisees sell the product to their customers in the franchisees’ stores
- Note 2(p)(ii)-license fees, sales-based royalties and sales-based management and consultation service fees: whether revenue is recognized over time

Note 27 contains information about the assumptions and the risk factors relating to measurement of ECL allowance for trade receivables and fair value of financial instruments. Other significant sources of estimation uncertainty are as follows:

(a) Share-based compensation

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is estimated using a model which requires the determination of the appropriate inputs. The Group has to estimate the forfeiture rate in order to determine the amount of share-based compensation expenses charged to the statement of profit or loss. The Group also has to estimate the actual vesting periods of the share awards which is variable and subject to an estimate of when a qualified initial public offering of the Group will incur. The assumptions and models used for estimating the fair value of share-based payment transactions are disclosed in Note 24.

(b) Impairments of property, plant and equipment and right-of-use assets

In considering the impairment losses that may be required for certain property, plant and equipment, and right-of-use assets, recoverable amount of these assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and operating costs.

(c) Redemption liabilities arising from preferred shares

Redemption liabilities arising from Series A convertible redeemable preferred shares (“Series A Preferred Shares”) are measured at the present value of the redemption price the Group could be required to pay from time to time, which shall be equal to the higher of (i) or (ii) below: (i) the issue price plus an interest at the simple rate of ten percent per annum accruing from the issue date to the date of payment of the redemption price; and (ii) the fair value of Series A Preferred Shares.

The measurement of the carrying amount of redemption liabilities involves estimation of the fair value of Series A Preferred Shares. The Group has used the discounted cash flow method to determine the underlying equity value and adopted equity allocation model to determine the fair value of Series A Preferred Shares. Key assumptions, such as weighted average cost of capital, risk-free interest rate, lack of marketability discount and volatility are disclosed in Note 22. Considerable judgement is required to interpret market data used in the valuation techniques. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

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4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group’s revenue is primarily derived from the sale of pop toy products through directly operated stores, franchised stores, offline distributors and online sales conducted through the Group’s directly operated online stores on third-party e-commerce platforms and through online distributors. Other sources of revenue mainly include license fees, sales-based royalties, and sales-based management and consultation service fees from franchisees.

(i) Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by major products and service lines, primary geographical markets and timing of revenue recognition.

	For the years ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
<i>Major products/service lines</i>			
– Sales of pop toy products			
– Retail sales in directly operated stores	109,490	172,543	444,280
– Product sales to franchisees	356,719	499,794	678,043
– Sales to offline distributors	855,457	1,008,144	2,044,333
– Online sales	75,960	140,297	276,050
– Other sales channels	14,212	3,309	45,377
Sub-total	<u>1,411,838</u>	<u>1,824,087</u>	<u>3,488,083</u>
– License fees, sales-based royalties, and sales-based management and consultation service fees			
– License fees and sales-based royalties	6,563	9,093	12,843
– Sales-based management and consultation service fees	19,687	27,034	36,515
Sub-total	<u>26,250</u>	<u>36,127</u>	<u>49,358</u>
– Others*	<u>23,019</u>	<u>48,611</u>	<u>49,519</u>
	<u>1,461,107</u>	<u>1,908,825</u>	<u>3,586,960</u>
<i>Primary geographical markets</i>			
– Chinese Mainland	1,461,107	1,897,015	3,291,146
– Overseas	–	11,810	295,814
	<u>1,461,107</u>	<u>1,908,825</u>	<u>3,586,960</u>
<i>Timing of revenue recognition</i>			
– Point in time	1,433,133	1,871,138	3,537,308
– Over time	27,974	37,687	49,652
	<u>1,461,107</u>	<u>1,908,825</u>	<u>3,586,960</u>

Note:

* Others mainly represented sales of fixtures to franchisees and distributors.

Revenue from individual customers contributing over 10% of total revenue of the Group for the respective reporting periods is set out as below:

	For the years ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	781,358	922,785	1,671,368

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	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer B	<u>256,239</u>	<u>229,581</u>	<u>N/A*</u>

Note:

* Less than 10% of the Group’s revenue in the respective period.

(ii) Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	Note	As at December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Receivables, which are included in ‘trade and other receivables’	16	<u>156,785</u>	<u>223,723</u>	<u>304,886</u>
Contract liabilities				
– Current portion		(10,039)	(15,670)	(28,400)
– Non-current portion		<u>–</u>	<u>(305)</u>	<u>(172)</u>
Total contract liabilities		<u>(10,039)</u>	<u>(15,975)</u>	<u>(28,572)</u>

The contract liabilities balance mainly consists of advance payments received from customers for purchase of goods. The Group requests 100% advance payment for purchase of goods from certain distributors prior to delivery of goods. This gives rise to contract liabilities at the start of a sales order, until the revenue being recognized.

(iii) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting dates

Contracts within the scope of IFRS 15

As at December 31, 2023, 2024 and 2025, the aggregated amounts of the transaction price allocated to the remaining performance obligations under the Group’s existing contracts were RMB1,248,000, RMB1,963,000 and RMB3,866,000, respectively. These amounts mainly represented deferred revenue associated with the price allocation of loyalty points rewarded under the customer loyalty programs. Deferred revenue of loyalty points is expected to be recognized within the next one year.

(b) Segment reporting

The directors of the Company have been identified as the Group’s most senior executive management. The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group’s most senior executive management reviews the Group’s consolidated results of operations in assessing performance of and making decisions about resource allocation. Accordingly, no reportable segment information is presented.

(c) Geographic information

Information about the geographical location of the Group’s revenue from external customers is based on the location at which the services were provided or the goods delivered as disclosed in Note 4(a)(i).

The following table sets out information about the geographical location of the group’s property, plant and equipment, right-of-use assets and intangible assets (“specified non-current assets”). The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and right-of-use assets, and the location of the operation to which they are allocated, in the case of intangible assets.

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	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Specified non-current assets			
– Chinese Mainland	101,642	244,398	333,853
– Overseas	–	5,627	29,695
	<u>101,642</u>	<u>250,025</u>	<u>363,548</u>

5 EXPENSES BY NATURE

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of inventories (<i>Note 15(a)</i>)	955,890	1,221,554	2,291,007
Payroll and employee benefits (<i>i</i>)	48,210	72,724	360,680
Depreciation and amortization (<i>ii</i>)	75,012	82,695	149,656
Licensing expenses	18,788	32,780	65,389
Promotion and advertising expenses	35,576	46,017	83,807
Logistics expenses.	8,836	11,969	39,557
Rental and related expenses	2,714	12,095	39,383
[REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]
Other expenses.	25,981	33,691	75,818
Total cost of sales, selling and distribution and general and administrative expenses	<u>1,171,007</u>	<u>1,513,525</u>	<u>3,131,167</u>

Notes:

- (i) Payroll and employee benefits are analyzed as follows:

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, wages and other benefits	43,287	66,698	112,801
Contributions to social security contribution plan	3,898	5,179	10,804
Equity-settled share-based payment expenses	1,025	847	237,075
	<u>48,210</u>	<u>72,724</u>	<u>360,680</u>

- (ii) Depreciation and amortization are analyzed as follows:

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment (<i>Note 12</i>)	21,807	26,891	45,794
Right-of-use assets (<i>Note 13</i>)	47,276	50,603	73,072
Intangible assets (<i>Note 14</i>)	5,929	5,201	30,790
	<u>75,012</u>	<u>82,695</u>	<u>149,656</u>

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6 OTHER NET INCOME/(LOSS)

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss on disposal of property, plant and equipment . .	(1,158)	(1,314)	(4,995)
Gain relating to cancellation and modification of lease contracts	3,660	2,633	3,298
Others	(697)	(261)	208
	<u>1,805</u>	<u>1,058</u>	<u>(1,489)</u>

7 NET FINANCE COSTS

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finance income			
– Interest income	<u>1,129</u>	<u>1,093</u>	<u>5,101</u>
Finance costs			
– Interest expense on loans and borrowings	–	(208)	(1,548)
– Interest expense on lease liabilities	(4,287)	(5,590)	(7,442)
	<u>(4,287)</u>	<u>(5,798)</u>	<u>(8,990)</u>
Net finance costs	<u>(3,158)</u>	<u>(4,705)</u>	<u>(3,889)</u>

8 INCOME TAXES

(a) Taxation recognized in consolidated statements of profit or loss:

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts recognized in consolidated statements of profit or loss			
<i>Current tax</i>			
– Provision for the year	76,240	89,363	177,967
<i>Deferred tax</i>			
– Origination and reversal of temporary differences (Note 8(c))	(1,841)	7,993	1,694
Income tax expense	<u>74,399</u>	<u>97,356</u>	<u>179,661</u>

(1) Cayman Islands and the BVI

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(2) Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the Company’s Hong Kong subsidiaries are subject to Hong Kong Profits Tax at the rate of 16.5% on their taxable income generated from the operations in Hong Kong. A two-tiered profits tax rate regime was introduced in 2018 where the first HKD2 million of

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assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) whilst the remaining profits will continue to be taxed at 16.5%. There is an anti-fragmentation measure where each group will have to nominate only one company in the group to benefit from the progressive rates.

(3) Chinese Mainland

Under the Corporate Income Tax (“CIT”) Law, the subsidiaries established in Chinese Mainland are subject to a unified statutory CIT rate of 25%, unless otherwise specified below.

A subsidiary established in Hengqin New Area of Zhuhai, a pilot free trade zone in Chinese Mainland, met the criteria for a preferential income tax rate of 15% for the year ended December 31, 2025.

The Group’s certain subsidiaries met the criteria required for a preferential income tax rate granted to small and low profit-making enterprises in Chinese Mainland, and were entitled to a preferential income tax rate of 5% on the taxable income.

(4) Other jurisdictions

Taxes on taxable profits in other jurisdictions have been calculated at the rates of tax prevailing in the countries and regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before taxation	286,788	390,886	280,702
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	71,764	98,229	120,736
Tax effect of non-taxable income	–	–	(1,115)
Tax effect of non-deductible expenses	306	10	59,828
Tax effect of unused tax losses not recognized	542	3,938	7,905
Tax effect of utilization of unused tax losses previously not recognized	–	(7,958)	(952)
Tax effect of other deductible temporary differences not recognized	1,787	3,724	275
Tax effect of utilization of deductible temporary differences previously not recognized	–	–	(3,393)
Effect of preferential tax rates	–	(587)	(3,623)
Actual tax expense	74,399	97,356	179,661

(c) Movement in deferred tax assets and liabilities

The components of deferred tax assets and liabilities recognized in the consolidated statements of financial position and the movements during the Track Record Period are as follows:

	Unused tax losses	Right-of-use assets	Lease liabilities	Inventory provision	Intra-group unrealized profits	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax arising from:							
At January 1, 2023	19,234	(22,747)	25,357	9,804	–	760	32,408
Charged/(credited) to profit or loss	1,739	9,558	(8,258)	(490)	–	(708)	1,841
At December 31, 2023 . .	20,973	(13,189)	17,099	9,314	–	52	34,249
(Credited)/charged to profit or loss	(3,267)	7,428	(8,570)	(3,983)	358	41	(7,993)

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	Unused tax losses	Right-of-use assets	Lease liabilities	Inventory provision	Intra-group unrealized profits	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2024	17,706	(5,761)	8,529	5,331	358	93	26,256
(Credited)/charged to profit or loss	(5,646)	(23,999)	21,246	1,999	2,036	2,670	(1,694)
At December 31, 2025	12,060	(29,760)	29,775	7,330	2,394	2,763	24,562

The Group only recognizes deferred tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilize those tax losses.

(d) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction.

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deductible temporary differences	7,148	22,044	8,384
Unused tax losses	35,470	29,991	65,373
Total	42,618	52,035	73,757

(e) Tax losses carried forward

Tax losses for which no deferred tax assets have been recognized will expire as follows:

	As at December 31, 2023	Expiry date	As at December 31, 2024	Expiry date	As at December 31, 2025	Expiry date
	RMB'000		RMB'000		RMB'000	
With expiry date	35,470	2025-2028	26,807	2026-2034	64,841	2027-2035
Without expiry date	–	N/A	3,184	N/A	532	N/A

Tax losses for which no deferred tax assets have been recognized are related to subsidiaries that are not expected to derive sufficient taxable profits in the foreseeable future before unused tax losses expire.

9 DIRECTORS’ EMOLUMENTS

For the directors of the Company as of the date of this report, their emoluments for the years ended December 31, 2023, 2024 and 2025 are as follows:

		For the year ended December 31, 2023						
Note		Directors’ fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors								
Mr. Sun Yuanwen	(i)	–	875	151	24	1,050	268	1,318
Ms. Yan Xiaojiao	(ii)	–	175	72	5	252	–	252
Non-executive director								
Mr. Ye Guofu	(iii)	–	–	–	–	–	–	–
		–	1,050	223	29	1,302	268	1,570

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For the year ended December 31, 2024							
Note	Directors’ fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors							
Mr. Sun Yuanwen (i)	–	885	156	27	1,068	123	1,191
Ms. Yan Xiaojiao (ii)	–	512	171	32	715	–	715
Non-executive director							
Mr. Ye Guofu (iii)	–	–	–	–	–	–	–
	–	1,397	327	59	1,783	123	1,906
	–	–	–	–	–	–	–
For the year ended December 31, 2025							
Note	Directors’ fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments(vii)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors							
Mr. Sun Yuanwen (i)	–	1,750	274	34	2,058	109,902	111,960
Ms. Yan Xiaojiao (ii)	–	885	399	35	1,319	23,649	24,968
Non-executive directors							
Mr. Ye Guofu (iii)	–	–	–	–	–	–	–
Mr. Chang Yuliang (iv)	–	–	–	–	–	–	–
	–	2,635	673	69	3,377	133,551	136,928
	–	–	–	–	–	–	–

Notes:

- (i) Mr. Sun Yuanwen was appointed as an executive director of the Company on April 24, 2025. His remuneration disclosed above represented the compensation for services rendered by him to the Group’s subsidiaries as a chief executive officer and/or legal representative and/or director.
- (ii) Ms. Yan Xiaojiao was appointed as an executive director of the Company on July 31, 2025. Her remuneration disclosed above represented the compensation for services rendered by her to the Group’s subsidiaries as a chief financial officer and/or director.
- (iii) Mr. Ye Guofu was appointed as a non-executive director of the Company on July 31, 2025. He is a director of certain subsidiaries within the Group during the Track Record Period. Mr. Ye Guofu received remuneration from the Controlling Shareholder and/or its subsidiaries during the Track Record Period in respect of his services to the Controlling Shareholder and its subsidiaries (including the Group). No apportionment has been made as the services provided by Mr. Ye Guofu to the Group are incidental to his responsibilities to the larger group.
- (iv) Mr. Chang Yuliang was appointed as a non-executive director of the Company on July 31, 2025.
- (v) During the Track Record Period, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 10 below as an inducement to join or upon joining the Group or as compensation for loss of office and no arrangement under which a director waived or agreed to waive any emoluments during the Track Record Period.
- (vi) [Mr. Ng Likwa, Ms. Wang Xiaomei, and Ms. Wang Yajin were appointed as independent non-executive directors of the Company on [●], with effect from the [REDACTED] of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited.]
- (vii) These represent the estimated value of restricted shares granted to the directors under the Company’s 2025 Share Incentive Plan. The value of these restricted shares is measured according to the Group’s accounting policies for share-based payment transactions as set out in Note 2(n)(iii). The details of share-based payments, including the principal terms and number of restricted shares granted, are disclosed in Note 24.

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10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the years ended December 31, 2023, 2024 and 2025, of the five individuals with the highest emoluments, 1, 2 and 2 are directors whose emoluments are disclosed in Note 9.

The aggregate of the emoluments in respect of the other 4, 3, and 3 individuals are as follows:

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and other benefits	2,287	1,535	1,418
Discretionary bonuses	402	269	381
Retirement scheme contributions	83	66	81
Equity-settled share-based payments	757	561	18,736
	<u>3,529</u>	<u>2,431</u>	<u>20,616</u>

The emoluments of the above individuals with the highest emoluments are within the following bands:

	For the years ended December 31,		
	2023	2024	2025
Nil to HKD1,000,000	3	2	–
HKD1,000,001 to HKD1,500,000	–	1	–
HKD1,500,001 to HKD2,000,000	1	–	–
HKD5,500,001 to HKD6,000,000	–	–	1
HKD6,000,001 to HKD6,500,000	–	–	1
HKD10,500,001 to HKD11,000,000	–	–	–
	<u>4</u>	<u>3</u>	<u>3</u>

11 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Restructuring and the basis of preparation and presentation set out in Note 1.

12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Moulds	Office equipment	Store operating equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At January 1, 2023 . . .	<u>14,481</u>	<u>24,615</u>	<u>2,821</u>	<u>3,148</u>	<u>305</u>	<u>45,370</u>
Additions through purchases	1,543	16,168	466	1,332	2,935	22,444
Transfer from construction in progress	1,162	–	–	–	(1,162)	–
Disposals	<u>(7,126)</u>	<u>(6,445)</u>	<u>(1,417)</u>	<u>(2,248)</u>	<u>–</u>	<u>(17,236)</u>
At December 31, 2023 .	<u>10,060</u>	<u>34,338</u>	<u>1,870</u>	<u>2,232</u>	<u>2,078</u>	<u>50,578</u>
Additions through purchases	13,768	21,457	1,446	1,680	13,601	51,952
Transfer from construction in progress	8,219	–	–	–	(8,219)	–
Disposals	<u>(4,661)</u>	<u>(5,909)</u>	<u>(314)</u>	<u>(1,510)</u>	<u>–</u>	<u>(12,394)</u>
At December 31, 2024 .	<u>27,386</u>	<u>49,886</u>	<u>3,002</u>	<u>2,402</u>	<u>7,460</u>	<u>90,136</u>

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	Leasehold improvements	Moulds	Office equipment	Store operating equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Additions through purchases	17,234	45,062	3,386	3,517	13,927	83,126
Additions through acquisition of a subsidiary (<i>Note 25</i>) .	–	–	103	–	–	103
Transfer from construction in progress	15,712	–	–	–	(15,712)	–
Disposals	(8,831)	(900)	(1,062)	(765)	(3,001)	(14,559)
Exchange adjustments .	231	–	(1)	26	47	303
At December 31, 2025	<u>51,732</u>	<u>94,048</u>	<u>5,428</u>	<u>5,180</u>	<u>2,721</u>	<u>159,109</u>
Accumulated depreciation:						
At January 1, 2023 . . .	<u>(3,807)</u>	<u>(12,951)</u>	<u>(659)</u>	<u>(750)</u>	–	<u>(18,167)</u>
Charge for the year . . .	<u>(2,356)</u>	<u>(17,494)</u>	<u>(506)</u>	<u>(1,451)</u>	–	<u>(21,807)</u>
Written back on disposals	<u>2,864</u>	<u>6,102</u>	<u>384</u>	<u>1,194</u>	–	<u>10,544</u>
At December 31, 2023 .	<u>(3,299)</u>	<u>(24,343)</u>	<u>(781)</u>	<u>(1,007)</u>	–	<u>(29,430)</u>
Charge for the year . . .	<u>(6,464)</u>	<u>(18,543)</u>	<u>(363)</u>	<u>(1,521)</u>	–	<u>(26,891)</u>
Written back on disposals	<u>1,546</u>	<u>5,769</u>	<u>129</u>	<u>717</u>	–	<u>8,161</u>
At December 31, 2024 .	<u>(8,217)</u>	<u>(37,117)</u>	<u>(1,015)</u>	<u>(1,811)</u>	–	<u>(48,160)</u>
Charge for the year . . .	<u>(12,497)</u>	<u>(31,835)</u>	<u>(910)</u>	<u>(552)</u>	–	<u>(45,794)</u>
Written back on disposals	<u>3,830</u>	<u>226</u>	<u>349</u>	<u>85</u>	–	<u>4,490</u>
Exchange adjustments .	<u>(39)</u>	–	–	<u>(1)</u>	–	<u>(40)</u>
At December 31, 2025	<u>(16,923)</u>	<u>(68,726)</u>	<u>(1,576)</u>	<u>(2,279)</u>	–	<u>(89,504)</u>
Accumulated impairment:						
At January 1, 2023 . . .	<u>(3,730)</u>	–	–	<u>(188)</u>	–	<u>(3,918)</u>
Addition	<u>(1,863)</u>	–	–	<u>(1,017)</u>	–	<u>(2,880)</u>
Written back on disposals	<u>2,783</u>	–	–	<u>598</u>	–	<u>3,381</u>
At December 31, 2023 .	<u>(2,810)</u>	–	–	<u>(607)</u>	–	<u>(3,417)</u>
Addition	<u>(1,772)</u>	–	–	<u>(34)</u>	–	<u>(1,806)</u>
Written back on disposals	<u>1,227</u>	–	–	<u>234</u>	–	<u>1,461</u>
At December 31, 2024 .	<u>(3,355)</u>	–	–	<u>(407)</u>	–	<u>(3,762)</u>
Addition	<u>(867)</u>	–	–	<u>(15)</u>	–	<u>(882)</u>
Written back on disposals	<u>1,371</u>	–	–	<u>195</u>	–	<u>1,566</u>
At December 31, 2025	<u>(2,851)</u>	–	–	<u>(227)</u>	–	<u>(3,078)</u>
Net book value:						
At December 31, 2023 .	<u>3,951</u>	<u>9,995</u>	<u>1,089</u>	<u>618</u>	<u>2,078</u>	<u>17,731</u>
At December 31, 2024 .	<u>15,814</u>	<u>12,769</u>	<u>1,987</u>	<u>184</u>	<u>7,460</u>	<u>38,214</u>
At December 31, 2025	<u>31,958</u>	<u>25,322</u>	<u>3,852</u>	<u>2,674</u>	<u>2,721</u>	<u>66,527</u>

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13 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Property
	<i>RMB’000</i>
Cost:	
At January 1, 2023	140,075
Additions	67,691
Derecognition	(72,704)
At December 31, 2023	135,062
Additions	180,615
Derecognition	(27,669)
Exchange adjustments	(67)
At December 31, 2024	287,941
Additions	99,647
Derecognition	(78,233)
Exchange adjustments	319
At December 31, 2025	309,674
Accumulated depreciation:	
At January 1, 2023	(50,301)
Charge for the year	(47,276)
Derecognition	43,038
At December 31, 2023	(54,539)
Charge for the year	(50,603)
Derecognition	21,408
Exchange adjustments	5
At December 31, 2024	(83,729)
Charge for the year	(73,072)
Derecognition	38,282
Exchange adjustments	(47)
At December 31, 2025	(118,566)
Net book value:	
At December 31, 2023	80,523
At December 31, 2024	204,212
At December 31, 2025	191,108

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	For the years ended December 31,		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Depreciation charge of right-of-use assets by class of underlying asset:			
Property	47,276	50,603	73,072
Interest expense on lease liabilities (<i>Note 7</i>)	4,287	5,590	7,442
Expense relating to short-term leases	1,742	4,584	21,447
Variable lease payments	156	217	3,935

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Note 18(c) and Note 21, respectively.

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The Group leases properties for its directly operated stores, warehouse storage and office space. The leases of directly operated stores, office space and warehouse storage typically run for two to five years.

Some leases of directly operated stores contain variable lease payments, which typically range from 5% to 12% of the monthly sales that each store makes in excess of a certain breakpoint predetermined with landlords.

14 INTANGIBLE ASSETS

	Licensed IPs	IP rights	Total
	RMB'000	RMB'000	RMB'000
	(i)	(ii)	
Cost:			
At January 1, 2023	19,940	—	19,940
Additions through purchases	200	—	200
Termination of license agreements	(10,813)	—	(10,813)
At December 31, 2023	9,327	—	9,327
Additions through purchases	9,412	—	9,412
Termination of license agreements	(4,410)	—	(4,410)
At December 31, 2024	14,329	—	14,329
Additions through purchases	35,354	18,750	54,104
Additions through acquisition of a subsidiary (Note 25)	—	75,000	75,000
Termination of license agreements	(23,486)	—	(23,486)
At December 31, 2025	26,197	93,750	119,947
Accumulated depreciation:			
At January 1, 2023	(10,823)	—	(10,823)
Charge for the year	(5,929)	—	(5,929)
Written back	10,813	—	10,813
At December 31, 2023	(5,939)	—	(5,939)
Charge for the year	(5,201)	—	(5,201)
Written back	4,410	—	4,410
At December 31, 2024	(6,730)	—	(6,730)
Charge for the year	(27,014)	(3,776)	(30,790)
Written back	23,486	—	23,486
At December 31, 2025	(10,258)	(3,776)	(14,034)
Net book value:			
At December 31, 2023	3,388	—	3,388
At December 31, 2024	7,599	—	7,599
At December 31, 2025	15,939	89,974	105,913

Notes:

- (i) The amounts represent the exclusive and non-exclusive license rights obtained by the Group in accordance with the respective license agreements. Upon initial recognition, the Licensed IPs are recognized at the present values of the fixed minimum payments with the corresponding amounts recognized as other payables.
- (ii) The amortization of intangible assets has been charged to cost of sales in the consolidated statements of profit or loss during the Track Record Period.

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15 INVENTORIES

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finished goods	127,887	227,191	461,178
Low-value consumables	241	225	197
	<u>128,128</u>	<u>227,416</u>	<u>461,375</u>

- (a) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount of inventories sold.	957,851	1,228,433	2,289,833
(Reversal of write-down)/write-down of inventories	(1,961)	(6,879)	1,174
Cost of inventories recognized in consolidated statements of profit or loss	<u>955,890</u>	<u>1,221,554</u>	<u>2,291,007</u>

16 TRADE AND OTHER RECEIVABLES

	Note	As at December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current				
Deposits				
– Third parties		9,458	16,893	17,055
– Related parties	28(b)	–	–	4,010
		<u>9,458</u>	<u>16,893</u>	<u>21,065</u>
Current				
Trade receivables, net of loss allowance				
– Third parties		16,953	41,482	91,407
– Related parties	28(b)	139,832	182,241	213,479
Trade receivables, net of loss allowance		<u>156,785</u>	<u>223,723</u>	<u>304,886</u>
Miscellaneous expenses paid on behalf of franchisees		27,719	44,025	71,514
Prepayments for inventories		18,616	26,345	36,117
Deposits, net of loss allowance		11,520	16,013	14,432
Receivables due from on-line payment platforms and banks (i)		6,988	5,455	13,201
VAT recoverable		1,899	1,853	20,255
Prepayments for promotion and advertising expenses		1,871	5,207	4,640
Other receivables from related parties	28(b)	7	336	2,675
Prepayments for [REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Others		3,185	11,379	11,967
		<u>228,590</u>	<u>334,336</u>	<u>484,002</u>

Notes:

- (i) Receivables due from online payment platforms and banks included the proceeds of online sales through e-commerce platforms collected by and retained in third-party online payment platforms. Withdrawal of the balances retained in online payment platforms could be made anytime upon the Group’s instructions. The amounts also included those due from banks for offline sales made through customer credit/debit cards and other online payment platforms that require overnight processing by the collection banks.
- (ii) All of the trade and other receivables classified as current are expected to be recovered or recognized as expense within one year.
- (iii) All trade debtors are due within 30 to 180 days from the date of revenue recognition for domestic and overseas customers.

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- (iv) Further details on the Group’s credit policy and credit risk arising from trade and other receivable are set out in Note 27(a).

Aging analysis

As of the end of each reporting period, the aging analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 90 days	155,033	214,128	287,956
91 to 180 days	1,361	5,239	4,683
181 to 360 days	313	4,081	6,615
Over 360 days	78	275	5,632
	<u>156,785</u>	<u>223,723</u>	<u>304,886</u>

17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash on hand	—	24	190
Cash at bank	<u>33,421</u>	<u>71,859</u>	<u>391,641</u>
Cash and cash equivalents as presented in the consolidated statements of financial position	<u>33,421</u>	<u>71,883</u>	<u>391,831</u>
Accrued interest on fixed deposits with banks with original maturity within three months	—	—	(506)
Cash and cash equivalents as presented in the consolidated statements of cash flows	33,421	71,883	391,325

18 CASH FLOW INFORMATION

(a) Reconciliation of profit before taxation to cash generated from operations:

	Note	For the years ended December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Profit before taxation		286,788	390,886	280,702
Adjustments for:				
Depreciation and amortization	5	75,012	82,695	149,656
Loss on disposal of property, plant and equipment	6	1,158	1,314	4,995
Impairment loss on non-current assets		2,880	1,806	882
Gain relating to cancellation and modification of lease contracts	6	(3,660)	(2,633)	(3,298)
Interest expense on lease liabilities	7	4,287	5,590	7,442
Interest expense on loans and borrowings	7	—	208	1,548
Changes in the carrying amount of redemption liabilities	22	—	—	158,491
Interest income	7	(1,129)	(1,093)	(5,101)
Investment income from other investments		(280)	(286)	(69)
Unrealized foreign exchange gain		—	(969)	(6,682)
Equity-settled share-based payment expenses	5	1,025	847	237,075
Changes in working capital:				
Inventories		(47,191)	(99,288)	(233,959)
Trade and other receivables		(101,920)	(113,181)	(334,236)
Contract liabilities		(62)	5,936	12,590
Trade and other payables		92,714	153,002	309,273

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	Note	For the years ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Restricted cash		736	(234)	352
Cash generated from operations		310,358	424,600	579,661

(b) **Reconciliation of liabilities arising from financing activities:**

	Loans and borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
	Note 19	Note 21	
At January 1, 2023	280,000	100,252	380,252
Changes from financing cash flows:			
Proceeds from loans and borrowings	280,000	—	280,000
Repayments of loans and borrowings	(280,000)	—	(280,000)
Payments of capital element of lease liabilities	—	(53,877)	(53,877)
Payments of interest element of lease liabilities	—	(4,287)	(4,287)
Total changes from financing cash flows	—	(58,164)	(58,164)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	—	67,691	67,691
Decrease in lease liabilities from derecognition	—	(33,326)	(33,326)
Interest expenses	—	4,287	4,287
Total other changes	—	38,652	38,652
At December 31, 2023.	280,000	80,740	360,740

	Loans and borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
	Note 19	Note 21	
At January 1, 2024	280,000	80,740	360,740
Changes from financing cash flows:			
Proceeds from loans and borrowings	60,000	—	60,000
Payments of capital element of lease liabilities	—	(38,978)	(38,978)
Payments of interest element of lease liabilities	—	(5,590)	(5,590)
Total changes from financing cash flows	60,000	(44,568)	15,432
Other changes:			
Increase in lease liabilities from entering into new leases during the year	—	180,615	180,615
Decrease in lease liabilities from derecognition	—	(8,894)	(8,894)
Interest expenses	208	5,590	5,798
Total other changes	208	177,311	177,519
At December 31, 2024.	340,208	213,483	553,691

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	Loans and borrowings	Lease liabilities	Redemption liabilities arising from preferred shares	Total
	RMB'000 Note 19	RMB'000 Note 21	RMB'000 Note 22	RMB'000
At January 1, 2025	<u>340,208</u>	<u>213,483</u>	<u>—</u>	<u>553,691</u>
Changes from financing cash flows:				
Proceeds from loans and borrowings	80,000	—	—	80,000
Repayments of loans and borrowings	(110,000)	—	—	(110,000)
Interest of loans and borrowings paid	(1,756)	—	—	(1,756)
Proceeds from the issuance of preferred shares	—	—	424,862	424,862
Payments of capital element of lease liabilities	—	(70,462)	—	(70,462)
Payments of interest element of lease liabilities	<u>—</u>	<u>(7,442)</u>	<u>—</u>	<u>(7,442)</u>
Total changes from financing cash flows	<u>(31,756)</u>	<u>(77,904)</u>	<u>424,862</u>	<u>315,202</u>
Exchange adjustments	<u>—</u>	<u>—</u>	<u>(9,672)</u>	<u>(9,672)</u>
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	99,647	—	99,647
Decrease in lease liabilities from derecognition	—	(43,249)	—	(43,249)
Changes in the carrying amount of redemption liabilities	—	—	158,491	158,491
Interest expenses	<u>1,548</u>	<u>7,442</u>	<u>—</u>	<u>8,990</u>
Total other changes	<u>1,548</u>	<u>63,840</u>	<u>158,491</u>	<u>223,879</u>
At December 31, 2025	<u><u>310,000</u></u>	<u><u>199,419</u></u>	<u><u>573,681</u></u>	<u><u>1,083,100</u></u>

(c) **Total cash outflow for leases:**

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating cash flows	(1,898)	(4,801)	(25,382)
Within financing cash flows	<u>(58,164)</u>	<u>(44,568)</u>	<u>(77,904)</u>
	<u><u>(60,062)</u></u>	<u><u>(49,369)</u></u>	<u><u>(103,286)</u></u>

19 LOANS AND BORROWINGS

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Borrowings from an entity under common control of the Controlling Shareholder (i)	280,000	310,000	310,000
Borrowing from the Controlling Shareholder (ii)	<u>—</u>	<u>30,208</u>	<u>—</u>
	<u><u>280,000</u></u>	<u><u>340,208</u></u>	<u><u>310,000</u></u>

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Notes:

- (i) The balances as at December 31, 2023, 2024 and 2025 represent the interest-free borrowings repayable on demand from MINISO (Guangzhou) Co., Ltd., a subsidiary of the Controlling Shareholder. In 2025, both parties entered into a supplementary agreement regarding the interest-free borrowings, stipulating the repayment period to be December 31, 2026.
- (ii) The balances as at December 31, 2024 represent the borrowing interest-bearing at 3% per annum from the Controlling Shareholder. The borrowing was repaid on September 15, 2025.

20 TRADE AND OTHER PAYABLES

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	136,889	207,417	334,797
Amounts due to related parties (<i>Note 28(b)</i>)	4,517	14,795	221
Accrued expenses	16,874	42,250	54,844
Deposits	69,271	98,481	113,440
Payable relating to leasehold improvements	6,812	13,945	14,446
Payroll payable	3,346	9,064	15,985
Other taxes payable	8,664	10,087	18,024
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	5,259	8,731	20,631
	<u>251,632</u>	<u>404,770</u>	<u>579,870</u>

Information about the Group’s exposure to liquidity risks is included in Note 27.

The credit period granted by suppliers is 30 to 60 days.

All trade and other payables are expected to be settled within one year or are repayable on demand.

Aging analysis

As of the end of each reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 month	133,315	201,488	311,886
1 to 3 months	2,707	2,243	15,801
3 months to 1 year	718	2,781	5,141
Over 1 year	149	905	1,969
	<u>136,889</u>	<u>207,417</u>	<u>334,797</u>

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21 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group’s lease liabilities at the end of each reporting period:

	As at December 31, 2023		As at December 31, 2024		As at December 31, 2025	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	39,377	40,188	63,766	65,234	66,061	72,159
After 1 year but within 2 years	28,784	31,064	52,967	55,586	51,076	54,878
After 2 years but within 5 years	12,579	14,038	62,426	69,917	52,158	57,706
After 5 years	–	–	34,324	43,764	30,124	31,724
	<u>41,363</u>	<u>45,102</u>	<u>149,717</u>	<u>169,267</u>	<u>133,358</u>	<u>144,308</u>
	<u>80,740</u>	<u>85,290</u>	<u>213,483</u>	<u>234,501</u>	<u>199,419</u>	<u>216,467</u>
Less: total future interest expenses . .		(4,550)		(21,018)		(17,048)
Present value of lease liabilities		<u>80,740</u>		<u>213,483</u>		<u>199,419</u>

22 REDEMPTION LIABILITIES ARISING FROM PREFERRED SHARES

On July 24, 2025, the Company entered into Series A financing agreements with four Series A investors, pursuant to which, the Company issued 47,632,778 Series A Preferred Shares at an issue price totalling USD59,426,000 on July 31, 2025.

The key terms of the Series A Preferred Shares are summarized as follows:

Redemption right

The holders of Series A Preferred Shares may require the Company to redeem any or all of the Series A Preferred Shares held by them at any time after the occurrence of the following events (the “redemption events”) whichever is earlier:

- (i) a qualified IPO has not been consummated on or prior to the third anniversary of the issue date with respect to the relevant Series A Preferred Shares;
- (ii) the Company or any of its affiliates is subject to any sanctions enacted or enforced by the PRC, the United States of America, or other relevant countries, or the United Nations or the European Union; or
- (iii) the Group or the Controlling Shareholder has materially breached any of their respective representations, warranties, covenants or undertakings.

The redemption price shall be equal to the higher of (i) or (ii) below: (i) the issue price plus an interest at the simple rate of ten percent per annum accruing from the issue date to the date of payment of the redemption price; and (ii) the fair value of respective Series A Preferred Shares.

Financial effect

The Group’s obligation to redeem the preferred shares upon the occurrence of redemption events which are beyond the control of both the Group and the preferred shareholders gives rise to a financial liability. Such redemption liability is measured at the present value of the redemption price the Group could be required to pay from time to time. Subsequent changes in the carrying amount of the redemption liability arising from remeasurement of the redemption amount are recognized in profit or loss.

Accordingly, redemption liabilities were recognized at the issue price of USD59,426,000 upon the issuance of the Series A Preferred Shares.

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The movement of redemption liabilities arising from preferred shares during year ended December 31, 2025 is set out as below:

	For the year ended December 31,
	2025
	<i>RMB’000</i>
At the beginning of the year	–
Recognition of redemption liabilities arising from issuance of preferred share	424,862
Changes in the carrying amount of redemption liabilities	158,491
Exchange adjustments	(9,672)
At the end of the year	<u>573,681</u>

The Group had used the discounted cash flow method to determine the underlying equity value of the Company, and adopted option-pricing method to determine the fair value of Series A Preferred Shares at the end of the reporting period, with the assistance of an independent third-party valuation firm, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“Jones Lang LaSalle”).

Key valuation assumptions used to determine the fair value of Series A Preferred Shares were as follows:

	As at December 31,
	2025
	<i>RMB’000</i>
Weighted average cost of capital	13.5%
Risk-free interest rate	1.2%-2.3%
Discount for lack of marketability (“DLOM”)	5.5%
Expected volatility	38.7%-43.7%

Discount rate (post-tax) was estimated using the weighted average cost of capital as of each valuation date. The Group estimated the risk-free interest rate based on the yield of China Government Bond. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of put option, which can hedge the price change before the private held share can be sold, was considered as a basis to determine the lack of marketability discount. Under the equity allocation model, volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for a period from the valuation date and with similar span as time to expected event dates. Probability weight under each of the redemption rights and liquidation preferences was based on the Group’s best estimates. In addition to the assumptions adopted above, projections of future performance were also factored into the determination of the fair value of Series A Preferred Shares on the valuation date.

23 CAPITAL AND RESERVES

(a) Share capital, capital reserve and share premium

The Company was incorporated on April 24, 2025 as part of the Restructuring with authorised 5,000,000,000 ordinary shares at a par value of USD0.00001 per share.

As at June 30, 2025, the Company issued 880,000,000 ordinary shares to the Controlling Shareholder at a par value of US\$0.00001 per share, and the aggregated par value of ordinary shares amounted to USD8,800 (equivalent to RMB63,000) was recognized as share capital of the Company. The excess of capital injections made by the equity shareholders over the par value was credited to the share premium.

As at December 31, 2025, the Company has issued 965,016,800 ordinary shares, among which 880,000,000 shares represented ordinary shares outstanding of the Company and 85,016,800 shares were recognized as treasury shares (see Note 23(b)(iii)).

The capital reserve represents the aggregate amount of the paid-up capitals of all the companies now comprising the Group at the respective dates, after the eliminations of investments in subsidiaries.

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During the year ended December 31, 2025, as part of the Restructuring, the Company acquired the equity interest of the companies now comprising the Group, which were under the common control of the Controlling Shareholder, at an aggregate consideration of RMB5,000,000. No difference exists between the consideration paid and the paid-in capital acquired.

In September 2025, the Controlling Shareholder made an additional capital injection of USD690,000 (equivalent to RMB4,911,000) to the Company, which was credited to the share premium.

(b) Nature and purposes of reserves

(i) *Net parent investment*

Prior to completion of the Restructuring, net parent investment represents the net assets related to the [REDACTED] Businesses which had been managed and controlled by the Associated Entities under common control of the Controlling Shareholder through the dates presented, inclusive of cumulative operating results.

(ii) *Translation reserve*

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iii) *Treasury shares*

The Company issued 85,016,800 ordinary shares at par value of USD0.00001 each to three entities incorporated in the British Virgin Islands (“special purpose vehicles”), which together held the shares under the share incentive plan (see Note 24). The ordinary shares issued to these special purposed vehicles are treated as treasury shares until they are granted to directors and employees and become vested.

(iv) *Share-based payment reserve*

The share-based payment reserve represents the portion of the grant date fair value of restricted shares granted by the Company to the key management personnel and employees of the Group that has been recognized in accordance with the accounting policy adopted for share-based payments in Note 2(n)(iii).

The share-based payment reserve also includes the portion of the grant date fair value of restricted shares, share options and restricted share units granted by the Controlling Shareholder to the key management personnel and employees of the Group that has been recognized in the Historical Financial Information.

(v) *PRC statutory reserve*

PRC statutory reserve is established in accordance with the PRC Company Law and the Articles of Association of the subsidiaries which are established in the PRC. The subsidiaries being wholly foreign-owned enterprises or wholly domestic-owned enterprises, are required to allocate at least 10% of its net profits to a statutory surplus reserve. The transfer to this reserve must be made before distribution of dividends to equity shareholders can be made.

PRC statutory reserve can be used to make good previous years’ losses, if any, and may be converted into capital in proportion to their existing equity holdings, provided that the balance of the statutory surplus reserve after such transfer is not less than 25% of the registered capital.

(c) Capital management

The Group defines “capital” as including all components of equity and Series A Preferred Shares. The Group’s policy is to maintain a strong capital base to maintain investors, creditors and market confidence and to sustain future development of the business. There were no changes in the Group’s approach to capital management during the reporting periods. The Group is not subject to any externally imposed capital requirements.

(d) Dividends

No dividends have been declared or paid by the companies now comprising the Group to its equity shareholders during the Track Record Period.

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(e) Statement of changes in equity of the Company

	<i>Note</i>	<u>Share capital</u>	<u>Share premium</u>	<u>Treasury shares</u>	<u>Share-based payment reserve</u>	<u>Translation reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>Note 23(a)</i>	<i>Note 23(a)</i>	<i>Note 23(b)(iii)</i>	<i>Note 23(b)(iv)</i>	<i>Note 23(b)(ii)</i>		
Balance at April 24, 2025 (date of incorporation)		—	—	—	—	—	—	—
Changes in equity for the year ended December 31, 2025								
Loss for the year		—	—	—	—	—	(184,278)	(184,278)
Other comprehensive income for the year		—	—	—	—	2,854	—	2,854
Total comprehensive income for the year		—	—	—	—	2,854	(184,278)	(181,424)
Issuance of ordinary shares	23(a)	63	—	—	—	—	—	63
Issuance of shares held for share incentive plan	23(b)(iii)	6	2,530	(2,536)	—	—	—	—
Equity-settled share-based transactions	24	—	—	—	236,534	—	—	236,534
Capital injection from shareholders		—	4,911	—	—	—	—	4,911
Balance at December 31, 2025		69	7,441	(2,536)	236,534	2,854	(184,278)	60,084

24 EQUITY SETTLED SHARE-BASED PAYMENTS

On July 10, 2025, the board of directors approved a share incentive plan (the “2025 Share Incentive Plan”). Pursuant to the 2025 Share Incentive Plan, restricted shares or other approved awards may be granted to the Group’s employees and directors. The maximum aggregate number of shares which could be issued under the 2025 Share Incentive Plan was 120,000,000.

Unless terminated earlier by the board of directors, the 2025 Share Incentive Plan will be valid and effective for a term of 10 years starting on July 10, 2025.

On the same date, 85,016,800 restricted shares of the Company were granted to the directors and certain employees of the Group at a purchase price of USD0.0042 per restricted share. The restricted shares granted were subject to certain restrictions on transferability and forfeiture/repurchase conditions. 20% of the restricted shares are not subject to repurchase conditions from the grant date, while each of 20% of the remaining restricted shares will no longer be subject to repurchase conditions on the first business day in 2026, 2027, 2028 and 2029, respectively, on the condition that employees remain in service without any performance requirements (“Specified Service Period”). In addition, if employees leave the Group before an [REDACTED] takes place, the awarded shares will be forfeited. The forfeited shares will be repurchased by the Company at the original purchase price, and if applicable, plus 10% per annum interest. As such, the actual length of vesting period of the restricted shares is subject to an [REDACTED] condition. The Group considered that an IPO is probable to incur and recognized the share-based payment expenses over the estimated actual vesting period, which is based on an estimate of when an IPO will incur or the Specified Service Period, whichever is longer.

Movements in the number of restricted shares granted to employees and the weighted average grant date fair value are as follows:

	Number of restricted shares	Weighted-average grant date fair value USD per restricted share
Outstanding as of January 1, 2025	—	—
Granted during the year	85,016,800	1.1137
Outstanding as of December 31, 2025	85,016,800	1.1137

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The aggregate fair value of restricted shares at the date of grant on July 10, 2025 were USD94,682,000 (equivalent to RMB677,074,000).

The fair value of services received in return for restricted shares is measured by reference to the fair value of restricted shares granted. The estimate of the fair value of restricted shares at the grant date was determined with reference to the fair value of the equity interest of the Company which has been measured using discounted cash flow method.

The key inputs used in the measurement of the fair value of the equity interest of the Company at the grant date were as follows:

	<u>Inputs</u>
Discount rate	12.8%
Perpetual growth rate	2.0%
Expected dividends	0.0%
DLOM	12.1%~13.9%
Expected volatility	42.1%-46.8%
Discount for lack of control	24.1%

Expected dividends are based on that no dividend plan is expected within the estimated actual vesting period. Changes in the subjective input assumptions could materially affect the fair value estimate.

The post-vesting restrictions on transferability has been incorporated into the fair value at grant date by applying a discount to the valuation obtained. The discounts have been determined using put option method.

Total share-based payment expense calculated based on the grant date fair value and the estimated forfeiture rate recognized in the consolidated statement of profit or loss for aforementioned share-based awards granted to the Group’s employees was RMB236,534,000 for the year ended December 31, 2025.

25 ACQUISITION OF A SUBSIDIARY

In July 2025, the Group entered into a share transfer agreement with a third party to acquire 51% equity interest in a target entity at cash consideration of RMB39,680,000. Upon the completion of this acquisition on August 1, 2025, the target entity has become a subsidiary of the Group. The identifiable assets of this target entity mainly comprise of two groups of IP rights. The transaction was recognised as an acquisition of assets, rather than a business combination, given that substantially all of the fair value of the gross assets is concentrated in a group of similar identifiable assets being the major group of IP rights.

The following summarizes the amounts of assets and liabilities recognized in Group’s consolidated financial statements at the date of acquisition:

	<i>RMB’000</i>
Property, plant and equipment	103
Intangible assets	75,000
Trade and other receivables	1,565
Cash and cash equivalents	3,460
Trade and other payables	(3,090)
Contract liabilities	(7)
Current taxation	(363)
Total identifiable net assets acquired	<u>76,668</u>

Total acquisition cost for the above net assets:

	<i>RMB’000</i>
Cash consideration	39,680
Non-controlling interest	36,988
	<u>76,668</u>

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Analysis of net cash outflow of cash and cash equivalents in respect of this acquisition:

	<i>RMB’000</i>
Cash considerations paid	39,680
Less: cash and cash equivalents acquired	<u>(3,460)</u>
Net cash outflow	<u>36,220</u>

The value of identifiable net assets acquired was determined by the directors of the Company with reference to the valuation carried out by an independent valuer, Jones Lang LaSalle.

26 NON-CONTROLLING INTERESTS

The following table lists out the information relating to Dongguan Sure Fun Cultural and Creative Co., Ltd., the only subsidiary of the Group which has a material NCI. The summarised financial information presented below represents the amounts before any inter-company elimination.

	For the year ended December 31,
	<u>2025</u>
	<i>RMB’000</i>
NCI percentage	49%
Current assets	83,404
Non-current assets	6,074
Current liabilities	(34,340)
Non-current liabilities	(2,093)
Net assets	53,045
Carrying amount of NCI	23,493
Revenue	201,964
Profit for the year	42,381
Total comprehensive income	42,381
Profit allocated to NCI	20,767
Dividend paid to NCI	–
Net cash generated from operating activities	7,342
Net cash used in investing activities	(5,025)
Net cash generated from financing activities	4,816

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group’s business. The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade and other receivables. The Group’s exposure to credit risk arising from cash and cash equivalents and restricted cash is limited because the counterparties are banks with high-credit-quality, for which the Group considers having low credit risk.

Trade receivables

The Group’s trade receivables are mainly derived from sales of goods to distributors and franchisees. The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At December 31, 2023, 2024 and 2025, 95%, 93% and 87% of the total trade receivables were due from the Group’s five largest debtors, respectively.

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Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

All trade receivables are due within 30 to 180 days from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

The Group does not provide any guarantees which would expose the Group to credit risk.

Other receivables

In determining the ECL for remaining other receivables, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. During the year ended December 31, 2025, the management of the Group considered the deposit due from a third party amounting to RMB10,000,000 to be in default. The management of the Group has assessed that the remaining other receivables have not had a significant increase in credit risk since initial recognition and the risk of default is insignificant, and therefore, no credit loss allowance of the remaining other receivables is considered necessary by management for the Track Record Period.

Movement in the loss allowance account in respect of trade and other receivables during the Track Record Period is as follows:

	Trade receivables	Other receivables	Total
	RMB’000	RMB’000	RMB’000
Balance at January 1, 2023	(1,986)	—	(1,986)
Reversal of credit loss recognized during the year	871	—	871
Balance at December 31, 2023	(1,115)	—	(1,115)
Reversal of credit loss recognized during the year	970	—	970
Amounts written off during the year.	50	—	50
Balance at December 31, 2024	(95)	—	(95)
Credit loss recognized during the year	(483)	(10,000)	(10,483)
Balance at December 31, 2025	(578)	(10,000)	(10,578)

(b) Liquidity risk

As at December 31, 2023, 2024 and 2025, the Group’s net current liabilities amounted to RMB218,063,000, RMB216,406,000 and RMB278,557,000, respectively. Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising from loans to cover expected cash demands, subject to approval by the board when the borrowings exceed certain predetermined levels of authority. The Group’s policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Group relies on the cash generated from operating activities as the main source of liquidity. For the years ended December 31, 2023, 2024 and 2025, the Group had net cash generated from operating activities of RMB256,985,000, RMB333,944,000 and RMB474,862,000, respectively. In addition, the management of the Group monitors the utilization of borrowings and ensures compliance with borrowing covenants, if any. The directors believe that the Group and the Company will have sufficient funds available from operating activities to meet their financial obligations in the foreseeable future.

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The following tables show the remaining contractual maturities at the end of each reporting period presented of the Group’s financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contracted rates or, if floating, based on rates current at the end of each reporting period presented) and the earliest date the Group can be required to pay.

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount at December 31, 2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	251,632	–	–	251,632	251,632
Loans and borrowings	280,000	–	–	280,000	280,000
Lease liabilities	40,188	31,064	14,038	85,290	80,740
	<u>571,820</u>	<u>31,064</u>	<u>14,038</u>	<u>616,922</u>	<u>612,372</u>

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31, 2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	404,770	–	–	–	404,770	404,770
Loans and borrowings	340,903	–	–	–	340,903	340,208
Lease liabilities	65,234	55,586	69,917	43,764	234,501	213,483
	<u>810,907</u>	<u>55,586</u>	<u>69,917</u>	<u>43,764</u>	<u>980,174</u>	<u>958,461</u>

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31, 2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	579,870	–	–	–	579,870	579,870
Loans and borrowings	310,000	–	–	–	310,000	310,000
Lease liabilities	72,159	54,878	57,706	31,724	216,467	199,419
Redemption liabilities arising from preferred shares	573,681	–	–	–	573,681	573,681
	<u>1,535,710</u>	<u>54,878</u>	<u>57,706</u>	<u>31,724</u>	<u>1,680,018</u>	<u>1,662,970</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group does not account for any fixed-rate financial instruments at fair value through profit or loss at the end of each reporting period. Therefore, interest-bearing financial instruments at fixed rates do not expose the Group to fair value interest rate risk. The Group’s interest rate risk arises primarily from cash at bank and restricted cash at variable rates, which expose the Group to cash flow interest rate risk. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The Group does not enter into financial derivatives to hedge interest rate risk.

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(i) Interest rate profile

The following table details the interest rate profile of the Group’s interest-bearing financial instruments at the end of each reporting period presented:

	Interest rates	As at December 31, 2023	Interest rates	As at December 31, 2024	Interest rates	As at December 31, 2025
	%	RMB’000	%	RMB’000	%	RMB’000
Fixed rate instrument:						
Cash at bank	–	–	–	–	3.22%~3.6%	276,035
Lease liabilities	3.45%~ 4.75%	(80,740)	3.45%~ 4.75%	(213,483)	2.75%~ 4.75%	(199,419)
Loans and borrowings . . .	–	–	3.0%	(30,208)	–	–
		<u>(80,740)</u>		<u>(243,691)</u>		<u>76,616</u>
Variable rate instrument:						
Restricted cash	0.2%~ 1.25%	118	0.1%~ 0.95%	352	–	–
Cash at bank (Note 17) . .	0.2%~ 1.8%	33,421	0.1%~ 1.15%	71,859	0.05%~ 1.1%	115,606
		<u>33,539</u>		<u>72,211</u>		<u>115,606</u>

(ii) Sensitivity analysis

At December 31, 2023 and 2024 and 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group’s results for the reporting periods and decreased/increased accumulated losses by approximately RMB126,000, RMB287,000 and RMB469,000, respectively.

(d) Currency risk

The Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than the functional currencies of the Company and its subsidiaries are not significant.

(e) Fair value measurement

The carrying amounts of the Group’s financial instruments were carried at amortized cost as at December 31, 2023, 2024 and 2025 and were not materially different from their fair values because of the short-term maturities of all these financial instruments.

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

(i) Key management personnel compensation

Key management personnel compensation comprised the following:

	For the years ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Short-term employee benefits	1,302	1,783	3,377
Equity-settled share-based payment expenses	268	123	133,551
	<u>1,570</u>	<u>1,906</u>	<u>136,928</u>

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(ii) Other transactions with related parties

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Entities under common control of the ultimate controlling shareholder:			
– Sales of products	781,358	922,785	1,671,368
– Purchase of catering services	390	491	890
– Rental and related expenses	–	581	2,357
– Payments of lease liabilities	–	–	4,278
– Payment of earnest money in connection with lease of a property	–	–	6,048
– Purchase of information technology support and consulting services	1,988	3,461	4,409
– Borrowings	280,000	60,000	80,000
– Interest expense on loans and borrowings	–	208	1,548

(b) Balances with related parties

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade related:			
Entities under common control of the ultimate controlling shareholder:			
– Included in trade and other receivables from related parties	139,839	182,577	220,164
– Included in trade and other payables to related parties	4,517	14,795	221
– Included in lease liabilities due to related parties	–	–	12,769
Non-trade related:			
Entities under common control of the Controlling Shareholder:			
– Included in loans and borrowings from related parties (i)	280,000	340,208	310,000

- (i) The Group intends to settle RMB310,000,000 of loans and borrowings from related parties on December 31, 2026.

29 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at the date of this report, the directors consider the immediate parent of the Group to be MINISO Group Holding Limited, which is incorporated in the Cayman Islands, as an exempted company with limited liability under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, and the ultimate controlling party of the Company to be Mr. Ye Guofu and his spouse Ms. Yang Yunyun.

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING YEAR BEGINNING ON JANUARY 1, 2025

Up to the date of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the year beginning on January 1, 2025 and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

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	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, <i>Contracts referencing nature-dependent electricity</i>	January 1, 2026
Amendments to IFRS 9 and IFRS 7, <i>Amendments to the classification and measurement of financial instruments</i>	January 1, 2026
Annual improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	January 1, 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	January 1, 2027
Amendments to IAS 21, <i>Translation to a hyperinflationary presentation currency</i>	January 1, 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that, except for IFRS 18 as disclosed below, the adoption of them is unlikely to have a significant impact on the Historical Financial Information.

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity’s financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have a significant impact on the financial performance and positions of the Group.

31 SUBSEQUENT EVENTS

No material subsequent events have occurred since December 31, 2025 up to the date of this report.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to December 31, 2025.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the Accountants’ Report from the reporting accountants of our Company, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I to this [REDACTED], and is included herein for illustrative purposes only.

The unaudited [REDACTED] financial information should be read in conjunction with the section headed “Financial Information” in this [REDACTED] and the Accountants’ Report set out in Appendix I to this [REDACTED].

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited [REDACTED] statement of adjusted consolidated net tangible assets attributable to equity shareholders of our Company is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the [REDACTED] on the consolidated net tangible liabilities attributable to equity shareholders of the Company as of December 31, 2025 as if the [REDACTED] had taken place on that date.

The unaudited [REDACTED] statement of adjusted consolidated net tangible assets attributable to equity shareholders of our Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the [REDACTED] been completed as of December 31, 2025 or at any future dates.

Consolidated net tangible liabilities attributable to equity shareholders of the Company as of December 31, 2025	Estimated net [REDACTED] from the [REDACTED]	Estimated impact to consolidated net tangible assets upon reclassification of redemption liabilities	[REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of the Company	[REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share	
(Note 1)	(Note 2)	(Note 3)		(Note 4)	(Note 5)
RMB’000	RMB’000	RMB’000	RMB’000	RMB	HK\$

Based on an

[REDACTED] of
HK\$[REDACTED]

per [REDACTED] . . . (160,811) [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Based on an

[REDACTED] of
HK\$[REDACTED]

per [REDACTED] . . . (160,811) [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

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UNAUDITED [REDACTED] FINANCIAL INFORMATION

Notes:

- (1) The consolidated net tangible liabilities attributable to equity shareholders of the Company as of December 31, 2025 is arrived at after deducting intangible assets of RMB105,913,000 from the consolidated net liabilities attributable to equity shareholders of the Company of RMB54,898,000 as of December 31, 2025, which is extracted from the Accountants’ Report set out in Appendix I to the [REDACTED].
- (2) [REDACTED] from the [REDACTED] are based on the estimated [REDACTED] of HK\$[REDACTED] per [REDACTED] and HK\$ [REDACTED] per [REDACTED], respectively, being the lower end price and higher end price of the estimated [REDACTED], and the issuance of [REDACTED] Shares, after deduction of the estimated [REDACTED] fees and other expense paid or payable related to the [REDACTED] (excluding [REDACTED] of RMB[REDACTED] charged to profit or loss up to December 31, 2025) and do not take into account any Shares that may be issued pursuant to the exercise of the [REDACTED] and the shares to be [REDACTED] under the Pre-[REDACTED] Share Incentive Plan.
- (3) As at December 31 2025, the carrying amount of redemption liabilities arising from preferred shares of the Company was RMB573,681,000 (as set out in Note 22 of Appendix I). Upon the completion of the [REDACTED], the Preferred Shares will be automatically converted into Shares of the Company and redemption liabilities arising from preferred shares will be re-designated from liabilities to equity.
- (4) The [REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of the Company per [REDACTED] are arrived at after the adjustments referred to in the preceding paragraphs and on the basis that a total of [REDACTED] Shares (including 880,000,000 outstanding Shares as at December 31, 2025, the conversion of Preferred Shares as at December 31, 2025 into 47,632,778 Shares and the issuance of [REDACTED] Shares pursuant to the [REDACTED], while excluding 85,016,800 restricted Shares for the Pre-[REDACTED] Share Incentive Plan) are expected to be in issue immediately following the [REDACTED], but do not take into account any Shares which may be issued pursuant to the exercise of the [REDACTED] and the shares to be issued under the Pre-[REDACTED] Share Incentive Plan.
- (5) For the purpose of this unaudited [REDACTED] statement of adjusted consolidated net tangible assets , the estimated net [REDACTED] from the [REDACTED] and the unaudited [REDACTED] adjusted consolidated net tangible assets per [REDACTED] are converted from or into Hong Kong dollars at an exchange rate of RMB0.87915 to HK\$1. No representation is made that HK\$ amounts have been, could have been or may be converted into RMB, or vice versa, at that rate.
- (6) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2025.

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UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on [●] and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is on display on the websites of the Stock Exchange and the Company as specified in Appendix V in the section headed “Documents Delivered to the Registrar of Companies and Available on Display”.

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on [●] and include provisions to the following effect:

2.1 Directors

(a) Power to allot and issue Shares

Subject to the provisions in the Memorandum of Association (and to any direction that may be given by the Company in general meeting) and without prejudice to any rights attached to any existing shares, the Directors may allot, issue, grant options over or otherwise dispose of shares with or without preferred, deferred or other rights or restrictions, whether in regard to dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as the Directors think proper.

(b) Power to dispose of the assets of the Company or any subsidiary

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum and Articles of Association and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

(c) Compensation or payment for loss of office

There are no provisions in the Articles of Association relating to compensation or payment for loss of office of a Director.

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(d) Loans to Directors

There are no provisions in the Articles of Association relating to making of loans to Directors.

(e) Financial assistance to purchase Shares

There are no provisions in the Articles of Association relating to the giving of financial assistance by the Company to purchase shares in the Company or its subsidiaries.

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established, provided that the nature of the interest of any Director or any alternate Director in any such contract or transaction shall be disclosed by them at or prior to its consideration and any vote thereon.

A Director shall not be entitled to vote on (nor shall the Director be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates has any material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

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- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or
 - (B) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

The Directors may approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond that Director's ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to their remuneration as a Director.

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(h) Retirement, appointment and removal

The Company may by ordinary resolution appoint any person to be a Director, either to fill a vacancy or as an additional Director.

The Company may by ordinary resolution remove any Director (including a managing or other executive Director) before the expiration of such Director's term of office, notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director, and may by ordinary resolution elect another person in their stead. Nothing shall be taken as depriving a Director so removed of compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated if:

- (i) the Director gives notice in writing to the Company that he resigns the office of Director;
- (ii) the Director is absent (for the avoidance of doubt, without being represented by proxy or an alternate Director appointed by him) for a continuous period of 12 months without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office;
- (iii) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (iv) the Director is found to be or becomes of unsound mind; or
- (v) the Director is removed from office by notice in writing served upon such Director signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors then in office (including such Director).

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At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

2.2 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.3 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied only with the consent in writing of the holders of not less than three-fourths of the voting rights of the issued shares of that class, or with the approval of a resolution passed by a majority of not less than three-fourths of the votes cast at a separate meeting of the holders of the shares of that class. To any such meeting all the provisions of the Articles of Association relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one or more persons holding or representing by proxy or duly authorised representative at least one-third of the voting rights of the issued shares of that class.

The rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

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2.4 Alteration of capital

The Company may by ordinary resolution:

- (a) increase its share capital by such sum as the ordinary resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchasers thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company’s benefit;
- (c) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without par value; and
- (d) cancel any shares that at the date of the passing of the ordinary resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund, subject to the provisions of the Companies Act.

2.5 Special resolution — majority required

A “special resolution” is defined in the Articles of Association to have the same meaning as in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting

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of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.6 Voting rights

Subject to any rights or restrictions attached to any shares, at any general meeting every member of the Company present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have (a) the right to speak; (b) one vote on a show of hands; and (c) one vote for every share of which he is the holder on a poll.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorised representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by their committee, receiver, curator bonis, or other person on such member’s behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

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Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation could exercise if it were an individual member.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company, provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which that person represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorisation, including the right to speak and, where a show of hands is allowed, the right to vote individually on a show of hands.

2.7 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting for each financial year within six months (or such other period as may be permitted by the Listing Rules or the Stock Exchange) after the end of such financial year. An annual general meeting shall be specified as such in the notices calling it.

The Directors may call general meetings, and they shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

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2.8 Accounts and audit

The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company’s affairs and to explain its transactions.

The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members of the Company not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Act or authorised by the Directors or by the Company in general meeting.

The Directors shall cause to be prepared and to be laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors’ report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company’s affairs as at the end of such period, an auditors’ report on such accounts and such other reports and accounts as may be required by law.

2.9 Auditors

The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The Company may by ordinary resolution remove an auditor before the expiration of his period of office. No person may be appointed as an auditor of the Company unless such person is independent of the Company. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution, or in the manner specified in such resolution.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days’ notice and any extraordinary general meeting shall be called by not less than 14 days’ notice, which shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Every notice shall specify the place (which, in the case of a virtual meeting, includes a virtual place), the day and the hour of the meeting,

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particulars of the resolutions and the general nature of the business to be conducted at the meeting. Notwithstanding the foregoing, a general meeting of the Company shall, whether or not the notice specified has been given and whether or not the provisions of the Articles of Association regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

- (a) in the case of an annual general meeting, by all members of the Company entitled to attend and vote at the meeting; and
- (b) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting, together holding not less than 95% in par value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place (whether physical or virtual) specified in the notice calling such meeting, they may change or postpone the meeting to another date, time and place (whether physical or virtual).

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

- (a) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;
- (b) the Directors shall fix the date, time and place (whether physical or virtual) for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place (which, in the case of a virtual meeting, includes a virtual place) at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

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- (c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer, which shall be in writing and in any standard form of transfer as prescribed by the Stock Exchange or such other form as the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company.

The Directors may decline to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate (if any) for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and
- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall notify the transferor and the transferee within two months of such refusal.

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The registration of transfers shall be suspended during such periods as the register of members of the Company is closed. The Directors may, on at least 10 business days' notice (or on at least 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may from time to time determine, provided that the register of members shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

Subject to the provisions of the Companies Act, the Company may purchase its own shares provided that (a) the manner of purchase has first been authorised by the members of the Company by ordinary resolution, and (b) any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company may by ordinary resolution resolve to pay dividends and other distributions on shares in issue and authorise payment of the dividends or other distributions out of the funds of the Company lawfully available therefor, provided no dividends shall exceed the amount recommended by the Directors. No dividend or other distribution shall be paid except out of the realised or unreleased profits of the Company, out of the share premium account or as otherwise permitted by law.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may in addition from time to time declare and pay special dividends on shares of such amounts and on such dates as they think fit.

Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the amounts paid up on the shares that a member holds during any portion or portions of the period in respect of which the dividend is paid. For this purpose no amount paid up on a share in advance of calls shall be treated as paid up on the share.

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The Directors may deduct from any dividends or other distribution payable to any member of the Company all sums of money (if any) then payable by the member to the Company on account of calls or otherwise. The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividend shall carry interest against the Company. Except as otherwise provided by the rights attached to any shares, dividends and other distributions may be paid in any currency.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the shares held by them as joint holders.

Any dividend or other distribution which remains unclaimed after a period of six years from the date on which such dividend or distribution becomes payable shall be forfeited and shall revert to the Company.

The Directors, with the sanction of the members of the Company by ordinary resolution, may resolve that any dividend or other distribution be paid wholly or partly by the distribution of specific assets, and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways, and where any difficulty arises in regard to such distribution, the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down

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or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members of the Company upon the basis of the value so fixed in order to adjust the rights of all members, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

A member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting or at any one class meeting.

The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation or other non-natural person, under the hand of its duly authorised representative.

The Directors shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner (including by electronic means) by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited.

The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked.

2.16 Calls on shares and forfeiture of shares

Subject to the terms of the allotment and issue of any shares, the Directors may make calls upon the members of the Company in respect of any monies unpaid on their shares (whether in respect of par value or premium), and each member of the Company shall (subject to receiving at least 14 clear days' notice specifying the times or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him, notwithstanding the subsequent transfer of the shares in respect of which the call was made.

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A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share.

If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.

If any call or instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends, other distributions or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit.

A person any of whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate (if any) for the shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with interest at such rate as the Directors may determine, but that person's liability shall cease if and when the Company shall have received payment in full of all monies due and payable by them in respect of those shares.

2.17 Inspection of register of members

The Company shall maintain or cause to be maintained the register of members of the Company in accordance with the Companies Act. The Directors may, on giving 10 business days' notice (or 6 business days' notice in the case of a rights issue) by advertisement published on the Stock Exchange's website or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may determine, either generally or in respect

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of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Except when the register is closed, the register of members shall during business hours be kept open for inspection by any member of the Company without charge.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present. Two members of the Company present in person or by proxy, or if a corporation or other non-natural person by its duly authorised representative or proxy, shall be a quorum unless the Company has only one member entitled to vote at such general meeting in which case the quorum shall be that one member present in person or by proxy, or in the case of a corporation or other non-natural person by its duly authorised representative or proxy.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.3 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

Subject to the Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

Subject to the rights attaching to any shares, in a winding up:

- (a) if the assets available for distribution amongst the members of the Company shall be insufficient to repay the whole of the Company's paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, on the shares held by them at the commencement of the winding up;
- (b) if the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed amongst the members of the Company in proportion to the capital paid up on the shares held by them at the commencement of the winding up.

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If the Company shall be wound up, the liquidator may with the approval of a special resolution of the Company and any other approval required by the Companies Act, divide amongst the members of the Company in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like approval, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

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2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 April 2025 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preferred shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

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The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends And Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud

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against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

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9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company’s articles of association.

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (a) 75% in value of shareholders, or (b) a majority in number representing 75% in value of creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-Overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

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16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Restructuring

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

- (a) is or is likely to become unable to pay its debts; and
- (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

18 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

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19 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

20 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The undertaking is for a period of thirty years from 29 April 2025.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

21 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

22 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is on display on the websites as referred to in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

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A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was incorporated under the laws of the Cayman Islands as an exempted company with limited liability on April 24, 2025 under the name “TOP TOY International Group Limited”.

Our registered office address is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. Accordingly, our Company’s corporate structure and Memorandum and Articles are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles is set out in Appendix III.

Our registered place of business in Hong Kong is at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on October 28, 2025 with the Registrar of Companies in Hong Kong. Ms. Yu Wing Sze has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

As at the date of this document, our Company’s head office was located at Building A, M Plaza, No. 109 Pazhou Avenue, Haizhu District, Guangzhou 510000, Guangdong Province, China.

2. Changes in share capital of our Company

Upon incorporation, our Company had an authorized share capital of US\$50,000 divided into 5,000,000,000 Shares with a par value of US\$0.00001 each.

The following sets out the changes in our Company’s issued share capital within the two years immediately preceding the date of this document:

- (a) On April 24, 2025, upon the incorporation of our Company, one Share was issued to Mapcal Limited which was subsequently transferred to SunYW holding Limited.
- (b) On April 28, 2025, our Company issued 29,999,999 Shares to SunYW holding Limited, 7,500,000 Shares to YXJ Holding LIMITED and 37,000,000 Shares to TOPTOY MANAGEMENT HOLDING LIMITED, respectively.
- (c) On June 30, 2025, our Company issued 880,000,000 Shares to MINISO Group Holding Limited.

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- (d) On July 10, 2025, SunYW holding Limited, YXJ Holding LIMITED and TOPTOY MANAGEMENT HOLDING LIMITED surrendered 30,000,000 Shares, 7,500,000 Shares and 37,000,000 Shares to our Company for nil consideration, respectively, and 39,500,000 Shares, 8,500,000 and 37,016,800 Shares were issued to SunYW holding Limited, YXJ Holding LIMITED and TOPTOY MANAGEMENT HOLDING LIMITED, respectively.
- (e) On July 31, 2025, the authorized share capital of our Company changed from US\$50,000 divided into 5,000,000,000 shares of a par value of US\$0.00001 each to US\$50,000 divided into (i) 4,952,367,222 ordinary shares of a par value of US\$0.00001 each and (ii) 47,632,778 series A preferred shares of a par value of US\$0.00001 each.
- (f) On July 31, 2025, 32,061,778 Series A Preferred Shares, 8,015,444 Series A Preferred Shares, 5,555,556 Series A Preferred Shares and 2,000,000 Series A Preferred Shares were issued to Emei Investments Ptd. Ltd., True Light Investments P Pte. Ltd., Oakwise Innovation Fund SPC — New Technology II SP and Joint Creation Investment Management Co., Ltd., respectively.

Save as disclosed above, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this document.

3. Changes in the share capital of our subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in note 1 to the Accountants’ Report as set out in Appendix I and in the section headed “History, Reorganization and Corporate Structure” of this document.

The following sets out the changes in the share capital of members of our Group during the two years immediately preceding the date of this document:

- (a) On September 30, 2024, the registered capital of TOP TOY CULTURE & CREATIVITY SDN. BHD was increased from 100 Malaysian Ringgit to 1,000,000 Malaysian Ringgit.
- (b) On October 17, 2024, the registered capital of Top Toy Cultural & Creative (Thailand) Co. Ltd was increased from 100,000 Thai Baht to 100,000,000 Thai Baht.
- (c) On October 25, 2024, the registered capital of Originality TOP TOY (Guangzhou) Cultural Creativity Co., Ltd. (原創力潮玩(廣州)文化創意有限公司) was decreased from RMB10,000,000 to RMB100,000.
- (d) On December 12, 2024, the registered capital of Hangzhou Huabao Bricks Culture Development Co., Ltd. (杭州華寶積木文化發展有限公司) was decreased from RMB1,000,000 to RMB100,000.

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- (e) On January 7, 2025, the registered capital of Top Toy (Zhuhai Hengqin) International E-commerce Co., Ltd. (那是家大潮玩(珠海橫琴)跨境電商有限公司) was increased from RMB100,000 to RMB1,000,000.
- (f) On February 10, 2025, the registered capital of Originality (Beijing) Cultural Creativity Co., Ltd. (原創力(北京)文化創意有限公司) was increased from RMB100,000 to RMB2,000,000.
- (g) On December 3, 2025, the registered capital of TOP TOY (Guangdong) Cultural Creativity Co., Ltd. (那是家大潮玩(廣東)文化創意有限公司) was increased from RMB5,000,000 to RMB60,000,000.
- (h) On January 12, 2026, the registered capital of TOP TOY CULTURE & CREATIVITY SDN. BHD was increased from 1,000,000 Malaysian Ringgit to 2,000,000 Malaysian Ringgit.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions Passed by Our Shareholders in Relation to the [REDACTED]

On [REDACTED], the following resolutions, among other things, were duly passed by our Shareholders by way of [written resolutions]:

- (a) conditional on (i) the Listing Committee granting [REDACTED] of, and permission to [REDACTED], the Shares in issue and to be issued as stated in this document and such [REDACTED] and permission not subsequently having been revoked prior to the commencement of [REDACTED] in the Shares on the Stock Exchange; (ii) the [REDACTED] having been determined; and (iii) the obligations of the [REDACTED] under each of the [REDACTED] Agreements becoming unconditional (including if relevant, as a result of the waiver of any condition(s) thereunder) and such obligations not having been terminated in accordance with the terms of the [REDACTED] Agreements or otherwise, in each case on or before such dates as may be specified in the [REDACTED] Agreements:
 - (i) all of the preferred shares of par value US\$0.00001 each, whether authorised issued or unissued be re-designated as Shares of par value US\$0.00001 each on a one-for-one basis (“Re-designation”);
 - (ii) the [REDACTED], [REDACTED], and [REDACTED] were approved, and our Directors were authorized to negotiate and agree the [REDACTED] and to allot and issue the [REDACTED] (including pursuant to the [REDACTED]);

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- (iii) a general mandate (the “**Sale Mandate**”) was granted to our Directors to allot, issue, and deal with any Shares (including the resale or transfer of treasury shares by our Company) or securities convertible into Shares and to make or grant offers, agreements, or options which would or might require Shares to be allotted, issued, or dealt with, provided that the number of Shares so allotted, issued, or dealt with or agreed to be allotted, issued, or dealt with by our Directors, shall not exceed 20% of the total number of Shares in issue immediately following completion of the [REDACTED] (excluding any Shares which may be issued pursuant to the exercise of the [REDACTED] and the shares to be issued under the Pre-[REDACTED] Share Incentive Plan);
 - (iv) a general mandate (the “**Repurchase Mandate**”) was granted to our Directors to repurchase our own Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the [REDACTED] (excluding any Shares which may be issued pursuant to the exercise of the [REDACTED] and the shares to be issued under the Pre-[REDACTED] Share Incentive Plan);
 - (v) the Sale Mandate was extended by the addition to the total number of Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of the Shares purchased by our Company pursuant to the Repurchase Mandate, provided that such extended amount shall not exceed 10% of the total number of the Shares in issue immediately following completion of the [REDACTED] (excluding any Shares which may be issued pursuant to the exercise of the [REDACTED] and the shares to be issued under the Pre-[REDACTED] Share Incentive Plan); and
- (b) subject to the Re-designation becoming effective, the Memorandum and Articles of Association were approved and adopted effective from the [REDACTED].

Each of the general mandates referred to above will remain in effect until the earliest of:

- the conclusion of the next annual general meeting of our Company unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to condition;
- the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws of the Cayman Islands or the Memorandum and Articles of Association; and
- the passing of an ordinary resolution by our Shareholders in a general meeting revoking or varying the authority.

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5. Explanatory Statement on Repurchase of Our Own Securities

The following summarizes restrictions imposed by the Listing Rules on share repurchases by a company listed on the Stock Exchange and provides further information about the repurchase of our own securities.

(a) Shareholders’ approval

A listed company whose primary listing is on the Stock Exchange may only repurchase its shares on the Stock Exchange, either directly or indirectly, if: (i) the shares proposed to be repurchased are fully-paid up, and (ii) its shareholders have given a specific approval or general mandate by way of an ordinary resolution of shareholders.

(b) Size of mandate

The exercise in full of the Repurchase Mandate, on the basis of [1,012,649,578] Shares in issue as of the Latest Practicable Date, and assuming the number of shares issued and outstanding as of the AGM date will remain the same, could accordingly result in up to approximately [101,264,957] Shares being repurchased by our Company.

The total number of shares which a listed company may repurchase on the Stock Exchange may not exceed 10% of the number of issued shares as at the date of the shareholders’ approval.

(c) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and the Shareholders.

(d) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable Laws of the Cayman Islands.

Our Company shall not repurchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

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Any repurchases by our Company may be made out of profits or out of the proceeds of an issue of new shares made for the purpose of the repurchase or from sums standing to the credit of our share premium account or, if authorised by the Memorandum and Articles of Association and subject to the Companies Act, out of capital, and, in the case of any premium payable on the repurchase out of profits or from sums standing to the credit of our share premium account or, if authorised by the Memorandum and Articles of Association and subject to the Companies Act, out of capital.

(e) Suspension of repurchase

A listed company shall not repurchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company’s results for any year, half-year, quarterly, or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the company to announce its results for any year or half-year under the Listing Rules, or quarterly, or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its shares on the Stock Exchange unless there are exceptional circumstances.

(f) Trading restrictions

Our Company may not issue Shares, sell or transfer treasury shares, or announce a proposed issue of Shares, or a sale or transfer of any treasury shares for a period of 30 days immediately following a repurchase of Shares without the prior approval of the Stock Exchange. Such restriction does not apply to (i) a new issue of Shares, or a sale or transfer of treasury shares under capitalization issue; (ii) a grant of share awards or options under a share scheme that complies with Chapter 17 of the Listing Rules or a new issue of Shares or a transfer of treasury shares upon vesting or exercise of shares awards or options under the share scheme that complies with Chapter 17 of the Listing Rules; and (iii) a new issue of Shares or a transfer of treasury shares pursuant to the exercise of warrants, share options or similar instruments requiring our Company to issue Shares or transfer treasury shares, which were outstanding prior to the purchase of its own Shares.

A listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

A listed company may not repurchase its shares if that repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

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(g) Status of repurchased shares

Our Company may cancel any repurchased Shares and/or hold them as treasury shares subject to, among others, market conditions and its capital management needs at the relevant time of the repurchases, which may change due to evolving circumstances. Shareholders and potential [REDACTED] should pay attention to any announcement to be published by us in the future, including but without limitation, any next day disclosure return (which shall identify, amongst others, the number of repurchased Shares that are to be held in treasury or cancelled upon settlement of such repurchases).

The [REDACTED] of all Shares which are held as treasury shares will be retained. Our Company will ensure that treasury shares are appropriately identified and segregated. For any treasury shares deposited with [REDACTED] pending resale on the Stock Exchange, our Company will ensure that it would not exercise any shareholders’ rights or receive any entitlements which would otherwise be suspended under the relevant laws if those shares were registered in our Company’s own name as treasury shares by, including but not limited to, obtaining an approval by the board of our Company that (i) our Company should procure its broker not to give any instructions to [REDACTED] to vote at general meetings for the treasury shares deposited with [REDACTED]; and (ii) in the case of dividends or distributions, our Company should withdraw the treasury shares from [REDACTED], and either re-register them in its own name as treasury shares or cancel them, in each case before the record date for the dividends or distributions.

The Shares which are repurchased by our Company (whether [REDACTED] on the Stock Exchange or otherwise) but not held as treasury shares shall be automatically cancelled upon repurchase. Our Company shall ensure that the documents of title of these repurchased Shares are cancelled and destroyed as soon as reasonably practicable following settlement of any such repurchase.

(h) Close associates and core connected persons

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates have a present intention, in the event the Repurchase Mandate is approved, to sell any Shares to our Company.

No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken to do so, if the Repurchase Mandate is approved.

A listed company shall not knowingly purchase its shares on the Stock Exchange from a core connected person (namely a director, chief executive or substantial shareholder of the company or any of its subsidiaries, or a close associate of any of them), and a core connected person shall not knowingly sell their interest in shares of the company to it.

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(i) Takeover implications

If, as a result of any repurchase of Shares, a Shareholder’s proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

(j) General

If the Repurchase Mandate were to be carried out in full at any time, there may be a material adverse impact on our working capital or gearing position (as compared with the position disclosed in our most recent published audited accounts). However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would have a material adverse effect on our working capital or gearing position.

Our Directors have undertaken to the Stock Exchange to exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

We have not made any repurchases of our Shares in the previous six months.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this document and are or may be material:

(a) [REDACTED]; and

(b) the [REDACTED].

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2. Intellectual Property Rights

(a) Trademarks

As at the Latest Practicable Date, we had registered the following trademarks that we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Place of Registration	Class	Registered Number	Expiry Date
1	TOP TOY	Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	35	50604851	2031-08-13
2	TOPTOY	Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	35	49661895	2031-06-20
3	TOPTOY	Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	35	50932999	2031-08-20
4	TOPTOY	Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	35	52148084A	2031-11-06
5	TOPTOY	Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	35	52148084	2032-10-22
6	TOP TOY	Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	14	50993957	2032-05-06
7	TOPTOY	Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	41	59505633A	2032-05-06
8	TOPTOY	Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	35	71749596	2034-06-06
9	TOPTOY	Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	18	62358033	2033-08-20
10	TOPTOY	Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	14	59928713	2032-04-20
11	TOPTOY	Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	35	59761971	2032-06-20

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No.	Trademark	Registered Owner	Place of Registration	Class	Registered Number	Expiry Date
12		Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	35	56088179A	2032-03-06
13		Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	35	56088179	2032-10-27
14		Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	35	52177770	2031-08-27
15		Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	28	51059349	2032-04-13
16		Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	14	50948315	2032-05-27
17		Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	41	69311377	2034-12-13
18		Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd.	Chinese Mainland	14	55643663	2032-04-13
19		TOP TOY HK LIMITED	The United Arab Emirates	35	348268	2031-04-04
20		TOP TOY HK LIMITED	The United Arab Emirates	28	348267	2031-04-04
21		TOP TOY HK LIMITED	Hong Kong	09, 14, 26	305533245AA	2031-02-08
22		TOP TOY HK LIMITED	Hong Kong	16, 35	305533245AB	2031-02-08
23		TOP TOY HK LIMITED	Macau	28	N/225207	2034-11-07
24		TOP TOY HK LIMITED	Macau	35	N/225208	2034-11-07
25		TOP TOY HK LIMITED	Macau	35	N/180351	2031-07-20
26		TOP TOY HK LIMITED	Macau	28	N/180350	2031-07-20

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No.	Trademark	Registered Owner	Place of Registration	Class	Registered Number	Expiry Date
27.	TOPTOY	TOP TOY HK LIMITED	Singapore	28, 35	1825688	2034-06-06
28.	TOP TOY	TOP TOY HK LIMITED	Singapore	9, 14, 16, 2, 28, 35	1597195	2031-02-08
29.	TOP TOY	TOP TOY HK LIMITED	America	9, 14, 16, 26, 28, 35	6649010	2031-02-09
30.	TOP TOY	TOP TOY HK LIMITED	Japan	9, 14, 16, 26, 28, 35	1597195	2031-02-08

(b) Patents

As at the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent	Patentee	Place of Registration	Patent Number	Registration Date
1. . .	Building Block Figure	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	Chinese Mainland	CN202330562502.3	2023-08-31
2. . .	Building Block Box	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	Chinese Mainland	CN202430826851.6	2024-12-26
3. . .	Doll eye with replaceable pupil structure	Dongguan Haichuang Cultural Creativity Co., Ltd.	Mainland China	CN202421884431.4	2024-08-06
4. . .	Doll eyes with eye expression changing function	Dongguan Haichuang Cultural Creativity Co., Ltd.	Mainland China	CN202422213526.X	2024-09-10

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No.	Patent	Patentee	Place of Registration	Patent Number	Registration Date
5. . .	Building block box	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	Mainland China	CN202423229620.0	2024-12-26

(c) Copyrights

As at the Latest Practicable Date, we had registered the following copyrights which are material in relation to our Group’s business:

No.	Copyright	Copyright Owner	Registration Number	Registration Date
1 . . .	Twinkle (Fighter plane)	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021-F-00132134	2021-06-15
2 . . .	Twinkle (Rust)	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021-F-00132146	2021-06-15
3 . . .	Tammy (Panda)	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021-F-00132136	2021-06-15
4 . . .	Twinkle (Camo)	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021-F-00132140	2021-06-15
5 . . .	Twinkle (Li chun)	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021-F-00132137	2021-06-15
6 . . .	Tammy (Beauty Gala)	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021-F-00132133	2021-06-15
7 . . .	Twinkle (Cyber 150)	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021-F-00132141	2021-06-15
8 . . .	Tammy (Sweetheart Cake)	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021-F-00132139	2021-06-15
9 . . .	Twinkle (Black)	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021-F-00132144	2021-06-15

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No.	Copyright	Copyright Owner	Registration Number	Registration Date
10 . .	Twinkle (Basic Image)	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021- F-00132145	2021-06-15
11 . .	Twinkle (Black doll)	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021- F-00132138	2021-06-15
12 . .	Tammy (Basic Image)	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021- F-00132135	2021-06-15
13 . .	Twinkle (Pink)	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021- F-00132142	2021-06-15
14 . .	Twinkle (Boxing)	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021- F-00132143	2021-06-15
15 . .	BUZZ	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021- F-00121384	2021-06-02
16 . .	Twinkle Cyber Arcade	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021- F-00121383	2021-06-02
17 . .	Mie Kee Cantonese Dim Sum Collection	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021- F-00121385	2021-06-02
18 . .	Keeper of Mysteries VERA	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021- F-00121382	2021-06-02
19 . .	T-girl-Study Life	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021- F-00063513	2021-03-18
20 . .	T-girl-Bubble Tea Lifestyle	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021- F-00063520	2021-03-18
21 . .	T-boy Arcade Legends – 7	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021- F-00063526	2021-03-18
22 . .	T-girl-Cow Cuties Lifestyle	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021- F-00063525	2021-03-18
23 . .	T-boy Arcade Legends – 8	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021- F-00063519	2021-03-18

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No.	Copyright	Copyright Owner	Registration Number	Registration Date
24 . .	T-boy Arcade Legends – 1	TOP TOY (Guangdong) Technology Co., Ltd.	國作登字-2021- F-00063510	2021-03-18
25 . .	Tammy Kitty World Tour – Homeless	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10082026	2022-04-19
26 . .	Tammy Kitty World Tour – Kitty 2	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10082033	2022-04-19
27 . .	Tammy Kitty World Tour – Kitty 3	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10082030	2022-04-19
28 . .	Tammy Kitty World Tour – Kitty 1	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10082031	2022-04-19
29 . .	Tammy Kitty World Tour – Wanderer	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10082034	2022-04-19
30 . .	Tammy Kitty World Tour – Cozy Lavender Plush	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10082035	2022-04-19
31 . .	Tammy Kitty World Tour – Summer Sphinx	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10082032	2022-04-19
32 . .	Tammy Kitty World Tour – Thai Chocolate Delight	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10082027	2022-04-19
33 . .	Tammy Kitty World Tour – Bengali Nights	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10082025	2022-04-19

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No.	Copyright	Copyright Owner	Registration Number	Registration Date
34 . .	Tammy Kitty World Tour – London Harvest Jubilee	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10082029	2022-04-19
35 . .	Tammy Kitty World Tour – Tammy Basic Image	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10082028	2022-04-19
36 . .	Tammy Kitty World Tour – Summer Sphinx 2	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10091641	2022-05-05
37 . .	Tammy Kitty World Tour – Thai Chocolate Delight 2	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10091642	2022-05-05
38 . .	Tammy Kitty World Tour – Summer Sphinx 2	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10091643	2022-05-05
39 . .	Building Block – Octopod	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2023- F-00129760	2023-06-29
40 . .	Building Block – Chameleon	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2023- F-00129759	2023-06-29
41 . .	A Gyun LOGO	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10141965	2022-07-15
42 . .	Tammy LOGO	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10141963	2022-07-15
43 . .	Twinkle LOGO	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10141964	2022-07-15

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No.	Copyright	Copyright Owner	Registration Number	Registration Date
44 . .	BUZZ Design Font	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2022- F-10129523	2022-07-01
45 . .	Cyno	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2025- F-00191949	2024-04-10
46 . .	BUBBLE	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2025- F-00191950	2025-04-13
47 . .	zero	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2025- F-00191956	2025-03-28
48 . .	Scallion Goose Delight	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2025- F-00191957	2025-04-09
49 . .	Shell Bell	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2025- F-00191958	2025-04-10
50 . .	Mochi	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	國作登字-2025- F-00191963	2025-04-10
51 . . .	Nommi – Nommi Baby Sweetheart Bunny	Dongguan HiTOY Culture and Creativity Co., Ltd.	國作登字-2025- F-00178309	2025-06-10
52 . . .	MayMei – May I Love You	Dongguan Sure Fun Cultural and Creative Co., Ltd	國作登字-2025- F-00214210	2025-07-11
53 . . .	fufu	Shenzhen Sugar Pocket Culture and Creativity Co., Ltd.	渝作登字-2025- F-00739857	2025-09-08
54 . . .	PIIKO	Shenzhen Sugar Pocket Culture and Creativity Co., Ltd.	渝作登字 2025- F-00739856	2025-09-08

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No.	Copyright	Copyright Owner	Registration Number	Registration Date
55 . . .	Lanlan	Shenzhen Sugar Pocket Culture and Creativity Co., Ltd.	渝作登字 2025-F-00739855	2025-09-08
56 . . .	Nanami	Shenzhen Sugar Pocket Culture and Creativity Co., Ltd.	渝作登字 2025-F-00739854	2025-09-08
57 . . .	Dual.bear	Shenzhen Sugar Pocket Culture and Creativity Co., Ltd.	渝作登字-2025-F-00739852	2025-09-08
58 . . .	Endless Fall	Shenzhen Sugar Pocket Culture and Creativity Co., Ltd.	渝作登字-2025-F-00739851	2025-09-08
59 . . .	yuyAmphibole	Guangzhou Amphibole Art and Culture Co., Ltd.	黔作登字 2025-F-01713939	2025-07-10

(d) Domain names

As at the Latest Practicable Date, we owned the following domain name which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Registration Number
1	toptoyglobal.com	TOP TOY (Guangdong) Cultural Creativity Co., Ltd.	粵ICP備2022118158 號-1

Save as disclosed above, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Directors’ service contracts and appointment letters

(a) *Executive Directors*

Each of our executive Directors entered into a service contract with our Company on [●] 2026. The term of appointment shall be for an initial term of three years from the [REDACTED] or until the third annual general meeting of our Company after the [REDACTED], whichever is sooner (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than [three] months’ written notice.

The executive Directors are [not] entitled to receive any remuneration in their capacities as executive Directors under their respective service contracts.

(b) *Non-executive Directors*

Each of the non-executive Directors has entered into a letter of appointment with us on [●] 2026. The term of appointment shall be for an initial term of three years from the [REDACTED] or until the third annual general meeting of the Company after the [REDACTED], whichever is sooner (subject to retirement and rotation as and when required under the Articles of Association and the Listing Rules). Either party may terminate the agreement by giving not less than [three] months’ written notice.

The non-executive Directors are [not] entitled to receive any remuneration and benefits in their capacities as non-executive Directors under their respective appointment letters.

(c) *Independent non-executive Directors*

Each of our independent non-executive Directors entered into a director agreement with our Company on [●] 2026. The term of appointment shall be for an initial term of three years from the [REDACTED] or until the third annual general meeting of our Company after the [REDACTED], whichever is sooner (subject to retirement as and when required under the Articles of Association). Either party may terminate the agreement by giving not less than [three] months’ written notice, or such shorter period as the parties may agree upon.

Under their letter appointments, each of the independent non-executive Directors [is entitled to an annual fixed fee].

2. Remuneration of Directors

- (a) The aggregate amount of remuneration for our Directors for the years ended December 31, 2023, 2024 and 2025 was RMB1.6 million, RMB1.9 million and RMB136.9 million, respectively.

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- (b) Under the arrangements currently in force, we estimate that our Directors will be entitled to receive remuneration and benefits in kind which, for the fiscal year ending December 31, 2026, is expected to be approximately RMB168.9 million in aggregate.
- (c) Save as disclosed in this document, none of our Directors has or is proposed to have a service contract with the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3. Disclosure of interests

(a) Interests and short positions of our Directors in the share capital of our Company and its associated corporations following completion of the [REDACTED]

Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the interests and/or short positions (as applicable) of our Directors and chief executives in the shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

(i) Interest in Shares of our Company

Name of director or chief executive	Nature of interest	Number of securities	Approximate percentage of interest in our Company immediately after the [REDACTED] ⁽¹⁾
Mr. YE Guofu	Interest in controlled corporations/founder of a discretionary trust/beneficiary of a trust/interest of spouse	[REDACTED] ⁽²⁾	[REDACTED]%

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Name of director or chief executive	Nature of interest	Number of securities	Approximate percentage of interest in our Company immediately after the [REDACTED] ⁽¹⁾
	Interest in controlled corporations/founder of a discretionary trust/beneficiary of a trust/interest of spouse	[REDACTED] ⁽³⁾	[REDACTED]%
Mr. SUN Yuanwen.	Interest in controlled corporations	[REDACTED] ⁽⁴⁾	[REDACTED]%
Ms. YAN Xiaojiao.	Interest in controlled corporations	[REDACTED] ⁽⁵⁾	[REDACTED]%
	Beneficial owner	[REDACTED] ⁽⁶⁾	[REDACTED]%

Notes:

- (1) The calculation is based on the total number of [REDACTED] Shares in issue immediately after completion of the [REDACTED].
- (2) Represents [REDACTED] Shares held by MINISO Group Holding Limited. As of the Latest Practicable Date, Mr. Ye Guofu is interested in approximately [REDACTED]% of the total issued shares of MINISO, further details of which are set out in the section headed “Relationship with our Controlling Shareholders”.
- (3) [REDACTED].

Mini Investment Limited is wholly-owned by YGF Development Limited, a limited liability company incorporated under the laws of BVI. All shares of YGF Development Limited are held by TMF (Cayman) Ltd. on behalf of YGF Trust, with TMF (Cayman) Ltd. as the trustee, and Mr. Ye and his family members as beneficiaries. Mr. Ye is both the settlor and the protector of YGF Trust and is deemed to be the controlling person of the YGF Trust. Under the SFO, Mr. Ye is deemed to be interested in all the interests in our Company held by Mini Investment Limited.

YGF MC Limited is wholly-owned by Mr. Ye.

YGF MN Limited is held by YGF MC Limited as to 1% and held by YY Capital Ltd. as to 99%. All shares of YY Capital Ltd. are held by Cantrust (Far East) Limited (as trustee) on behalf of Y Group Trust. Mr. Ye is the settlor of Y Group Trust and is deemed to be the controlling person of Y Group Trust. Under the SFO, Mr. Ye is deemed to be interested in all the interests in our Company held by YGF MN Limited.

YYY MC Limited is wholly-owned by YYY Development Limited, a limited liability company incorporated under the laws of BVI. All shares of YYY Development Limited are held by TMF (Cayman) Ltd. on behalf of YYY Trust, with TMF (Cayman) Ltd. as the trustee, and Ms. Yang Yunyun and her family members as beneficiaries. Ms. Yang is both the settlor and protector of YYY Trust and is deemed to be the controlling person of the YYY Trust. Under the SFO, Ms. Yang is deemed to be interested in all the interests in our Company held by YYY MC Limited. Mr. Ye and Ms. Yang are spouses, and are therefore deemed to be interested in the equity interests held by each other.

- (4) Represents [REDACTED] ordinary shares directly held by SunYW holding Limited, a limited liability company incorporated under the laws of BVI. SunYW holding Limited is a holding vehicle incorporated. [REDACTED]% of the total issued shares of SunYW holding Limited are held by Syw Fortune Holding Limited, which is in turn [REDACTED]% by Trident Trust Company (HK) Limited

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as trustee of the trust (the “SYW Trust”). Mr. SUN Yuanwen is the settlor, protector and beneficiary of the SYW Trust and is deemed to be the controlling person of the SYW Trust. [REDACTED]% of the total issued shares of SunYW holding Limited are held by SYW LIMITED, which is [REDACTED]% owned by Mr. SUN Yuanwen. As a result, Mr. SUN Yuanwen is deemed to be a beneficial owner of the shares held by SunYW holding Limited.

- (5) Represents [REDACTED] ordinary shares directly held by YXJ Holding Limited, a limited liability company incorporated under the laws of BVI. YXJ Holding LIMITED is a holding vehicle incorporated. [REDACTED]% of the total issued shares of YXJ Holding LIMITED are held by Y.H.X Holding Limited, which is in turn [REDACTED]% held by Trident Trust Company (HK) Limited as trustee of the trust (the “YXJ Trust”). Ms. YAN Xiaojiao is the settlor, protector and beneficiary of the YXJ Trust and is deemed to be the controlling person of the Trust. [REDACTED]% of the total issued shares of YXJ Holding LIMITED are held by YXJ LIMITED, which is [REDACTED]% owned by Ms. YAN Xiaojiao. As a result, Ms. YAN Xiaojiao is deemed to be a beneficial owner of the shares held by YXJ Holding LIMITED.
- (6) Represents the Shares received by way of [REDACTED].

(ii) Interest in associated corporations

Except as specifically noted, the following table sets forth the interests and short positions of the Directors and chief executive of MINISO in the shares, underlying shares and debentures of the MINISO as of the Latest Practicable Date.

Name	Capacity/Nature of interest	Number of shares	Approximate % of shareholding in MINISO ⁽¹⁾
Mr. YE Guofu	Interest in controlled corporations/founder of a discretionary trust/beneficiary of a trust/interest of spouse	789,541,061 ⁽²⁾ (L)	63.7%
Mr. SUN Yuanwen . .	Beneficial owner	99,656 ⁽³⁾ (L)	0.01%
Ms. YAN Xiaojiao . .	Beneficial owner	205,688 ⁽⁴⁾ (L)	0.02%

Notes:

- (1) The calculation is based on the total number of 1,238,960,393 Shares in issue as at the Latest Practicable Date. The letter “L” stands for long position.
- (2) Represents (i) 328,290,482 Shares held by Mini Investment Limited; (ii) 8,936,000 Shares held by YGF MC Limited; (iii) 194,465,382 held by YGF MN Limited; and (iv) 257,849,197 Shares held by YYY MC Limited.

Mini Investment Limited is wholly-owned by YGF Development Limited, a limited liability company incorporated under the laws of BVI. All shares of YGF Development Limited are held by TMF (Cayman) Ltd. on behalf of YGF Trust, with TMF (Cayman) Ltd. as the trustee, and Mr. Ye and his family members as beneficiaries. Mr. Ye is both the settlor and the protector of YGF Trust and is deemed to be the controlling person of the YGF Trust. Under the SFO, Mr. Ye is deemed to be interested in all the interests in our Company held by Mini Investment Limited.

YGF MC Limited is wholly-owned by Mr. Ye.

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YGF MN Limited is held by YGF MC Limited as to 1% and held by YY Capital Ltd. as to 99%. All shares of YY Capital Ltd. are held by Cantrust (Far East) Limited (as trustee) on behalf of Y Group Trust. Mr. Ye is the settlor of Y Group Trust and is deemed to be the controlling person of Y Group Trust. Under the SFO, Mr. Ye is deemed to be interested in all the interests in our Company held by YGF MN Limited.

YYY MC Limited is wholly-owned by YYY Development Limited, a limited liability company incorporated under the laws of BVI. All shares of YYY Development Limited are held by TMF (Cayman) Ltd. on behalf of YYY Trust, with TMF (Cayman) Ltd. as the trustee, and Ms. Yang and her family members as beneficiaries. Ms. Yang is both the settlor and protector of YYY Trust and is deemed to be the controlling person of the YYY Trust. Under the SFO, Ms. Yang is deemed to be interested in all the interests in our Company held by YYY MC Limited. Mr. Ye and Ms. Yang are spouses, and are therefore deemed to be interested in the equity interests held by each other.

- (3) Represents 24,914 ADSs (representing 99,656 ordinary shares) in MINISO.
- (4) Represents (i) 49,222 ADSs (representing 196,888 ordinary shares) in MINISO and (ii) 8,800 ordinary shares in MINISO.

(b) Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

For information on the persons who will, immediately following the completion of the [REDACTED] and taking no account of any Shares which may be issued pursuant to the exercise of the options granted under the Share Incentive Plan, having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, please see the section headed “Substantial Shareholders”.

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the [REDACTED] and taking no account of any Shares which may be issued pursuant to the exercise of the options granted under the Share Incentive Plan, be interested, directly or indirectly, in 10% or more of the nominal of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group or had option in respect of such capital.

D. SHARE INCENTIVE PLAN

Post-[REDACTED] Share Incentive Plan

The Company [has adopted] the Post-[REDACTED] Share Incentive Plan, which shall take effect upon [REDACTED] and will be governed by Chapter 17 of the Listing Rules. The Share Incentive Plan has been approved by the Shareholders on [●] 2026 and will be funded by newly issued Shares (including treasury shares, if any).

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Material terms of the Post-[REDACTED] Share Incentive Plan

Purpose

The purpose of the plan is to: (a) provide the Company with a flexible means of attracting, remunerating, incentivizing, retaining, rewarding, compensating and/or providing benefits to participants under the plan; (b) align the interests of these participants with those of the Company and Shareholders by providing such participants with the opportunity to acquire proprietary interests in the Company and become Shareholders; and (c) encourage the participants under the plan to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and Shares for the benefit of the Company and Shareholders as a whole.

Administration

The plan shall be administered by the Board, which may establish a committee and appoint person(s) to administer and implement the plan (collectively, the “**scheme administrator**”). The scheme administrator will be responsible for administering and implementing the plan, including making grants, determining conditions attachment to awards, acting on behalf of the Company to settle awards.

Additionally, the Company may establish a trust (or trusts) and appoint a trustee to hold the award shares and other trust property under the trust for the purpose of implementing and administering the plan, and unless otherwise agreed between the Company and the relevant trustee, the trustee shall be instructed by the scheme administrator and the trustee holding unvested award shares will not have voting rights with respect to those unvested award shares (being Shares underlying unvested options or restricted share units).

Notwithstanding these powers, the administration and implementation of the plan shall comply with all applicable shareholder approval, announcement, circular, and reporting requirements imposed by the Listing Rules (as amended from time to time) and shall be subject to applicable laws, rules and regulations.

Awards

Award types

The plan allow the Company to grant options or restricted share units (“RSUs, and together with options, “awards”) or an equivalent value in cash determined at the prevailing market rate. Additionally, Shares issued to fund an award granted under the Share Incentive Plan shall be identical to all other existing Shares and rank pari passu with all other fully paid Shares in issue.

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Shareholder rights attached to awards

Awards granted under the plan do not carry any right to vote at general meetings of the Company, nor any right to dividends, transfer or other rights. No grantee shall enjoy any of the rights of a Shareholder by virtue of being granted an award under the plan unless and until the Shares underlying an award (“**award shares**”) are delivered to the grantee pursuant to the vesting (and exercise in the case of options) of such award.

Transferability of awards

Awards are personal to the grantee and shall not be assignable or transferable, except: (a) under the Share Incentive Plan, [where a waiver has been granted by the Stock Exchange with respect to the proposed transfer; or (b) following approval by the scheme administrator;] and such transfer has been made in compliance with the Listing Rules and with the consent of the Company. Following such transfer, the transferee shall be bound by the plan rules and award letter (in effect at the time of the transfer) as if the transferee were the grantee.

Granting awards

Making grants

Grants of awards under each plan shall be determined by the scheme administrator and shall be made to the “Eligible Participants” defined under the respective plan.

Grants shall not be made in contravention of the Model Code set out in Appendix C3 to the Listing Rules and where the Company is in possession of inside information and until (and including) one full trading day after the date that such information is announced, including within the one month prior to the earlier of the Board approving any annual, half-year or quarterly results, or the deadline for the Company announcing such results under the Listing Rules.

Grant consideration, exercise price and purchase price

The scheme administrator of the plan will have discretion to grant awards, determine the consideration payable for the grant (if any), and determine the exercise price (in the case of options) or purchase price (if any, in the case of RSUs), which shall be specified in the award letter. Additionally, grants of options under the Share Incentive Plan shall be subject to restrictions on the exercise price and option period (as further summarized further below).

Accepting grants

The scheme administrator shall determine the period within which a grant may be valid for acceptance by the grantee, and the method of and purchase price (if any) payable with acceptance, which shall be set out in the award letter. However, if not otherwise specified in the award letter, a grantee shall have [10 business days] from the grant date to accept the award. Any awards not accepted by the grantee within the acceptance period (in the manner specified) shall be deemed as declined and automatically lapse.

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Eligible Participants

Awards under the Share Incentive Plan shall only be granted to the following Eligible Participants:

Employee Participants A director, officer or employee of the Group on the grant date.

Related Entity Participant . . . A director, officer or employee of: (i) the Company’s holding company (if any); (ii) subsidiaries of the holding company other than the Group (if any); and (iii) associate companies of the Company.

Service Provider Participant . Persons providing services to the Group on a continuing basis in its ordinary and usual course of business that are in the interests of the long term growth of the Group, as determined by the Board or the scheme administrator (defined above), pursuant to the criteria set out in this plan, and:

- (a) includes consultants and service providers, in the pop toy industry or other business industries in which the Group operates from time to time, that is, or is anticipated to be going forward, a significant business partner or otherwise significant to the Group’s business, with reference to, among other metrics, consulting and advisory services and contribution, research and development, technical contribution, sourcing or distribution of products/services provided by the Group, or financial or business significance, based on qualitative and quantitative performance indicators to be determined by the Board or the scheme administrator (defined above) on a case-by-case basis; but
- (b) does not include: (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions; and (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity.

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In assessing whether the Service Provider Participant provides services to the Group on a continuing and recurring basis, the Board or the scheme administrator will take into account factors such as: (i) length and type of services provided or will be provided to the Group, recurrence and regularity of such services; (ii) how the selection metrics benchmark against comparable metrics used to determine other eligible participants who have been granted awards under the Company’s share incentive plan; (iii) the Group’s objectives in engaging the Service Provider Participant and how granting awards to such participant would align with the purpose of this plan or benefit the Group; and (iv) remuneration packages of comparable listed peers with respect to similar service providers, if any, based on available industry information.

The Board (including the independent non-executive Directors) considers the scope and eligibility criteria of Related Entity Participants and Service Provider Participants are consistent with the purpose of this plan. In particular, the Board believes that this scope and criteria would enable the Group to preserve its cash resources, and instead, use share incentives to attract persons of talent outside of the Group, whilst also aligning their interests with that of the Group and Shareholders through them owning a proprietary interest in the Company and being future Shareholders. Furthermore, the Board considers that:

- (a) granting awards to Related Entity Participants would enhance and consolidate the Group’s relationship with these persons/entities that have a sufficiently close relationship with the Group and that would likely be in a position to influence the Group’s business, reputation, operations and performance; and
- (b) granting awards to Service Provider Participants would help strengthen the strategic alliance relationship with these service providers and provide incentives to both existing and future service providers on a long-term basis, which will enhance the long term business performance of the Group and benefit the Group as a whole.

In light of the above, the Board (including the independent non-executive Directors) is of the view that granting awards to the Eligible Participants (including Related Party Participants and Service Provider Participants) under the Share Incentive Plan would be in the interests of the long term growth of the Group.

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Scheme limits

Scheme limit and service provider sublimit

The total number of award shares (being new Shares) that may be issued pursuant to all awards to be granted under this plan is up to 10% of Shares in issue on the [REDACTED] (being [●] Shares), excluding treasury shares, being the “**scheme limit**”.

Furthermore, under the scheme limit, the total number of Shares that may be issued pursuant to all awards to be granted to Service Provider Participants under this plan is up to [1]% of the total scheme limit, being the “**service provider sublimit**”.

The Board (including the independent non-executive Directors) is of the view that the service provider sublimit is appropriate and reasonable given the nature of the industry in which the Group operates, and the Group’s current and future business needs, and taking into account the rationale behind the scope and criteria of Service Provider Participants, as detailed above.

Refreshing the scheme limit and service provider sublimit

The scheme limit and the service provider sublimit may be refreshed by Shareholders at general meeting in accordance with Rule 17.03C of Chapter 17.

Individual grant limits and additional approvals

Additionally, each Eligible Participant shall be subject to an individual grant limit and additional approval requirements, (a) with respect to a Director, chief executive or substantial shareholder of the Company, or their respective associates, as specified in Rules 17.04 and 17.10 of Chapter 17; and (b) with respect to any Eligible Participant, as specified in Rules 17.03D and 17.10 of Chapter 17.

Conditions on awards

Vesting period

The scheme administrator may set a vesting period for the awards, which shall be specified in the award letter. However, the vesting period may not be for a period less than 12 months from the grant date, except for awards granted to Employee Participants in the following circumstances:

- (a) grants of “make whole” awards to a new Employee Participant to replace award shares that the Employee Participant forfeited when leaving their previous employers;

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- (b) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of awards with performance-based vesting conditions in lieu of time-based vesting criteria;
- (d) grants of awards that are made in batches during a year for administrative and compliance reasons (including awards that should have been granted earlier but had to wait for a subsequent batch, in which case, the vesting periods may be shorter to reflect the time from which an award would have been granted);
- (e) grants of awards with a mixed vesting schedule such that the awards vest evenly over a period of 12 months; or
- (f) grants of awards with a total vesting and holding period of more than 12 months.

[The Board (and the remuneration committee to the Board) believes that it is in the best interests of the Company to retain the flexibility to impose appropriate conditions in light of the particular circumstances of each grant, which would act as a more meaningful reward for the unique Employee Participant in that Employee Participant’s unique circumstances. By having the flexibility of having a shorter vesting period than 12 months in appropriate circumstances, the Board (and the remuneration committee to the Board) considers that the Group will be in a better position to attract and retain suitable Employee Participants to continue serving the Group whilst at the same time providing them with incentives towards achieving the business/financial goals of the Group, and thereby towards achieving, and aligned with achieving, the purpose of this plan.]

Performance targets and other vesting conditions

The scheme administrator may set vesting conditions on awards, which shall be specified in the award letter. These include performance targets, criteria or conditions to be satisfied in order for the relevant award to vest and be settled by the Company, and may be based on, among other criteria, performance appraisals within a specified period, business/financial/transactional/performance milestones, current and anticipated future contribution to the Group and business, minimum service period, upon reaching other specified targets.

[The Board believes that imposing performance targets and other conditions, on case-by-case basis in the award letters of individual Eligible Participants, not only provides the Company with flexibility to set specific conditions that are relevant to that individual Eligible Participant and in light of the goals that the Company would like that individual Eligible Participant to achieve to benefit the Group, but also provides Eligible Participants with tailored and specific identifiable targets/metrics that they can work towards that would directly tie into and benefit the Group once achieved, which is in line with the purpose of this plan.]

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Where awards are granted to Directors or members of the senior management of the Company with a vesting period shorter than 12 months, the views of the remuneration committee to the Board on why a shorter vesting period is appropriate, and where such awards are without performance targets, the views of that remuneration committee on why performance targets are not necessary and how the grants align with the purpose of this plan, will be included in the announcement to be issued upon any grant of awards as required by the Listing Rules.

Additional restrictions for granting options

Grants of an option under this plan shall be subject to the additional terms:

- (a) *Exercise price.* The exercise price shall be the higher of: (i) closing price of Shares as stated in the daily quotations sheet issued by the Stock Exchange on the grant date; and (ii) the average closing price of Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the grant date.
- (b) *Exercise period.* The exercise period for a share option (being the period within which the grantee may exercise a vested share option granted to them) shall not be longer than 10 years from the grant date.

Clawback

Under the plan, the Board may determine that, with respect to a grantee, awards granted but not yet vested or exercised (in the case of options) shall immediately lapse, and with respect to any Shares delivered or amount paid to the grantee, the grantee be required to transfer the same value, whether in Shares and/or cash, back to the Company (or nominee), in circumstances where:

- (a) the grantee ceases to be an “Eligible Participant” (as defined under the plan) by reason of termination for cause or without notice, or the result of being charged/penalized/convicted of an offence involving the grantee’s integrity or honesty;
- (b) the grantee commits a serious misconduct or breach, including with respect to a policy or code of or other agreement with the Group, which is considered to be material; or
- (c) the award is no longer determined to be appropriate and aligned with the purpose of the plan.

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[The Board believes that making grants under the plan subject to a clawback mechanism allows the Company to retain the flexibility to re-evaluate and re-assess the circumstances of each grantee from time to time after the grant is made in order to determine whether it would still be appropriate to grant awards (or allow the grantee to be entitled to award shares) under the plan in circumstances that suggest the grant (or entitlement to award shares) would no longer be aligned with the purpose of the plan or where it may be regarded as inequitable for the awards (or award shares) to be retained by the grantee.]

Alterations in the share capital of the Company

In respect of each plan, in the event of any alteration in the capital structure of the Company by way of capitalization of profits or reserves, rights issue, subdivision or consolidation of Shares or reduction of the share capital of the Company (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party) after the adoption date of the plan, the scheme administrator shall make such corresponding adjustments, if any, as they in its discretion may deem appropriate to reflect such change with respect to:

- (a) (in the event of subdivision or consolidation of Shares only) the number of Shares comprising the scheme limit or service provider sublimit, provided that in the event of any subdivision or consolidation of Shares, the scheme limit or service provider sublimit as a percentage of the total issued Shares at the date immediately before any consolidation or subdivision shall be the same on the date immediately after such consolidation or subdivision;
- (b) the number of Shares comprised in each award to the extent any award has not been exercised;
- (c) the exercise price of any option or purchase price of any award (if any),

or any combination thereof, as the auditor or a financial adviser engaged by the Company for such purpose have certified satisfy the relevant requirements of the Listing Rules and are, in their opinion, fair and reasonable either generally or as regards any particular grantee, provided always that: (i) any such adjustments should give each grantee the same proportion of the equity capital of the Company, rounded to the nearest whole Share, as that to which that grantee was previously entitled prior to such adjustments; and (ii) no such adjustments shall be made which would result in a Share being issued at less than its nominal value. The capacity of the auditor or financial adviser (as the case may be) of the Company is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the grantees.

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Change in control

If there is an event of change in control of the Company as the result of a merger, scheme of arrangement or general offer, or in the event of a dissolution or liquidation of the Company, the Board shall have sole discretion to determine the treatment of awards granted under the plan, including whether to: (a) cancel or amend the terms or conditions of outstanding awards (whether vested or not); or (b) accelerate the vesting of unvested awards.

Lapsed and cancelled awards

Cancelled awards

The scheme administrator may cancel an award with the prior consent of the grantee. Award shares underlying cancelled awards shall be treated in the manner required under the Listing Rules. In particular, where the Company cancels an award granted to a participant and subsequently makes a new grant to that same participant, such new grant may only be made under this plan where there is available scheme limit, and awards cancelled will be regarded as utilized for the purpose of calculating the scheme limit (and service provider sublimit, if applicable).

Lapsed awards

Lapsed awards shall not be counted for the purpose of calculating the scheme limit (and service provider sublimit, if applicable). Granted awards shall automatically lapse upon the following events:

- (a) the award has not been accepted by the grantee (in the manner specified) within the acceptance period;
- (b) expiry of the exercise price;
- (c) the clawback mechanism being triggered;
- (d) following the grantee’s death or permanent incapacity, bankruptcy, or where the grantee ceases to be an “Eligible Participant” (as defined under this plan) or terminates their employment or contractual engagement with the Group for reasons other than as already provided for in this plan, or where the grantee’s employment or contractual engagement has been suspended, or the grantee’s position in or with respect to the Group has been vacated, for more than six months;
- (e) forfeiture of the award by the grantee; or
- (f) the grantee transfers the award in breach of the transferability provisions specified in the plan.

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Term of the plan

Subject to any early termination as determined by the Board, each plan shall have a plan life of 10 years from the [REDACTED].

No grants may be made after termination of the plan. Notwithstanding termination of the plan, that plan and its rules shall continue to be valid and effective to the extent necessary to give effect to the vesting (and exercise or purchase) of awards granted prior to termination, and the termination shall not affect any subsisting rights already granted to a grantee. For the avoidance of doubt, awards granted during the plan life but that remain unexercised/unpurchased or unexpired prior to the termination shall continue to be valid and exercisable in accordance with the plan and the relevant award letter.

Amendment and termination

The Board or the scheme administrator may, in their sole discretion, amend this plan or an award provided that:

- (a) the amendments, and the amended plan or award, shall comply with the relevant requirements under Chapter 17 of the Listing Rules;
- (b) Shareholders’ approval at general meeting is required for the following:
 - (i) any amendment or alteration to the terms of the plan that is of a material nature or any amendment or alteration to those provisions that relate to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the “Eligible Participants” (as defined under this plan);
 - (ii) any change to the authority of the Board or the scheme administrator to alter the terms of this plan; and
- (c) any amendment or alteration to the terms of an award the grant of which was subject to the approval of a particular body shall be subject to approval by that same body, provided that this requirement does not apply where the relevant alteration takes effect automatically under existing terms of this plan.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

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STATUTORY AND GENERAL INFORMATION

2. Litigation

Save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the [REDACTED] of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the [REDACTED] (including any Shares which may fall to be issued pursuant to the exercise of the [REDACTED] and any Shares to be allotted and issued pursuant to the Share Incentive Schemes).

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Joint Sponsors will receive an aggregate fee of US\$1.1 million for acting as the sponsor for the [REDACTED].

4. Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
UBS Securities Hong Kong Limited	A licensed corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 7 (providing automated trading services) of the regulated activities as defined under the SFO
J.P. Morgan Securities (Far East) Limited	A licensed corporation under the SFO for type 1 (dealing in securities), type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
JunHe LLP	Qualified PRC Lawyers
Maples and Calder (Hong Kong) LLP	Cayman Islands attorney-at-law

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Name	Qualification
KPMG	<i>Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance</i>
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

As of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Each of the experts named above have given and have not withdrawn their respective written consent to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

5. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

6. Bilingual [REDACTED]

[REDACTED]

7. Preliminary Expenses

The Company did not incur any material preliminary expenses in relation to the incorporation of our Company.

8. Other Disclaimers

- (a) Save as disclosed in this document, within the two years immediately preceding the date of this document:
 - (i) there are no commissions for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company; and

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- (ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries, and no Directors, promoters or experts named in the part headed “— Other Information — Consent of experts” received any such payment or benefit.
- (b) Save as disclosed in this document:
 - (i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
 - (ii) we do not have any promoter and no cash, securities or other benefit has been paid, allotted or given within the two years immediately preceding the date of this document, or are proposed to be paid, allotted or given to any promoters;
 - (iii) none of the Directors or the experts named in the part headed “— Other information — 4. Consent of experts” above has any interest, direct or indirect, in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any of our subsidiaries;
 - (iv) there are no bank overdrafts or other similar indebtedness by our Company or any of our subsidiaries;
 - (v) there are no hire purchase commitments, guarantees or other material contingent liabilities of our Company or any of our subsidiaries;
 - (vi) there are no outstanding debentures of our Company or any of our subsidiaries;
 - (vii) there are no other stock exchange on which any part of the equity or debt securities of our Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought;
 - (viii) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and
 - (ix) there are no contracts or arrangements subsisting at the date of this document in which a Director is materially interested or which is significant in relation to the business of our Group.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) the written consents referred to in “Statutory and General Information — Other Information — Consent of Experts” in Appendix IV to this document; and
- (b) a copy of each of the material contracts referred to in “Statutory and General Information — Further Information about Our Business — Summary of Material Contracts” in Appendix IV to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our Company’s website at www.toptoyglobal.com up to and including the date which is 14 days from the date of this document:

- (a) the Memorandum and the Articles;
- (b) the material contracts referred to in “Statutory and General Information — Further Information about Our Business — Summary of Material Contracts” in Appendix IV to this document;
- (c) the service contracts and the letters of appointment with our Directors referred to in “Statutory and General Information — Further Information about Our Directors — Particulars of Directors’ service contracts and appointment letters” in Appendix IV to this document;
- (d) the industry report issued by Frost & Sullivan, a summary of which is set forth in the section headed “Industry Overview” in this document;
- (e) the PRC legal opinion issued by JunHe LLP, our PRC Legal Adviser, in respect of certain general corporate matters, property interests and intellectual properties matters of our Group in the PRC;
- (f) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal adviser on Cayman Islands law, summarizing the constitution of the Company and certain aspects of the Cayman Islands law referred to in Appendix III to this document;
- (g) the Cayman Companies Act;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR
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- (h) the Accountants’ Report from KPMG, the texts of which are set out in Appendix I to this document;
- (i) the report on the unaudited [**REDACTED**] financial information of our Group from KPMG, the texts of which are set out in Appendix II to this document;
- (j) the audited consolidated financial statements of our Group for the Track Record Period;
- (k) the written consents referred to in “Statutory and General Information — Other Information — Consent of Experts” in Appendix IV to this document; and
- (l) the terms of the Post-[**REDACTED**] Share Incentive Plan.