

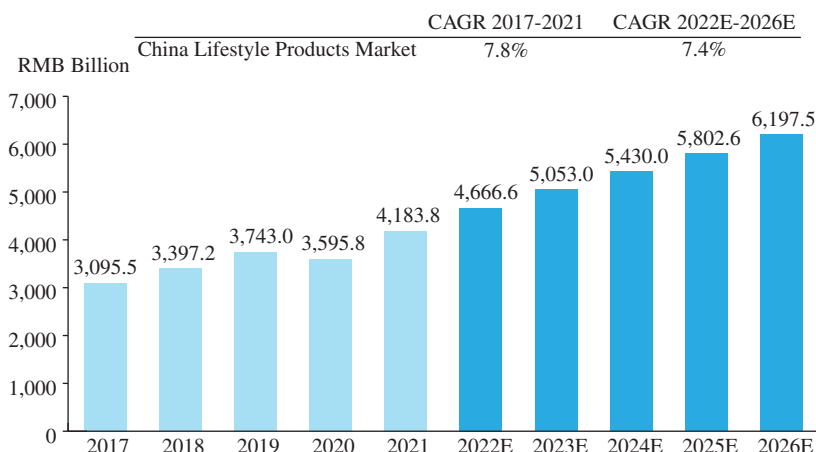
INDUSTRY OVERVIEW

This section contains certain information, statistics and data which are derived from different official government publications, available sources from public market research and other sources from independent suppliers. In addition, we engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report in respect of the Global Offering. The information from official sources has not been independently verified by us, the Joint Global Coordinators, Joint Sponsors, Joint Bookrunners, Joint Lead Managers, any of the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

CHINA'S LIFESTYLE PRODUCTS MARKET

Lifestyle products generally refer to various kinds of consumable household products such as personal care products, bags and accessories, small electronics, digital accessories, stationery, snacks, daily consumables, textile products, and toys, etc. According to the Frost & Sullivan Report, the size of China's lifestyle products market by aggregate GMV increased from RMB3.1 trillion in 2017 to RMB4.2 trillion in 2021, representing a CAGR of 7.8%, which outpaced the CAGR of 4.8% for China's retail market during the same period, and has been one of the fastest growing markets across all retail segments. The following chart illustrates the size of China's lifestyle products market by GMV for the years presented.

Market Size of Lifestyle Products Market in China by GMV (2017-2026E)



Source: Frost & Sullivan Report

According to the Frost & Sullivan Report, the lifestyle products market can be divided into three sub-markets by retailer type: (i) branded variety retail, which generally refers to a wide mix of lifestyle products distributed by retailers, who derive over 50% of their total GMV from proprietary lifestyle products; (ii) exclusive retail, which primarily focuses on one specific category of lifestyle products distributed by retailers, who derive over 50% of their total GMV from this particular product category; and (iii) groceries and other general merchandise retail, which generally refers to an extensive selection of multiple categories of lifestyle products from various brands distributed by retailers, who derive less than 50% of their total GMV from proprietary lifestyle products.

CHINA'S AND GLOBAL BRANDED VARIETY RETAIL MARKETS

Branded Variety Retail Market in China

According to the Frost & Sullivan Report, branded variety retailers usually have a rich lifestyle product portfolio of appealing design, high quality, and affordability. This type of retailers realize product sales typically through multiple channels such as direct sales, franchising, distributorship, or a flexible combination of different channels. As an important part of the lifestyle products market in China, the branded variety retail market in China has been developing rapidly. As consumer consumption behaviors in China have become more rational, quality lifestyle products at affordable prices have been gaining popularity. Further, consumers in China, especially from the younger generations, are increasingly favoring products that could reflect their individual preferences. These trends present substantial market opportunities and potential for branded variety retailers. According to the Frost & Sullivan

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Report, the size of the branded variety retail market in China by aggregate GMV increased from RMB71.5 billion in 2017 to RMB95.1 billion in 2021 at a CAGR of 7.4%, and is estimated to further increase at a CAGR of 14.2% from 2022 to 2026.

The following chart illustrates the size of the branded variety retail market in China by aggregate GMV for the years presented.

Market Size of Branded Variety Retail Market in China by GMV (2017-2026E)



Source: Frost & Sullivan Report

Competitive landscape

According to the Frost & Sullivan Report, competition in the branded variety retail market in China is fierce and fragmented with more than 1,000 players. Top five players have an aggregate market share of approximately 18.6% in terms of GMV in 2021.

In 2021, we generated GMV of RMB10.8 billion from our branded variety retail business in China and had a market share of 11.4% of the branded variety retail market in China, ranking first by GMV in the branded variety retail market in China, according to the Frost & Sullivan Report. The following chart sets forth the top five players in China branded variety retail market in terms of GMV in 2021:

Top Five Companies by GMV in Branded Variety Retail Market (China), 2021

Ranking	Companies	GMV (RMB Billion)/Market Share %
1	Our Group	10.8 (11.4%)
2	Muji	2.7 (2.8%)
3	Sanfu	2.5 (2.6%)
4	Nome ⁽¹⁾	0.9 (0.9%)
5	LATTLIV	0.8 (0.8%)

⁽¹⁾ Nome refers to the branded variety retailer operated by Guangzhou Nome Brand Management Limited, which is unrelated to our Group.

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Market drivers and development trends

According to the Frost & Sullivan Report, the branded variety retail market in China exhibits the following market drivers and development trends.

Increasing emphasis on differentiated experience and product quality, design, value for money, and individualization. Driven by increasing disposable income and rising living standards, Chinese consumers have developed a more diverse demand and higher expectations for a differentiated shopping experience and the quality, design, and value for money of lifestyle products. Branded variety retailers in China have therefore kept up with market trends and evolving consumer preferences and improved rapidly in terms of the shopping experience they offer and their products in the aforementioned aspects. In particular, branded variety retailers in China have finetuned and expanded their product portfolio to accommodate the individual tastes and preferences that have been increasingly important to Chinese consumers, especially from the younger generations.

Penetration into lower-tier cities. Branded variety retailers in China have been accelerating penetration into lower-tier cities to cater to increasing consumer demand and to reach markets with great growth potential. To support such market penetration and raise brand awareness in a cost-effective manner, these branded variety retailers have leveraged multiple business models such as direct sales, franchising, and distributorship. The branded variety retailers generally have advantages over and can outcompete the mom-and-pop shops and other smaller local retailers due to their established brand, abundant financial resources and supply chain and product sourcing capabilities, and substantial experience and know-how accumulated from existing operations.

Intelligent product development and efficient supply chain supported by technology utilization. With the continuous upgrade and widening usage of technologies, the branded variety retail industry has accelerated the digital transformation process to develop products that better meet consumer demands, achieve higher operating and supply chain efficiency, and reduce costs. Data analytics technologies have helped branded variety retailers accurately gauge and capture evolving consumer tastes and demands so that the retailers can offer consumers more tailored products and shopping experience. Furthermore, technological optimization of supply chain tends to integrate and streamline various segments across the branded variety retail value chain, such as demand analysis, product design, production, warehousing and logistics, sales management, and customer service, massively enhancing the efficiency of product development, supply chain, and other parts of business operations in the process.

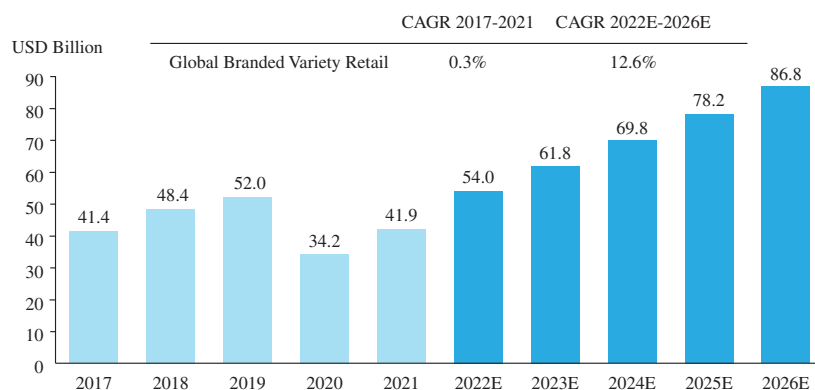
Evolution and integration of online and offline channels. Despite the rapid growth and increasing importance of online channels, offline stores still remain favored by consumers in the branded variety retail market as they provide consumers in-person shopping experience accompanied by a comfortable shopping environment and attentive services. To further cater to such consumer preference and also monetize from online channels, branded variety retailers in China have continued to develop O2O business models and establish consumer communities through digital platforms, in addition to use of third-party e-commerce platforms. Under O2O models, consumers can be directed from online channels to offline channels, and they can enjoy the convenience of online channels without forgoing the personalized experience and close interaction of offline channels. With continued technological development, online and offline channels are expected to be more connected together going forward to enable a more seamless and convenient shopping experience to consumers and drive consumer demand.

Global Branded Variety Retail Market

The global branded variety retail market has grown steadily over the past two decades. According to the Frost & Sullivan Report, the size of the global branded variety retail market by aggregate GMV increased from US\$41.4 billion in 2017 to US\$41.9 billion in 2021 at a CAGR of 0.3%, and is estimated to continue to grow at an accelerated CAGR of 12.6% from 2022 to 2026. The following chart illustrates the sizes of the global branded variety retail market by aggregate GMV for the years presented.

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Market Size of Global Branded Variety Retail Market by GMV (2017-2026E)



Source: Frost & Sullivan Report

Branded variety retail market in developed countries

According to the Frost & Sullivan Report, key macroeconomic factors, including GDP growth, population, urbanization rate, are driving the development of lifestyle products market in various regions. Consumers in developed countries generally have a stable household income, well-established social welfare system, and relatively stronger spending power, which allow them to pursue higher standards of living. As a result, consumers in developed countries have a stable demand for quality lifestyle products, and brand has become a critical factor for consumers in selecting products. Consumer demand for customized product design, superior shopping experience, and reasonable prices has continued to drive the growth of the branded variety retail market in developed countries. The market of branded variety retail of lifestyle products in developed countries is relatively mature and is expected to maintain a steady growth.

The following table shows the sizes of the branded variety retail market by GMV for the years presented in the United States and Canada, two developed countries selected as examples for illustrative purposes.

	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	CAGR	
											2017-2021	2022E-2026E
<i>(USD in billions)</i>												
The U.S.	9.9	10.7	11.6	7.5	8.8	11.5	13.0	14.4	15.9	17.4	-2.9%	10.9%
Canada	1.0	1.1	1.2	0.9	1.0	1.3	1.4	1.5	1.7	1.8	-0.7%	9.5%

Source: Frost & Sullivan Report

Branded variety retail market in emerging countries

The continuing growth of economy in the emerging countries has promoted consumer expenditure on affordable and high-quality lifestyle products with appealing design. The retail market of emerging countries have been gradually developing from traditional retail models to modern retail models empowered by e-commerce. The upgrade of consumption structure, the integration of online and offline channels, and the improvement in shopping experience will drive the growth of branded variety retail market in emerging countries in the future.

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The following table shows the sizes of the branded variety retail market by GMV for the years presented in India, Indonesia, and Mexico, three emerging countries selected as examples for illustrative purposes.

	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	CAGR	
											2017-2021	2022E-2026E
	<i>(USD in billions)</i>											
India	1.9	2.3	2.7	1.8	2.3	2.8	3.3	3.8	4.3	4.8	4.9%	14.4%
Indonesia	1.1	1.3	1.5	1.0	1.2	1.6	1.8	2.1	2.4	2.7	2.2%	14.0%
Mexico	1.6	1.8	2.1	1.4	1.8	2.2	2.5	2.8	3.2	3.6	3.0%	13.1%

Source: Frost & Sullivan Report

Market drivers and development trends

According to the Frost & Sullivan Report, the global branded variety retail market exhibits the following market drivers and development trends.

Rising customer demands, affordability and individualization. The continuous development of the global economy and the rising living standards prompt the global customers in both developed and emerging countries for higher expectations towards lifestyle products beyond their basic usage. Customers began to focus more on the quality, design, affordability and individualization of lifestyle products so as to satisfy their diversified demands. In developed countries such as the U.S., the branded variety retail market is relatively mature and is expected to maintain a steady growth. Relatively stable household income and well-established social welfare system allow the residents in those markets to have strong spending power and higher standards of living. Their demand for customized product design, relaxing and treasure-hunting shopping experience, which brings consumers delightful surprise and reasonable prices, will continue to drive the growth of global branded variety market. In the emerging countries, the increasing urbanization rate has promoted the growing demand for lifestyle products, and consumption behaviors of urban populations and retail models in these emerging countries are also evolving. Consumers tend to focus more on the quality and value of the lifestyle products. By constantly aligning with the evolving customer preferences worldwide, branded variety retailers could maintain the trendiness and innovation of the lifestyle products, which further stimulates the increase the global market size of the branded variety retail.

Increasing focus on supply chain efficiency. In order to cooperate with downstream and upstream business partners more efficiently and realize a rapid response to changing customer preferences, branded variety retailers around the world have continuously optimized supply chain management through technologies. For example, by adopting more advanced technological approaches, branded variety retailers can gain timely access to operational data, changes of customer demands, warehousing details, etc., which is instrumental for maintaining their market competitiveness. Meanwhile, branded variety retailers around the world may further work with industry stakeholders across the value chain to explore innovative cooperation models and better operational management. Attributed to the well-established supply chain management system and highly efficient operational mechanism, branded variety retailers are aggressively exploring markets overseas and establishing a broader global network.

Rising brand awareness. Brand has become a critical factor for consumers to consider in selecting a branded variety retailer. With the increasing brand awareness, consumers are inclined to trust and choose reputable branded variety retailers with strong brand image, high product quality, continued consumer engagement, international business coverage, and wide sales network. Brands with appealing design and continued consumer engagement initiatives will enhance their customer base and loyalty, increase brand stickiness and attract repeated purchases. Furthermore, influential brands could enable branded variety retailers to work with stronger business partners across the supply chain with stronger bargaining power. Hence, the global branded variety industry is expected to grow continuously as branded variety retailers around the world strengthen their brand building initiatives and further deepen customer recognition.

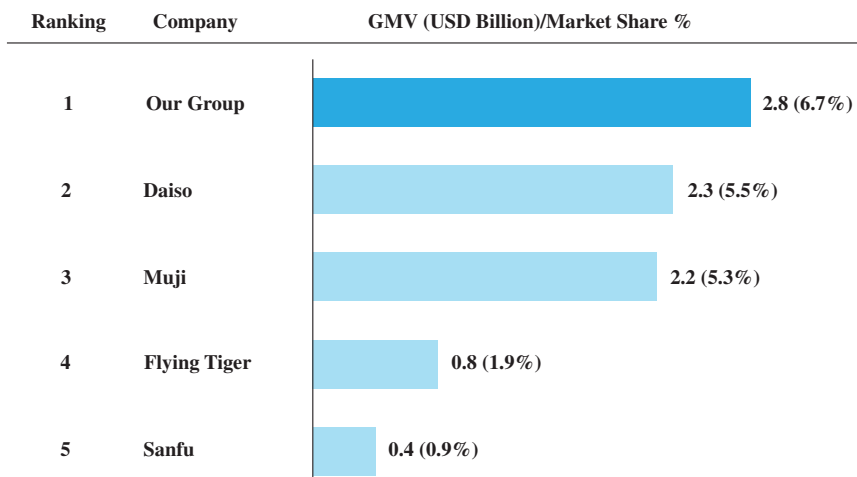
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Competitive landscape

According to the Frost & Sullivan Report, competition in the global branded variety retail market is fierce and fragmented. Top five players have an aggregate market share of approximately 20.3% in terms of GMV in 2021.

In 2021, we generated GMV of approximately RMB18.0 billion (US\$2.8 billion) from our branded variety retail business globally and had a market share of 6.7% of the global branded variety retail market, ranking first by GMV in the global branded variety retail market according to the Frost & Sullivan Report. The following chart sets forth the top five players in global branded variety retail market in terms of GMV in 2021:

Top Five Companies by GMV in Branded Variety Retail Market (Global), 2021



Entry Barriers of Branded Variety Retail Market

According to the Frost & Sullivan Report, newcomers must overcome the following barriers before they can enter into the global and China's branded variety retail markets.

Product design and merchandise selection capabilities. Leading branded variety retailers typically make their product design tailored to evolving consumer tastes and preferences and strive to optimize and automate their merchandise selection process. In addition, consumers are increasingly demanding frequent rollouts of innovative or trendy products from branded variety retailers, which, together with the aforementioned technology and data applications, requires significant resources on the product design, production, and data analytics capabilities from aspiring market entrants. To meet such demand, many branded variety retailers have established close collaboration with famous designers and popular IPs to add variety and creativity to their product design and support the frequent refresh and launch of innovative, trendy, feasible, and appealing products. These collaborations may not be easy to initiate for new market entrants without established industry relationships.

Strong supply chain and operational capabilities backed by digitalization. Branded variety retailers are typically required to effectively and efficiently manage their operations and supply chains to support frequent rollouts of a large volume of a variety of products, which often requires a high degree of supply chain integration and operational efficiency achievable through digitalization. An established, integrated and digitalized supply chain allows branded variety retailers to coordinate effectively with each participant in the supply chain, and accurately and flexibly adjust its supply chain strategies. Further, branded variety retailers usually need to leverage digitalization and data analytics to provide an excellent consumer experience through multiple online and offline channels, effectively manage store-level operations, and oversee and control other parts of their operations on a real-time basis. However, it is normally difficult for new market entrants to build an established supply chain, achieve operational efficiency, and digitalization deployment in their early development stage, as they typically lack the required capital investment, stable partnership with suppliers, and professional operation teams.

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Multi-channel sales network and customer engagement. As a consequence of the impact of COVID-19 on offline stores, branded variety retailers have been increasingly looking to establish or leverage online sales channels to supplement their offline store network, such as O2O and e-commerce platforms. In addition, many branded variety retailers have also created multiple means of marketing and sustained customer engagement in order to enhance customer conversion and retention, and to promote their brand. These means may include membership programs, store-based multi-channel communities, and promotion through livestreams or videos featuring KOLs or celebrities. It will take aspiring market entrants a lot of time and resources to form the many channels of sales and customer engagement of established market players.

Brand awareness and trust. With increasing consumer demand for product quality, design, and customer services, consumers are increasingly trusting and relying on brand when making purchase decisions. Leading branded variety retailers have developed strong brand awareness and good reputation. Some branded variety retailers have also actively made co-branding collaborations with influential brands to enhance their brand value. Generally, to build their brand, companies in the industry need to go through a long period of precipitation of word of mouth, accumulation of consumer recognition, and strict market test of their products and services. New entrants are often unable to establish a competitive brand image in a short time.

Threats and Challenges of the Branded Variety Retail Market in China and Globally

The threats and challenges of the branded variety retail market in China and globally include but are not limited to the following:

Brand awareness and credibility

How to build the credibility of emerging brands to compete with established retail brands is a challenge for branded variety retailers. Leading branded variety retailers establish their own brand image and stand out of the peers through differentiated and targeted brand positioning to improve consumers' loyalty for the brand.

Product development and innovation

Products of branded variety retailers cover a wide range of retail product sectors and could be replaced by other traditional retail market players. Ability to continuously expand into innovative, distinctive and diverse product matrix is key to increase customer demand and loyalty.

Product quality control

Quality control is one of the key priorities in developing a reputable brand in the branded variety retail industry, especially for retailers adopting OEM/ODM business model or those not directly involved in the product production process. Established, consistent and stringent quality control procedures are the keys to consumers purchase decision due to the concerns over product quality especially around emerging brands and OEM/ODM suppliers.

External uncertainties

External uncertainties beyond control, such as economic downturn and the ongoing COVID-19 pandemic, may affect the level of consumer demand and discretionary spending on merchandise that branded variety retailers offer. Reduced demand also may require increased selling and promotional expenses, which has great negative impact on the branded variety retail market.

Impact of COVID-19

Both the global and China's branded variety retail markets were adversely impacted by COVID-19 due to store shutdowns or limited operations that affected store traffic and daily sales. Given the different measures implemented by the local governments, the branded variety retail industries in the rest of the world suffered different degrees of negative impact during the pandemic. However, thanks to the effective measures taken by local governments and

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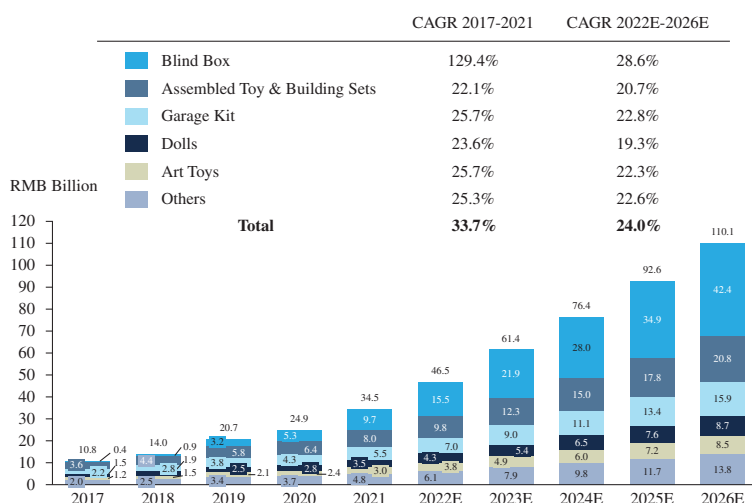
resumption of most business activities, 2021 saw signs of recovery for both the global and China's branded variety retail markets, with leading branded variety retailers introducing new channels and product categories.

POP TOY MARKET IN CHINA

According to the Frost & Sullivan Report, pop toys refer to the toys that are infused with pop culture content featuring distinct designs and aesthetic sensibility, or licensed content featuring movie, animation, cartoon, or game characters, over a wide variety of product categories, including blind box, art toy, garage kit, dolls, and assembled toy and building sets.

The pop toy market in China has grown rapidly in the last five years. The size of the pop toy market in China by aggregate GMV increased from RMB10.8 billion in 2017 to RMB34.5 billion in 2021 at a CAGR of 33.7%, and is estimated to grow at a CAGR of 24.0% from 2022 to 2026. The following chart illustrates the sizes of the pop toy market in China and its product segments by GMV for the years presented.

Market Size of Pop Toy Market in China by GMV (2017-2026E)



Source: Frost & Sullivan Report

Market Drivers

According to the Frost & Sullivan Report, the pop toy market in China is driven by the following factors.

Active, diversified, and growing fan base. The major driving force behind the rapid growth of the pop toy industry in China is its dedicated, active, and diversified fan base, much of which comes from the Gen Z (those born between the mid-to-late 1990s and the early 2010s) and millennial (those born between the early 1980s and the mid-1990s to early 2000s) age group. These fans are increasingly looking for ways to express their affinity for and engage with their favorite pop culture content. A continuous expansion of innovative products, categories and pop culture features have helped expand the fan base across different age groups and genders. Over time, many occasional pop toy consumers have become frequent purchasers due to sustained exposure to and discussion of pop culture content. To better satisfy fan demand for more pop culture content engagement through pop toy products, pop toy industry players have organized offline activities such as pop toy tradeshows and exhibitions in recent years, and it is expected that more pop toys events and exhibitions will emerge in the future with increasing popularity.

Varied sales and customer engagement channels. While offline stores still remain indispensable for their in-person and interactive shopping experience, online and especially social network-based channels and platforms have taken off as to be supplementary to offline stores, creating a convenient and unique shopping experience for consumers especially after the COVID-19 pandemic. Online channels such as O2O and e-commerce platforms allow pop

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toy store operators to showcase and advertise their products to a wider group of consumers, while also serving as additional sources of customers and revenue. Furthermore, consumers are increasingly seeking more ways to express their passion for and connect to their favorite pop culture content. Facilitated by technologies, pop toy buyers can share latest product information and industry news over the internet while more and more industry participants are using social network platforms to retain loyal customers and attract new customers and to obtain first-hand information about consumer preferences and demands from their own social platforms.

Diversified products. While the blind box segment of the pop toy market in China has occupied the greatest market share and grown at the highest speed compared to the other segments since 2017, according to the Frost & Sullivan Report, various other pop toy categories have been introduced into the market to cater to evolving customer demands, and are expected to grow rapidly in the future. The continued creation of more diversified pop toy product lines to satisfy any unmet or underserved consumer demand will continue to drive the growth of the pop toy market in China going forward.

Increasing importance of co-branding and IP incubation. Driven by booming market demand, there has been increasing popularity of pop toys in China, and leading brands have begun to release their pop toys based on popular IPs to capture the increasing market demand. With the growing significance of IPs and the higher sourcing costs associated with IP development or licensing, pop toy retailers with in-house IP incubation capabilities are more likely to stand out in the fierce competition with pop toys based on their own IPs and retain higher customer loyalty.

Competitive Landscape

According to the Frost & Sullivan Report, the pop toy market in China is at the growth phase in the industry life cycle and has low concentration in terms of market share.

In 2021, we generated GMV of RMB374.4 million from our pop toy business in China and had a market share of 1.1% of the pop toy market in China, ranking seventh by GMV in the pop toy market among players in China according to the Frost & Sullivan Report.

Top Ten Companies by GMV in Pop Toy Market (China), 2021

Ranking	Company	GMV (RMB Billion)/Market Share %
1	Pop Mart	4.7 (13.6%)
2	LEGO	2.6 (7.5%)
3	Hot Toys	0.9 (2.6%)
4	Bandai	0.5 (1.4%)
5	Hasbro	0.5 (1.3%)
6	Funko	0.4 (1.1%)
7	TOP TOY	0.4 (1.1%)
8	Rastar	0.3 (0.9%)
9	X11	0.2 (0.5%)
10	19八3	0.2 (0.4%)

Source: Frost & Sullivan

COMPETITOR PROFILES

- (1) Muji, headquartered in Tokyo, Japan, is a listed company founded in 1980. It is primarily engaged in the sales of all kinds of high-quality and simple design goods such as household goods, kitchen utensil, stationery, etc.

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- (2) Sanfu, headquartered in Fuzhou, China, is a private company founded in 1994. It is primarily engaged in the sales of household goods, cosmetics, fashion, accessories, stationery, small electronics, etc.
- (3) Nome, headquartered in Guangzhou, China, is a private company founded in 2017 and operated by Guangzhou Nome Brand Management Limited. It is primarily engaged in the sales of home living products, cosmetics, clothing, shoes, etc.
- (4) LATTIV, headquartered in Guangzhou, China, is a private company founded in 2014. It is primarily engaged in the sales of household products, fashion accessories, beauty, bags, stationery, etc.
- (5) Daiso, headquartered in Kagawa, Japan, is a private company founded in 1977. It is a Japanese dollar store and is primarily engaged in the sales of cosmetics, accessories, stationery, electronics, household goods, etc.
- (6) Flying Tiger, headquartered in Copenhagen, Denmark, is a private company founded in 1995. It is primarily engaged in the sales of household goods, kitchen utensil, fashion, stationery, toys, electronics, stationery, etc.
- (7) Pop Mart, headquartered in Beijing, China, is a listed company founded in 2010. It is an industry-leading pop culture and art toy company. Its business mainly focuses on global artist development, IP operation, consumer access, pop toy culture promotion, etc.
- (8) LEGO, headquartered in Billund, Denmark, is a private company founded in 1932. It is famous for its iconic brick and is one of the world's leading manufacturers of play materials.
- (9) Hot Toys, headquartered in Hong Kong, China, is a private company founded in 2000. It is primarily engaged in the sales of dolls, art toys, etc.
- (10) Bandai, headquartered in Tokyo, Japan, is a private company founded in 1950. It is primarily engaged in the sales of garage kits, art toys, etc.
- (11) Hasbro, headquartered in Pawtucket, Rhode Island, U.S., is a listed company founded in 1923. It is primarily engaged in the sales of toys, puzzles, board games, etc.
- (12) Funko, headquartered in Everett, Washington, U.S., is a listed company founded in 1998. It is primarily engaged in the sales of dolls, art toys, garage kits, etc.
- (13) Rastar, headquartered in Shenzhen, China, is a listed company founded in 2000. It is primarily engaged in the sales of assembled toy & building sets, art toys, garage kits, etc.
- (14) X11, headquartered in Guangzhou, China, is a private company founded in 2020. It is a global pop toy specialty retail brand and is primarily engaged in the sales of blind box, art toys, dolls, etc.
- (15) 19八3, headquartered in Fujian, China, is a private company founded in 2010. It is a multi-channel IP platform operator integrating pop toy retail, artist development, IP operation, etc.

REPORT COMMISSIONED BY FROST & SULLIVAN

We commissioned Frost & Sullivan to conduct a detailed research and analysis of the global and Chinese branded variety retail industries and China's pop toy industry in which we operate. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. We have agreed to pay a fee of US\$90,000 to Frost & Sullivan in connection with the preparation of the Frost & Sullivan Report. We are of the view

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that the payment of such fee does not impair the fairness of the conclusions drawn in the Frost & Sullivan Report. The commissioned report was prepared by Frost & Sullivan independent of the influence of the Company and other interested parties. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed “Summary,” “Risk Factors,” “Business,” “Financial Information” and elsewhere in this document to provide our potential investors with a more comprehensive presentation of the industry in which we operate. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report.

Frost & Sullivan prepared its report based on its in-house database, independent third party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan’s research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

During the preparation of the Frost & Sullivan Report, Frost & Sullivan performed both primary and secondary research, and obtained knowledge, statistics, information on and industry insights into the global and Chinese branded variety retail industries and China’s pop toy industry where we operate. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources. The Frost & Sullivan Report was compiled based on the following assumptions: (1) the overall social, economic, and political environment of the world and in China is likely to remain stable during the forecast period; and (2) relevant industry key drivers are likely to drive the continued growth of the global and Chinese branded variety retail industries and China’s pop toy industry throughout the forecast period. For the avoidance of doubt, impacts of the COVID-19 outbreak have been taken into account when compiling information in the Frost & Sullivan Report.