OUR CONTROLLING SHAREHOLDERS GROUP

As of the Latest Practicable Date, our Company was directly held as to approximately 36.77% by Heilan Group and approximately 23.06% by Glow Land, among which, (i) Heilan Group was wholly owned by Heilan Investment, which was held as to 28.00% by Mr. Zhou Jianping, 27.00% by Mr. Zhou Lichen and 5.90% by Ms. Zhou Yanqi, respectively. Mr. Zhou Jianping is the father of Mr. Zhou Lichen and Ms. Zhou Yanqi. Mr. Zhou Jianping and Mr. Zhou Lichen have also entered into the Concert Party Arrangement to act in concert in respect of business and management decisions of Heilan Investment and our Company, which will remain effective after the [**REDACTED**]; and (ii) Glow Land was wholly owned by Ms. Zhou Yanqi. In addition, Mr. Zhou Jianping and Mr. Zhou Lichen also directly held approximately 0.18% and 0.12% of the issued share capital of our Company, respectively.

As such, as of the Latest Practicable Date, Mr. Zhou Jianping, Mr. Zhou Lichen, Ms. Zhou Yanqi, Heilan Investment, Heilan Group and Glow Land collectively controlled approximately 60.13% of our total share capital and therefore constitute a group of Controlling Shareholders of our Company. See the sections headed "History, Development and Corporate Structure" and "Substantial Shareholders" for further details of our group of Controlling Shareholders and their relationship.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), Mr. Zhou Jianping, Mr. Zhou Lichen, Ms. Zhou Yanqi, Heilan Investment, Heilan Group and Glow Land are expected to, directly and indirectly, control approximately [**REDACTED**]% of our enlarged share capital. Accordingly, Mr. Zhou Jianping, Mr. Zhou Lichen, Ms. Zhou Yanqi, Heilan Investment, Heilan Group and Glow Land will remain as our Controlling Shareholders Group upon the [**REDACTED**].

Although Ms. Zhou Yanqi is a member of the Controlling Shareholders group, she does not hold any management position within our Group and is not acting as a Director having regard to her role and level of involvement in our Group. Ms. Zhou Yanqi primarily holds her interests in our Company through her wholly owned investment vehicle, Glow Land, and is principally engaged in investment activities.

CLEAR BUSINESS DELINEATION

Our Business

We are one of the leading branded apparel groups in China, distinguished by a diversified brand portfolio, an extensive supply chain network and strong channel integration capabilities.

The Business of our Controlling Shareholders Group

Apart from the business of our Group, our Controlling Shareholders Group also controls companies which engage in, among others, investment holding, culture, sports and tourism, business management and integrated energy services.

In light of above, our Directors are of the view that there is a clear delineation between the businesses operated by our Controlling Shareholders Group and our Group.

Each member of our Controlling Shareholders Group has confirmed that it/he/she does not have any interests in any business (apart from the business of our Group) that competes or is likely to compete, directly or indirectly, with our principal business, which is required to be disclosed under Rule 8.10 of the Listing Rules.

NON-COMPETE UNDERTAKINGS

In connection with the Material Asset Restructuring, each of Mr. Zhou Jianping, Ms. Zhou Yanqi, Heilan Investment, Heilan Group and Glow Land (being then actual controller and parties acting in concert under applicable A-share listing rules) has executed a non-competition undertaking on, pursuant to which each of them undertakes, among others, that:

(a) none of Mr. Zhou Jianping, Ms. Zhou Yanqi, Heilan Investment, Heilan Group and Glow Land or their controlled entities had directly or indirectly engaged in any business that competes with the main business of the Company, nor will they, solely or jointly with other parties, in any way (including but not limited to investment, merger, joint venture, partnership, cooperation, contracted or leased operation, or subscribing any shares or equity in enterprises) directly or indirectly engage in any business that competes with the main business of the Company;

(b) if in the future, any business opportunities obtained by each of Mr. Zhou Jianping, Ms. Zhou Yanqi, Heilan Investment, Heilan Group, Glow Land or their controlled entities competes or is likely to compete with the main business of the Company, Mr. Zhou Jianping, Ms. Zhou Yanqi, Heilan Investment, Heilan Group and Glow Land will promptly notify the Company to give the Company or its subsidiaries an option to acquire such business opportunities, and if the Company or its subsidiaries choose to undertake such business opportunities, none of Mr. Zhou Jianping, Ms. Zhou Yanqi, Heilan Investment, Heilan Group and Glow Land or their controlled entities will engage in such business, and each of them will provide all necessary assistance for the Company to fulfill its disclosure obligations in accordance with relevant laws, regulations, rules, and regulatory requirements;

(c) if in the future, any opportunities for acquiring enterprises engaging in the business that competes or is likely to compete with the main business of the Company is obtained by Mr. Zhou Jianping, Ms. Zhou Yanqi, Heilan Investment, Heilan Group and Glow Land, they will promptly notify the Company to give the Company or its subsidiaries an option to acquire such enterprises, and if the Company or its subsidiaries choose to acquire such enterprises, Mr. Zhou Jianping, Ms. Zhou Yanqi, Heilan Investment, Heilan Group, Glow Land and their controlled entities will give up the opportunities, and each of them will provide all necessary assistance for the Company to fulfill its disclosure obligations in accordance with relevant laws, regulations, rules, and regulatory requirements;

(d) if the Company and its subsidiaries give up the business or acquisition opportunities set out in (b) and (c) above, and if Mr. Zhou Jianping, Ms. Zhou Yanqi, Heilan Investment, Heilan Group, Glow Land or their controlled entities subsequently engage in the business competes or is likely to compete with the main business of the Company arising from such opportunities, the Company and its subsidiaries shall have the right to acquire any equity, assets, and other interests in such competing business from Mr. Zhou Jianping, Ms. Zhou Yanqi, Heilan Investment, Heilan Group, Glow Land or their controlled entities at any time, either at one time or in installments, or to choose to control the competing business by way of entrustment, lease, or contracted operation from Mr. Zhou Jianping, Ms. Zhou Yanqi, Heilan Investment, Heilan Group, Glow Land or their controlled entities in a manner permitted by applicable laws and regulations;

(e) if Mr. Zhou Jianping, Ms. Zhou Yanqi, Heilan Investment, Heilan Group, Glow Land or their controlled entities propose to transfer, sell, lease, license, or otherwise dispose of the assets and business that directly or indirectly competes or is likely to compete with the main business of the Company, Mr. Zhou Jianping, Ms. Zhou Yanqi, Heilan Investment, Heilan Group, Glow Land or their controlled entities will give the Company and its subsidiaries a pre-emptive right to acquire such assets or business;

(f) none of Mr. Zhou Jianping, Ms. Zhou Yanqi, Heilan Investment, Heilan Group and Glow Land will make use of their positions as the actual controller or controlling shareholder of the Company to harm the interests of the Company and other Shareholders; and

(g) each of Mr. Zhou Jianping, Ms. Zhou Yanqi, Heilan Investment, Heilan Group and Glow Land agreed to, in the event that it/he/she breaches the above undertakings and causes loss to the Company, bear all corresponding losses suffered by the Company.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from our Controlling Shareholders Group and their respective close associates after the [**REDACTED**], taking into consideration the factors below.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon [**REDACTED**], our Board will consist of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors. For more details, see "Directors and Senior Management".

Our Directors consider that we are able to carry on our business independently from our Controlling Shareholders Group and their respective close associates from a management perspective for the following reasons:

(a) save as Mr. Zhou Lichen serving as the chairman of the board of directors of Heilan Group and Heilan Investment and a director of several investment holding companies controlled by Heilan Group and Heilan Investment, none of our other Directors and senior management members hold any position in our Controlling Shareholders Group or their respective close associates, and are capable to contribute sufficient time and efforts to manage the daily operations of our Group;

(b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

(c) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as our Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions and the interested Director shall abstain from voting and shall not be counted towards the quorum for the voting;

(d) we have appointed three independent non-executive Directors with extensive experience in their respective areas of expertise to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions and in the best interests of our Company and our Shareholders as a whole. Certain matters of our Company must always be referred to the independent non-executive Directors for review and approval; and

(e) our Company is an A-share listed company and has adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders Group which would support our independent management. See "— Corporate Governance" below for details.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from our Controlling Shareholders Group and their respective close associates after the [**REDACTED**].

Operational Independence

We do not rely on our Controlling Shareholders Group and their respective close associates for our daily operations. We have our own organizational structure with self-governing departments specializing in various aspects in relation to our business development, including but not limited to sales and marketing, financing, human resources, administration, internal audit and legal and compliance which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders Group and their respective close associates. In addition, we have our own headcount of employees for our operations and management for human resources. We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our businesses.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We also have sufficient capital, facilities, equipment and employees, administrative and corporate governance infrastructure, to operate the business independently. We are also in possession of all relevant licenses, certificates, facilities, intellectual property rights and approvals and permits from the relevant regulatory authorities necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

We entered into certain continuing connected transactions with our Controlling Shareholders Group and/or their respective associates. See section headed "Connected Transactions" for more details. Considering that the amounts of the relevant transactions during the Track Record Period are not significant to our Group, all such transactions will be conducted on arm's length and on normal commercial terms in the ordinary and usual course of business of our Group in accordance with the requirements under Chapter 14A of the Listing Rules, and the pricing policy of our Group and our connected persons will not be prejudicial to the interests of any of the parties, our Directors believe that such transactions will not affect the operational independence of our Group as a whole.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders Group and their respective close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have our own internal control and accounting systems and an independent finance department in charge of our treasury function and making financial decisions independently based on our Group's needs. Our Company maintains bank accounts independently and does not share any bank account with our Controlling Shareholders Group. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently from our Controlling Shareholders Group and their respective close associates. We do not rely on our Controlling Shareholders Group and their respective close associates for financing.

As of the Latest Practicable Date, Heilan Group has provided a guarantee (the "**Connected Guarantee**") in the amount of RMB800 million in respect of a retail sales agreement entered into by Spoz Brand Management, a subsidiary of our Company, and a business counterparty which is a renowned multi-national manufacturer and retailer of sportswear and related commodities (the "**Business Partner**"). The Connected Guarantee, as required by the Business Partner, is provided as security for the due contractual performance of Spoz Brand Management in its ordinary course of business.

Notwithstanding the Connected Guarantee, we are capable of settling the Connected Guarantee in event of any default by Spoz Brand Management. We have maintained a robust cash position. As of March 31, 2026, we have cash and cash equivalent in the amount of approximately RMB8,074.0 million, which is significantly more than the amount of the Connected Guarantee. As of March 31, 2026, we had no outstanding loans and borrowings. We are also capable of obtaining financing from Independent Third Parties, if necessary, without relying on any guarantee or security provided by our Controlling Shareholders Group or their respective associates. Therefore, our Directors believe that we are capable of carrying on our business independently from our Controlling Shareholders Group and their respective close associates from a financial perspective and are able to maintain financial independence from, and do not place undue reliance on our Controlling Shareholders Group and their respective close associates after the [**REDACTED**].

Save as disclosed above, as of the Latest Practicable Date, there were no outstanding loans or guarantee provided by or granted to our Controlling Shareholders Group or their respective associates to facilitate our financings.

Based on the above, our Directors believe that we are capable of carrying on our business independently from, and do not place undue reliance on our Controlling Shareholders Group and their respective close associates after the [**REDACTED**].

CORPORATE GOVERNANCE

Our Company and Directors are committed to upholding and implementing good corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders Group and their respective close associates:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders Group and/or their respective close associates has a material interest, our Controlling Shareholders Group and/or their respective close associates will abstain from voting on the resolutions and shall not be counted in the quorum in the voting;

(b) in accordance with our Articles of Association which will come into effect upon [**REDACTED**], among others, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;

(c) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Group enters into connected transactions with our Controlling Shareholders Group and their respective close associates, we will comply with the applicable Listing Rules;

(d) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere with the exercise of their independent judgment in any material manner, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. See the section headed "Directors and Senior Management" for details of the independent non-executive Directors;

(e) where our Directors reasonably request the advice of independent professionals or advisors, such as financial advisors, valuers or legal advisors, the appointment of such independent professionals or advisors will be made at our Company's expenses;

(f) we have appointed Ignite Capital (Asia Pacific) Limited as our Compliance Advisor to provide us with advice and guidance in respect of compliance with the applicable laws and regulations and the Listing Rules, including various requirements relating to Directors' duties and corporate governance; and

(g) we have established our Strategy Committee, Audit Committee, Remuneration and Appraisal Committee and Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code.

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