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Application Proof of
Shenzhen Fengyi Technology Group Co., Ltd.
深圳市豐宜科技集團股份有限公司

(the “**Company**”)
(A joint stock company incorporated in the People’s Republic of China with limited liability)

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Shenzhen Fengyi Technology Group Co., Ltd. 深圳市豐宜科技集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	:	[REDACTED] H Shares (subject to the [REDACTED])
Number of [REDACTED]	:	[REDACTED] H Shares (subject to [REDACTED])
Number of [REDACTED]	:	[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])
Maximum [REDACTED]	:	HK\$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value [REDACTED]	:	RMB1.00 per H Share [REDACTED]

Sole Sponsor, Sponsor-Overall Coordinator, Overall Coordinator, [REDACTED]

ABCI  農銀國際

Overall Coordinators, [REDACTED]

 CICC 中金公司

 CMS  招商證券國際

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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 events occur prior to 8:00 a.m. on the [REDACTED]. Please refer to the section headed “[REDACTED]” in this Document.

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[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

CONTENTS

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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 in [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].

OVERVIEW

We are an AI-driven retail enterprise and the largest smart retail cabinet operator in China in 2025, both by the number of cabinets installed and by total gross merchandise volume (“GMV”), according to Frost & Sullivan. By pioneering smart retail cabinets at only approximately 30% of the cost of traditional vending machines, we successfully resolved industry pain points and established a “scan to open, automatic checkout upon closing” shopping experience that has since become the industry standard. Empowered by our algorithm-driven autonomous operations, we have served more than 80 million cumulative consumers. During the Track Record Period, our POS network has expanded from 106,197 POSs as of December 31, 2023 to 183,989 POSs across 72 cities as of December 31, 2025, representing a CAGR over 30%. Through our dense and scalable network, we are progressively transforming smart retail cabinets from a supplementary channel into an integral infrastructure of everyday offline retail.

OUR BUSINESS MODEL

We focus on serving “capillary-level” light-traffic scenarios that are small, widespread and dispersed points of consumer access that traditional retail channels cannot economically reach. Using our proprietary algorithms and directly-operated site development capabilities, we have expanded smart retail cabinets across more than 100 retail scenarios — spanning workspace, commercial venues, logistics and warehousing facilities, leisure and entertainment venues and public services and education — offering consumers a convenient, intelligent, and instant “one minute, steps away” shopping experience within easy reach of where they live and work. During the Track Record Period, approximately 99% of our revenue was derived from sales of products to end consumers through our smart retail cabinets, supplemented by approximately 1% of advertising and other revenue from platform partners and product suppliers. By making smart retail more accessible and efficient, we create value for consumers, site partners and brand partners alike. See “Business — Our Business Model” for more details.

OUR OPERATIONAL MODEL

To effectively capture the value of light-traffic scenarios, we have established an operational model anchored by three core pillars: algorithm-driven autonomous decision-making, a distributed network and direct operations. Given the sheer scale of managing hundreds of thousands of sites, we rely on automated systems rather than manual planning to reliably execute high-volume, complex decisions across product assortment, pricing, inventory replenishment, and logistics. We are the first and only smart retail cabinet operator in China that has achieved autonomous operations powered by proprietary algorithms, according to Frost & Sullivan. We began automating our end-to-end operations using proprietary algorithms in 2022, and by 2024, we had developed our FLOW Pilot agent system. Leveraging our algorithm-driven autonomous operations, we have established a fully directly-operated, high-density distributed network. Our high-density network layout shortens delivery distances, significantly improves restocking efficiency, and reduces operating costs and expenses as a whole. Meanwhile, our direct operations not only guarantee strict, end-to-end execution of algorithm-generated instructions but also provide continuous feedback of high-quality, real-time data required to refine our algorithms. Together, these pillars form a self-reinforcing foundation that has helped us build competitive advantages and deliver profitable growth. See “Business — Our Network-based Operating Model.”

OUR FINANCIAL PERFORMANCE

During the Track Record Period, we achieved revenue growth with improved cost efficiency and profitability. Revenue grew from RMB1,243.7 million in 2023 to RMB1,652.3

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million in 2024 and further to RMB2,008.9 million in 2025, representing a CAGR of 27.1%. Our gross profit margin expanded from 52.4% in 2023 to 54.0% in 2024 and further to 55.8% in 2025. Our adjusted EBITDA (non-IFRS measures) was RMB56.5 million, RMB140.7 million, and RMB191.4 million in 2023, 2024, and 2025, respectively, and our adjusted net profit (non-IFRS measures) reached RMB118.6 million in 2025. We achieved positive operating cash flow in each period.

OUR STRENGTHS

Our strengths include: (i) being China’s largest smart retail cabinet operator, with a fully directly-operated model that has achieved profitability at scale; (ii) being pioneer and leader in smart retail cabinets, delivering a highly intelligent and convenient consumer experience; (iii) industry-leading proprietary algorithms driving end-to-end operational automation with optimal decision-making and efficient management; (iv) strong site development capabilities that form our competitive edge in expansion; (v) efficient distributed network operating model that significantly lowers site-level sales thresholds and unlocks substantial growth markets; (vi) experienced management team combining operational excellence with deep technical expertise. See “Business — Our Strengths” for more details.

OUR STRATEGIES

Our strategies include: (i) scaling our site network; (ii) optimizing our supply chain to enhance operational efficiency; (iii) advancing our AI capabilities, hardware and platform; (iv) deepening collaboration with brand partners; and (v) piloting global expansion to replicate our proven model. See “Business — Our Strategies” for more details.

OUR PRODUCTS AND SALES

We offer a highly diversified and continuously evolving product portfolio through our smart retail cabinets, primarily comprising beverages and packaged foods. Unlike traditional vending machine operators, we cater to the diverse, rapidly changing, and site-specific demands of light-traffic scenarios by strategically incorporating a substantial proportion of niche and long-tail products. This strategy is underpinned by our proprietary FLOW Pilot agent system. By analyzing massive datasets, the system automates our operational decision-making, enabling us to dynamically tailor optimal, site-specific product assortments and facilitate rapid new product iterations with minimal human intervention. To further drive consumer conversion and per-cabinet sales yield, we leverage continuous A/B testing to deploy interactive marketing campaigns and establish strategic Online-to-Offline closed loops with local lifestyle platforms. This is complemented by a dynamic pricing policy that optimally balances a cost-plus model with competitive market pricing, thereby ensuring sustainable profitability while supporting our scale expansion. See “Business — Our Products and Sales” for more details.

OUR CORE TECHNOLOGIES

We regard technological innovation as the fundamental driver of our scalable and sustainable growth. During the Track Record Period, our average annual R&D expenses exceeded RMB60 million, significantly above all industry peers, according to Frost & Sullivan. Spearheading the industry’s transition from human-led management to algorithm-driven operations, we have developed FLOW Pilot, our proprietary, end-to-end intelligent agent system. Serving as our central operational brain, FLOW Pilot utilizes four interconnected agents — Field Pilot, Link Pilot, Opti Pilot, and Work Pilot — to autonomously execute highly complex, full-chain business decisions, encompassing POS site expansion, dynamic product assortment, network-wide inventory allocation, and logistics fulfillment. This algorithms decision-making layer is strictly underpinned by a robust intelligent computing infrastructure and our self-developed Nebula IoT platform, which securely connects and manages our smart retail cabinets across POS network in real time. By seamlessly integrating edge computing, recognition scheduling, and automated operations and maintenance (“O&M”), our comprehensive technology architecture minimizes human

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intervention, significantly optimizes asset returns, and paves the way for our ultimate vision of a fully autonomous retail ecosystem. See “Business — Our Core Technologies.”

OUR CUSTOMERS AND SUPPLIERS

The vast majority of our customers are individual consumers who visit our smart retail cabinets, to whom we offer retail products and with whom we settle transactions directly. Occasionally, our site partners may offer our products to their employees as staff benefits and settle with us directly, in which case these site partners are treated as our customers for settlement purposes. We also generate revenue from the display of advertisements on the digital screens of our smart retail cabinets or provision of services.

In 2023, 2024 and 2025, the revenue attributable to our five largest customers for each year during the Track Record Period was RMB47.6 million, RMB40.2 million and RMB48.7 million, respectively, accounting for 3.9%, 2.4% and 2.4% of our total revenue for the corresponding year, respectively. The revenue attributable to our largest customer for each year during the Track Record Period was RMB39.7 million, RMB31.0 million and RMB26.4 million, respectively, accounting for 3.2%, 1.9% and 1.3% of our total revenue for the corresponding year, respectively.

Our suppliers are primarily product suppliers. We have established partnerships with major food and beverage companies in China and their distributors. In 2023, 2024 and 2025, the purchases attributable to our five largest suppliers for each year during the Track Record Period were RMB186.1 million, RMB236.0 million and RMB295.5 million, respectively, accounting for 31.5%, 31.1% and 33.3% of our total cost of revenue for the corresponding year, respectively. The purchases attributable to our largest supplier for each year during the Track Record Period were RMB56.0 million, RMB72.9 million and RMB105.7 million, respectively, accounting for 9.5%, 9.6% and 11.9% of our total cost of revenue for the corresponding year, respectively.

See “Business — Our Customers” and “Business — Our Suppliers” for more details.

OUR MARKET OPPORTUNITIES AND COMPETITION

The smart retail cabinet operation industry in Chinese Mainland is fragmented and has witnessed rapid growth in the past few years. According to Frost & Sullivan, the size of the smart retail cabinet operation market in Chinese Mainland in terms of installed base increased from 91.4 thousand units in 2021 to 855.3 thousand units in 2025, with a CAGR of 74.9% during the period, and is expected to reach 3,506.6 thousand units by 2030, representing a CAGR of 32.6% from 2025 to 2030. In terms of GMV, the market size of smart retail cabinet operation increased from RMB2.0 billion in 2021 to RMB20.3 billion in 2025, with a CAGR of 78.5% during the period, and is expected to reach RMB68.9 billion in 2030, representing a CAGR of 27.7% from 2025 to 2030, according to Frost & Sullivan. In 2025, we ranked first in the smart retail cabinet operators, in terms of both the installed base of smart retail cabinets and GMV, according to the same source.

Our major competitors include traditional vending machine operators, emerging smart retail cabinet operators, and beverage and packaged food brands that deploy their own self-operated smart retail cabinets. We believe our scale and density, strategic focus on light-traffic scenarios, algorithm-driven automated decision-making, directly operated model, leading site development capabilities, efficient distributed network and experienced management team give us competitive advantages. See “Industry Overview” for more details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our financial information during the Track Record Period, extracted from the Accountant’s Report set out in Appendix I to this document. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, our financial statements in this document, including the related notes. Our financial information was prepared in accordance with IFRS.

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Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>% of revenue (in thousands, except for percentages)</i>	<i>RMB</i>	<i>% of revenue (in thousands, except for percentages)</i>	<i>RMB</i>	<i>% of revenue</i>
Revenue	1,243,680	100.0	1,652,349	100.0	2,008,941	100.0
Cost of revenue.	(591,490)	(47.6)	(759,439)	(46.0)	(888,459)	(44.2)
Gross profit	652,190	52.4	892,910	54.0	1,120,482	55.8
Research and development expenses	(56,065)	(4.5)	(63,740)	(3.9)	(63,915)	(3.2)
Selling and marketing expenses General and administrative expenses	(585,801)	(47.1)	(749,003)	(45.3)	(960,814)	(47.8)
Net provision of impairment losses on financial assets . . .	(24,719)	(2.0)	(37,213)	(2.3)	(46,506)	(2.3)
Other income and gains/(loss), net	(134)	(0.0)	(3)	(0.0)	(40)	(0.0)
	294	0.0	5,010	0.3	1,603	0.1
Operating (loss)/profit	(14,235)	(1.1)	47,961	2.9	50,810	2.5
Finance costs	(14,330)	(1.2)	(14,680)	(0.9)	(10,845)	(0.5)
Finance income.	3,235	0.3	3,073	0.2	2,686	0.1
Finance costs, net	(11,095)	(0.9)	(11,607)	(0.7)	(8,159)	(0.4)
Changes in the carrying amount of redemption liabilities	(21,128)	(1.7)	(78,750)	(4.8)	(112,543)	(5.6)
Loss before income tax	(46,458)	(3.7)	(42,396)	(2.6)	(69,892)	(3.5)
Income tax credit	114,947	9.2	25,138	1.5	32,672	1.6
Profit/(loss) and total comprehensive income/(loss) for the year	68,489	5.5	(17,258)	(1.0)	(37,220)	(1.9)

For details of discussion of major components of our consolidated statements of profit or loss, see “Financial Information — Description of Selected Components of Consolidated Statement of Profit or Loss.”

Non-IFRS Measures

We use adjusted EBITDA (non-IFRS measure) and adjusted net profit (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS, to supplement our consolidated financial statements which are presented under IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items and provide useful information to [REDACTED] and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted EBITDA (non-IFRS measure) and adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has

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limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted EBITDA (non-IFRS measure) as EBITDA (non-IFRS measure), being profit/loss for the year adjusted by income tax credit, finance costs, net, changes in the carrying amount of redemption liabilities, depreciation of property and equipment, depreciation of right-of-use assets and amortization of intangible assets, adjusted for (i) share-based compensation, which are non-cash in nature, (ii) [REDACTED] expenses in relation to the [REDACTED], and (iii) fair value losses on financial liabilities, which represent the difference between the subscription price and the fair value of the shares subscribed by specific Shareholders at the settlement date under fixed-price share subscriptions, which is non-cash in nature. The redemption liabilities were reclassified to equity after the termination of the shareholders’ special rights in June 2026.

We define adjusted net profit (non-IFRS measure) as profit/loss for the year adjusted for (i) share-based compensation, (ii) [REDACTED] expenses in relation to the [REDACTED], (iii) fair value losses on financial liabilities, and (iv) changes in the carrying amount of redemption liabilities.

The following table sets forth a reconciliation of our profit/loss for the year to adjusted EBITDA (non-IFRS measure) and adjusted net profit (non-IFRS measure) and for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Profit/(loss) for the year	68,489	(17,258)	(37,220)
Adjusted by:			
Income tax credit.	(114,947)	(25,138)	(32,672)
Finance costs, net	11,095	11,607	8,159
Changes in the carrying amount of redemption liabilities	21,128	78,750	112,543
Depreciation of property and equipment	44,120	46,001	46,745
Depreciation of right-of-use assets	14,119	29,252	48,617
Amortization of intangible assets	1,084	1,594	1,907
EBITDA (non-IFRS measure)	45,088	124,808	148,079
Add back:			
Share-based compensation	11,389	15,908	40,947
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Fair value losses on financial liabilities . .	—	—	603
Adjusted EBITDA (non-IFRS measure) . .	56,477	140,716	191,380

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	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Profit/(loss) for the year	68,489	(17,258)	(37,220)
Add back:			
Share-based compensation	11,389	15,908	40,947
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Fair value losses on financial liabilities . .	–	–	603
Changes in the carrying amount of redemption liabilities	21,128	78,750	112,543
Adjusted net profit for the year (non-IFRS measure)	101,006	77,400	118,624

Summary of Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Total non-current assets	348,682	421,497	504,034
Total current assets	381,185	512,481	580,850
Total assets	729,867	933,978	1,084,884
Total non-current liabilities	602,748	789,326	917,729
Total current liabilities	358,335	477,218	503,269
Total liabilities	961,083	1,266,544	1,420,998
Net current assets	22,850	35,263	77,581
Net liabilities	(231,216)	(332,566)	(336,114)

Our net current assets increased from RMB35.3 million as of December 31, 2024 to RMB77.6 million as of December 31, 2025, primarily due to (i) an increase in cash and cash equivalents from RMB329.5 million as of December 31, 2024 to RMB394.7 million as of December 31, 2025, and (ii) a decrease in borrowings from RMB85.9 million as of December 31, 2024 to RMB62.0 million as of December 31, 2025, partially offset by an increase in other payables and accrued charges from RMB230.2 million as of December 31, 2024 to RMB280.6 million as of December 31, 2025.

Our net current assets increased from RMB22.9 million as of December 31, 2023 to RMB35.3 million as of December 31, 2024, primarily due to (i) an increase in cash and cash equivalents from RMB262.0 million as of December 31, 2023 to RMB329.5 million as of December 31, 2024, partially offset by (ii) an increase in other payables and accrued charges from RMB188.9 million as of December 31, 2023 to RMB230.2 million as of December 31, 2024.

SUMMARY

Our net liabilities increased from RMB231.2 million as of December 31, 2023 to RMB332.6 million as of December 31, 2024, primarily attributable to (i) recognition of redemption liabilities of RMB100.0 million and (ii) loss for the year of RMB17.3 million, partially offset by share-based payments of RMB15.9 million. Our net liabilities increased to RMB336.1 million as of December 31, 2025, primarily attributable to (i) loss for the year of RMB37.2 million and (ii) our repurchase equity of RMB15.0 million, primarily offset by (i) share-based payments of RMB40.9 million and (ii) impact of transferring of shares with special rights of RMB7.7 million. We expect that our net liability position will turn into a net asset position upon the termination of the redemption rights granted to Pre-[REDACTED] Investors in June 2026.

For details, see “Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position.”

Summary of the Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash generated from operating activities	111,572	182,125	188,142
Net cash (used in)/generated from investing activities	(8,655)	(37,813)	688
Net cash used in financing activities	(7,140)	(76,808)	(123,542)
Net increase in cash and cash equivalents .	95,777	67,504	65,288
Cash and cash equivalents at the beginning of the year	166,176	261,953	329,457
Cash and cash equivalents at the end of the year	261,953	329,457	394,745

For details of discussion of our cash flows, see “Financial Information — Liquidity and Capital Resources — Cash Flows.”

Key Financial Indicators

The following table sets forth our key financial ratios as of the dates and for the years indicated.

	As of/For the Year Ended December 31,		
	2023	2024	2025
Revenue growth	N/A	32.9%	21.6%
Gross profit margin ⁽¹⁾	52.4%	54.0%	55.8%
Current ratio ⁽²⁾	1.1	1.1	1.2
Inventory turnover days ⁽³⁾	43	44	45

Notes:

- (1) Calculated by dividing gross profit by revenue for a specific year.
- (2) Calculated by dividing total current assets by total current liabilities as of the dates indicated.
- (3) See “— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Inventories” for details.

SUMMARY

RISK FACTORS

Our operations and the [REDACTED] involve certain risks and uncertainties, which are set out in the section headed “Risk Factors” in this document. You should read that section in its entirety carefully before you decide to [REDACTED] in our Shares. Some of the major risks we face include: i) if we are not able to effectively manage our businesses, as we continue to scale, our business and prospects may be materially and adversely affected; ii) we may not be able to secure POS locations that meet our operational thresholds for our smart retail cabinets, or at all; (iii) if we fail to maintain our cooperation with existing site partners, or if our site partners reduce the scale of their cooperation with us, our business, financial condition and results of operations may be materially and adversely affected; (iv) our sales performance may be materially and adversely affected by uncertainties in cultivating consumer habits and irrational pricing competition; (v) we may fail to develop tailored product assortments that cater to the preferences of our consumers; (vi) we are subject to risks of shortages or unavailability of products due to disruptions to our operations, deterioration of business relationships with suppliers or potential changes of distribution methods by suppliers; (vii) any system failure or malfunctioning of our intelligent agents or operation systems that support our smart retail cabinets and any failure to fully utilize, integrate or maintain the stability of our technology systems may adversely affect our ability to deliver services, process transactions or support our customers effectively; and (viii) failure to protect confidential information transmitted on our centralized operation system over the cloud operated by third-party cloud service providers could damage our relationship with our site partners, harm our reputation, expose us to litigation and adversely affect our business.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Shan controlled the voting rights of 43.28% of our total issued share capital, comprising (i) approximately 10.52% of our total issued share capital held by Mr. Shan directly; (ii) approximately 22.87% of our total issued share capital held by Shenzhen Chengshi and Chengyi Huitong in aggregate, whose general partner is Fengyizushi Investment, a company controlled by Mr. Shan; and (iii) approximately 9.89% of our total issued share capital, the voting rights of which have been proxied to Mr. Shan by Mr. Yuan pursuant to the Voting Proxy Agreement. Immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Shan, through entities he controlled and the voting proxy arrangements, will control approximately [REDACTED]% of the total issued share capital. Therefore, Mr. Shan, together with his controlled entities, namely Shenzhen Chengshi, Chengyi Huitong and Fengyizushi Investment, will be our Controlling Shareholders upon [REDACTED]. For details, see “Relationship with our Controlling Shareholders” in this Document.

PRE-[REDACTED] INVESTORS

From August 2021 to November 2025, we have undergone rounds of Pre-[REDACTED] Investments, including capital increases, share issuance and/or equity transfers among our existing Shareholders and Pre-[REDACTED] Investors. For details, see “History, Development and Corporate Structure – Pre-[REDACTED] Investments” in this Document.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the [REDACTED] of, and permission to [REDACTED], our H Shares to be issued pursuant to the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]) and the H Shares to be converted from Unlisted Shares, on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2025, which is over HK\$500 million, and (ii) our expected market capitalization at the time of [REDACTED], which, based on the [REDACTED], exceeds HK\$4 billion.

SUMMARY

DIVIDENDS

During the Track Record Period and up to the Latest Practicable Date, we did not declare or pay any dividend. The declaration and payment of any dividends in the future will be subject to the approval of our Shareholders in a shareholder’s meeting, our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. There is no assurance that dividends of any amount will be declared or distributed in any year. Currently, we do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the [REDACTED]. When distributing the after-tax profits of the current fiscal year, we shall allocate 10% of the profits to the statutory reserve fund. The allocation of the statutory reserve fund may cease once its cumulative balance exceeds 50% of our registered capital. If the statutory reserve fund is insufficient to cover the accumulated losses of previous years, we shall first apply the current year’s profits to cover such losses before making any allocation to the statutory reserve fund. After setting aside the statutory reserve fund from the after-tax profits, we may, by a resolution of the shareholders’ meeting, also allocate a discretionary reserve fund from the remaining after-tax profits. As a result, we may not have sufficient or any distributable profits to make dividend contributions to our Shareholders.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED]. The estimated total [REDACTED] expenses (based on the mid-point of the [REDACTED] range and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK\$[REDACTED] million, accounting for approximately [REDACTED]% of our gross [REDACTED] from the [REDACTED]. The estimated total [REDACTED] expenses consist of (i) [REDACTED]-related expenses (including but not limited to commissions and fees) of approximately HK\$[REDACTED] million, and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED] million, which consist of fees and expenses of legal advisors and Reporting Accountant of approximately HK\$[REDACTED] million, and other fees and expenses of approximately HK\$[REDACTED] million. Approximately HK\$[REDACTED] million has been or is expected to be charged in profit or loss, and approximately HK\$[REDACTED] million of the estimated [REDACTED] expenses is directly attributable to the [REDACTED] of new Shares to the public and will be accounted for as a deduction from equity upon completion of the [REDACTED]. During the Track Record Period, we incurred [REDACTED] expenses of RMB[REDACTED] million (approximately HK\$[REDACTED] million). We expect to incur additional [REDACTED] expenses of approximately HK\$[REDACTED] million after the Track Record Period. This calculation is subject to adjustment based on the actual amount incurred or to be incurred. The [REDACTED] expenses above are the best estimate as of the Latest Practicable Date and are for reference only. The actual amount may differ from such an estimate.

[REDACTED]

SUMMARY

FUTURE PLANS AND USE OF [REDACTED]

See “Business — Our Strategies” for a detailed discussion of our future plans.

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED]), we estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, after deducting [REDACTED] and other estimated expenses payable by us.

We intend to use the [REDACTED] from [REDACTED] for the following purposes and in the amounts set out as follows: (i) approximately [REDACTED]%, approximately HK\$[REDACTED] million, will be allocated to the expansion of POS network; (ii) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, will be allocated to R&D activities to advance our FLOW Pilot technological integration; (iii) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, will be allocated to global expansion; (iv) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, will be allocated to working capital and general corporate purposes; (v) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, will be allocated to strategic collaboration with brand partners; and (vi) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, will be allocated to deployment of automation hardware, covering picking, sorting, transportation and logistics.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025 and up to the date of this document and there is no event since December 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountant’s Report set out in Appendix I to this document.

DEFINITIONS

In this Document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in “Glossary.”

“Accountant’s Report”	the accountant’s report of our Company, the text of which is set out in Appendix I to this Document
“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the Articles of Association of our Company (as amended from time to time), which will become effective upon the [REDACTED], a summary of which is set out in Appendix III
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”, “our Board” or “Board of Directors”	the board of directors of our Company
“business day” or “Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business to the public

[REDACTED]

“Chengyi Huitong”	Ningbo Chengyi Huitong Enterprise Management Partnership (Limited Partnership) (寧波橙誼匯同企業管理合夥企業(有限合夥)), previously known as Ningbo Meishan Bonded Port Zone Chengyi Huitong Management Partnership (Limited Partnership) (寧波梅山保稅港區橙誼投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on August 1, 2018, details of which are set out in section headed “History, Development and Corporate Structure — Pre-[REDACTED] Equity Incentive Plan”, and one of our Controlling Shareholders
“China”, “Chinese Mainland” or “PRC”	the People’s Republic of China which, for the purpose of this Document and for geographical reference only, excluding Hong Kong Special Administrative Region of the People’s Republic of China, Macau Special Administrative Region of the People’s Republic of China, and Taiwan Region

DEFINITIONS

“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
“Company”, “our Company” or “the Company”	Shenzhen Fengyi Technology Group Co., Ltd. (深圳市豐宜科技集團股份有限公司), a limited liability company established in the PRC on November 7, 2017 and converted into a joint stock limited liability company on March 30, 2026, formerly known as Shenzhen Fengyi Technology Co., Ltd. (深圳市豐宜科技有限公司)
“Company Law” or “PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“Compliance Adviser”	Gram Capital Limited
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and unless the context otherwise requires, refers to Mr. Shan, Chengyi Huitong, Shenzhen Chengshi and Fengyizushi Investment. See “Relationship with Our Controlling Shareholders” in this Document for details
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)” or “our Director(s)”	the director(s) of our Company

[REDACTED]

DEFINITIONS

“Extreme Conditions” extreme conditions caused by a super typhoon, etc. as announced by the government of Hong Kong

“Fengyizushi Investment” Ningbo Meishan Bonded Port Fengyizushi Investment Management Co., Ltd. (寧波梅山保税港區豐怡足食投資管理有限公司), a limited liability company established in the PRC on May 18, 2018, and one of our Controlling Shareholders

[REDACTED]

“Frost & Sullivan” Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an industry consultant

“Frost & Sullivan Report” the market research report prepared by Frost & Sullivan and commissioned by us

[REDACTED]

“Group”, “our Group”, “we”, “our” or “us” our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)

“Guide for New Listing Applicants” the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024, as amended, supplemented or otherwise modified from time to time

“H Share(s)” Shares in the share capital of our Company with a nominal value of RMB1.00 each, which are to be [REDACTED] in HK dollars and are to be [REDACTED] on the Stock Exchange

[REDACTED]

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

[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time

[REDACTED]

“Hong Kong Stock Exchange” or the “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong Takeovers Code” or “Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

[REDACTED]

“Independent Third Party(ies)”	any entity(ies) or person(s) who is not a connected person of our Company within the meaning of the Hong Kong Listing Rules

[REDACTED]

“Latest Practicable Date”	June 3, 2026, being the latest practicable date prior to the printing of this Document for the purpose of ascertaining certain information contained in this Document

[REDACTED]

“Listing Committee”	the listing committee of the Hong Kong Stock Exchange

DEFINITIONS

[REDACTED]

“Listing Rules” or “Hong Kong 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
“Main Board”	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with GEM of the Hong Kong Stock Exchange
“Mr. Shan”	Mr. Shan Xinning (單新寧), one of our Controlling Shareholders
“Nomination Committee”	the nomination committee of the Board

[REDACTED]

“PRC Legal Advisor”	Commerce & Finance Law Offices, legal advisor to our Company as to PRC Law

DEFINITIONS

“Pre-[REDACTED] Equity Incentive Plan”	the share incentive plan adopted by our Company on October 12, 2021, with further amendments on February 7, 2024 and on January 5, 2026, details of which are set out in “Statutory and General Information — Pre-[REDACTED] Equity Incentive Plan” in Appendix IV to this Document
“Pre-[REDACTED] Investment(s)”	the investment(s) in our Group undertaken by the Pre-[REDACTED] Investors prior to this [REDACTED], the details of which are set out in “History, Development and Corporate Structure — Pre-[REDACTED] Investments”
“Pre-[REDACTED] Investor(s)”	the investor(s) making investments in our Group prior to this [REDACTED] as set out in “History, Development and Corporate Structure — Pre-[REDACTED] Investments”

[REDACTED]

“document” or “Document”	this document being issued in connection with the [REDACTED]
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) in the capital of our Company with nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of Share(s)

DEFINITIONS

“Shenzhen Chengshi”	Shenzhen Chengshi Consulting Management Partnership (Limited Partnership) (深圳市橙實諮詢管理合夥企業(有限合夥)), a limited partnership established in the PRC on September 11, 2023, details of which are set out in section headed “History, Development and Corporate Structure — Pre-[REDACTED] Equity Incentive Plan”, and one of our Controlling Shareholders
“Sole Sponsor”	the sole sponsor of the [REDACTED] as named in “Directors and Parties Involved in the [REDACTED]”
“Sponsor-OC” or “Sponsor-Overall Coordinator”	the sponsor-overall coordinator as named in “Directors and Parties Involved in the [REDACTED]”
	[REDACTED]
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Track Record Period”	the period comprising the financial years ended December 31, 2023, 2024 and 2025
“treasury shares”	has the meaning ascribed thereto under the Listing Rules
	[REDACTED]
“Unlisted Share(s)”	ordinary Shares in the share capital of our Company with a nominal value of RMB1.00 each, which are not listed on any stock exchange
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”, “USD” or “U.S. dollars”	United States dollars, the lawful currency for the time being of the United States
“U.S. Government”	the federal government of the United States, including its executive, legislative and judicial branches
“U.S. persons”	U.S. persons as defined in Regulation S
“U.S. Securities Act”	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

DEFINITIONS

[REDACTED]

“%”

per cent

Certain amounts and percentage figures included in this Document 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.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiary) have been included in this 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 of technical terms contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“A/B testing”	a user experience research methodology, which consists of a randomized experiment that usually involves two variants (A and B). It includes application of statistical hypothesis testing or “two-sample hypothesis testing” as used in the field of statistics. A/B testing is a way to compare two versions of a single variable, typically by testing a subject’s response to variant A against variant B, and determining which of the two variants is more effective
“anomaly detection”	a machine learning technique that automatically identifies data points, patterns, or system behaviors that deviate significantly from an established baseline or expected norm
“autonomous decision-making”	the capability of a system to independently evaluate real-time data and select optimal actions with minimal human intervention, based on pre-trained models and algorithmic logic
“autonomous operations”	a mode of business operations in which automated systems, guided by algorithms and real-time data, make decisions and dispatch tasks across the full operational cycle with minimal human intervention
“CAGR”	compound annual growth rate
“closed-loop”	a system design principle in which output data or feedback is continuously fed back as input to enable self-correction and iterative optimization, so that the system adjusts its behavior based on observed real-world results
“cloud platform”	a set of on-demand computing services, including servers, storage, databases, networking, and software, delivered over the internet, enabling scalable infrastructure without the need for on-premises hardware
“computer vision”	a field of artificial intelligence that develops techniques enabling machines to interpret and understand visual information using methods derived from deep learning, pattern recognition, and image processing
“demand forecasting” or “demand sensing”	the analytical process of predicting future customer demand for a product or service over a specified time horizon, using historical sales data, statistical models, machine learning, and external market signals

GLOSSARY OF TECHNICAL TERMS

“distributed network”	an operational network architecture in which computing, storage, and processing capabilities are spread across multiple geographically dispersed nodes rather than concentrated in a single location, enabling greater resilience, scalability, and efficiency, with each node serving as a point of sale, a unit for data collection, temporary storage, and product movement
“dynamic pricing”	an algorithmic pricing strategy in which prices are adjusted in real time based on current demand levels, inventory status, competitor pricing, and other market signals
“edge computing”	a distributed computing paradigm that places data processing and storage at or near the source of data generation, such as a retail terminal or IoT device, rather than relying on centralized cloud infrastructure, thereby reducing latency and bandwidth demands
“fast-moving consumer goods”	refers to products consumed in people’s daily lives and are characterized by quick turnover and frequent consumption
“Field Pilot”	one of the agents in our FLOW Pilot agent system, serving as our engine for site expansion, aggregating data in regional scenarios, site valuation, and partner qualifications to enable intelligent lead recommendations, site quality and risk assessments, and scenario-specific expansion strategies
“FLOW Pilot”	our central AI agent system with autonomous decision-making and continuous self-improvement capabilities, serving as the operational foundation of our business. FLOW Pilot consists of four interconnected agents: Field Pilot, Link Pilot, Opti Pilot, and Work Pilot
“GMV”	gross merchandise value, the total value of merchandise sold in a given period, regardless of whether the goods are settled or returned
“grab-and-go”	a retail format in which consumers select items and exit without cashier interaction, with payment processed automatically through AI dynamic video recognition or mobile payment systems
“intelligent agent”	a system or program that utilizes AI to perform tasks and achieve goals autonomously on behalf of a user or another system
“IoT”	Internet of Things, which describes physical objects with sensors, processing ability, software and other technologies that connect and exchange data with other devices and systems over the internet or other communications networks

GLOSSARY OF TECHNICAL TERMS

“large model”	a machine learning model trained on massive datasets with a larger number of parameters, capable of complex reasoning and generative tasks, and in some cases multimodal understanding
“light-traffic scenario”	deployments in enclosed, semi-enclosed, or remote areas with limited but stable customer traffic, which are typically underserved by traditional retail, and the consumer base is fixed with clear purchasing intent and high repeat purchase potential
“Link Pilot”	one of the agents in our FLOW Pilot agent system, serving as our engine for product assortment, integrating cross-site demand sensing, transaction history, consumer feedback, and product correlations data
“multi-modal recognition”	a recognition technology that integrates and cross-validates data from multiple input modalities, to identify products or actions with greater accuracy
“node” or “network node”	an individual device, terminal, or operational site within a network that can send, receive, process, or redistribute data
“OMS” or “Order Management System”	a modular system designed to manage and optimize orders management
“operations research”	an interdisciplinary discipline that applies analytical and mathematical methods, including optimization, simulation, and probability theory, to support complex decision-making and improve operational performance
“Opti Pilot”	one of the agents in our FLOW Pilot agent system, serving as our engine for inventory planning, coordinating dynamic inventory allocation, stocking and outbound decisions, and upstream-downstream collaboration among regional warehouses, front warehouses, and smart retail cabinets
“penetration rate”	the percentage of a total addressable market or potential user population that has adopted a given product, service, or technology at a specified point in time, used as a measure of market maturity and remaining growth potential
“POS”	point of sale, the location and moment at which a retail transaction is completed, as well as the hardware and software system through which payment is processed and transaction data captured
“POS operator”	personnel who directly manage our POS and execute tasks related to the operation of smart retail cabinets

GLOSSARY OF TECHNICAL TERMS

“predictive maintenance”	a proactive maintenance strategy that uses data analytics, sensor monitoring, and machine learning to anticipate equipment failures before they occur
“route planning”	the process of determining the optimal sequence of stops and travel paths for delivery vehicles or service personnel to minimize time, distance, or cost
“sensor fusion”	the technique of combining data from two or more sensors to produce a more accurate understanding of a physical subject or environment
“‘Shuying’ platform”	our digital intelligence collaboration platform that enables brand partners to monitor sales performance of their products across our network of smart retail cabinets, obtain precise data insights based on real retail scenarios, and improve supply chain efficiency through a digital collaboration mechanism
“site partner”	partners that provide placement sites and customer traffic resources for smart retail cabinets, responsible for the placement, on-site coordination, and provision of necessary utilities and access, such as power supply and entry convenience
“SKU(s)”	stock keeping unit(s), the unit of measure in which the stocks of products are managed
“smart retail cabinet”	an AI-equipped, unmanned retail enclosure that uses computer vision, sensor fusion, and edge computing to automatically identify products selected by consumers and process payment without cashier involvement
“SME(s)”	small and medium-sized enterprise(s)
“tier one cities”	in this document, Beijing, Shanghai, Guangzhou and Shenzhen
“tier two cities”	in this document, Changchun, Changsha, Changzhou, Chengdu, Chongqing, Dalian, Dongguan, Foshan, Fuzhou, Guiyang, Hangzhou, Harbin, Hefei, Huizhou, Jiaxing, Jinan, Jinhua, Kunming, Nanchang, Nanjing, Nanning, Nantong, Ningbo, Qingdao, Quanzhou, Shaoxing, Shenyang, Shijiazhuang, Suzhou, Taizhou, Taiyuan, Tianjin, Weifang, Wenzhou, Wuhan, Wuxi, Xiamen, Xi’an, Xuzhou, Yangzhou, Yantai, Zhengzhou, Zhuhai
“tier three cities and other”	any or all of the other cities and towns in China other than tier one or tier two cities
“TMS” or “Transportation Management System”	a modular system designed to manage logistics planning for the fulfillment

GLOSSARY OF TECHNICAL TERMS

“unattended retail” or “unmanned retail”	a retail model in which goods are sold to consumers through automated equipment without on-site shop staff
“unit economics”	the direct revenues and costs attributable to a single fundamental unit of a business model, such as one retail cabinet, one customer, or one transaction, used to assess the intrinsic profitability and scalability potential of the overall business
“WMS” or “Warehouse Management System”	a modular system designed to manage the turnover of inventory in warehouses, the inventory records and the standardization of processes across different warehouses
“Work Pilot”	one of the agents in our FLOW Pilot agent system, serving as the execution and dispatching engine covering all fulfillment scenarios

FORWARD-LOOKING STATEMENTS

We have included in this Document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This Document contains forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Document, the words "aim," "anticipate," "aspire," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "schedule," "seek," "should," "target," "vision," "will," "would," and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in "Risk Factors" and elsewhere in this Document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate, including but not limited to interest rates, foreign exchange rates;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain relationship with, and the actions and developments affecting, our major business partners, suppliers and future customers;
- our ability to maintain the market leading positions and the actions and developments of our competitors;
- our ability to effectively control costs and operating expenses;
- the ability of business partners to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies; and
- all other risks and uncertainties described in "Risk Factors."

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors" in this Document.

FORWARD-LOOKING STATEMENTS

In this Document, statements of or references to our intentions or those of our Directors are made as of the date of this Document. Any such information may change in light of future developments.

RISK FACTORS

An [REDACTED] in the H Shares involves various risks. You should consider carefully all the information set out in this document and, in particular, the risks described below before making an [REDACTED] in the H Shares. The occurrence of any of the following events could materially and adversely affect our business, financial position, results of operations or prospects. If any of these events occurs, the [REDACTED] price of the H Shares could decline and you may lose all or part of your [REDACTED]. You should seek professional advice from your relevant advisors regarding your prospective [REDACTED] in the context of your particular circumstances.

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) key risks relating to our business and industry; (ii) risks relating to our operations; (iii) risks relating to our intellectual property; (iv) risks relating to our financial position (v) risks relating to legal, compliance and regulatory matters; and (vi) risks relating to our [REDACTED]. Additional risks and uncertainties that are not presently known to us or we currently deem immaterial may develop and become material and could also harm our businesses, financial position and results of operations.

KEY RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we are not able to effectively manage our businesses, as we continue to scale, our business and prospects may be materially and adversely affected.

We have rapidly expanded our POS network across Chinese Mainland and plan to further increase our coverage and penetration in existing and new cities. Our continued expansion exposes us to various operational, managerial and compliance challenges, including differences in local consumer preferences, competitive landscape, regulatory environment, logistics infrastructure, labor market conditions and site resource availability. We may not be able to replicate our existing business model, operational standards and profitability across regions in a timely manner, or at all.

Effective management of a large and expanding POS network requires us to continuously enhance our intelligent agent system, internal controls, organizational structure, IT systems and talent pool. As we scale, we may face difficulties in recruiting, training and retaining sufficient qualified personnel, including regional management, sales staff, operations managers and POS operators. Our intelligent agent systems may not fully capture local nuances or may require time to adapt to new scenarios, which could lead to suboptimal site selection, inventory allocation or pricing decisions. In addition, rapid expansion may strain our management resources and divert attention from our existing operations, resulting in service quality issues, operational inefficiencies or increased costs. If we fail to effectively manage our business as we continue to scale, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be able to secure POS locations that meet our operational thresholds for our smart retail cabinets, or at all.

Our business growth and profitability depend significantly on our ability to maintain continuous growth. We may not be able to identify sufficient new sites of POS that meet our operational threshold and GMV requirements. We primarily deploy our smart retail cabinets in a wide range of light-traffic scenarios, including premises of SMEs, hotels, gyms and other venues with relatively low traffic, where we often act as the only operator of smart retail cabinets. The availability, quality and commercial attractiveness of such locations are subject to competition, changes in property usage, cost levels, site partners' preferences and macroeconomic conditions, many of which are beyond our control. Furthermore, our POS expansion process is subject to other operational constraints. As we seek to scale our operations, we may fail to recruit, train, and retain suitable business development personnel in a timely manner. For instance, we rely on outsourced personnel to support POS expansion and products replenishment, which may further increase our exposure to operational and compliance risks. If we fail to secure a sufficient number of outsourced personnel who meet our strict operational requirements, our ability to successfully execute our POS network

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expansion plans could be materially and adversely affected. In addition, the operation of our intelligent agent system may experience inefficiencies or fail to deliver the development efficiency required to support our expansion plan. Any shortage of qualified personnel or underperformance of our technological infrastructure could severely constrain our ability to effectively develop and secure additional POSs.

If we fail to maintain our cooperation with existing site partners, or if our site partners reduce the scale of their cooperation with us, our business, financial condition and results of operations may be materially and adversely affected.

The success of our business depends on our ability to maintain stable and long-term relationships with existing site partners. The cooperation arrangements with site partners typically involve allowing us to install and operate cabinets at their premises, sometimes in return for revenue sharing, fixed site fees or other commercial arrangements.

Our site partners may terminate, reduce the scale of cooperation, or unfavorably adjust the terms — such as demanding higher revenue-sharing ratios — due to changes in their strategic and financial conditions, dissatisfaction with our services, or shifts toward competing operators. This risk is particularly acute as our POSs are primarily deployed on the premises of SMEs, which exhibit low resilience to macroeconomic fluctuations, have average lifecycles of only two to three years, and are prone to frequent business liquidations or relocations. Furthermore, as we expand, a lack of local knowledge in new markets may lead to underperforming POS locations. Any failure to maintain or optimize our cooperation with existing site partners could result in the loss of sites, lower sales, and elevated customer acquisition costs, thereby materially and adversely affecting our business, financial condition, and results of operations.

Our sales performance may be materially and adversely affected by uncertainties in cultivating consumer habits and irrational pricing competition.

While we aim to cultivate consumer habits and establish the use of smart retail cabinets as a new consumption norm, there can be no assurance that such consumer adoption will materialize, or it may do so at a significantly slower pace than we anticipate. Furthermore, we operate in a highly competitive market and may be impacted by unsustainable and irrational pricing competition, such as aggressive pricing subsidies, unreasonable price battles initiated by food delivery platforms, discount snack stores and traditional convenience stores. These uncertain competitive factors could lead to significant fluctuations in our sales volume. If consumer acceptance falls short of our expectations or if we fail to effectively navigate such intense market competition, our business operation and financial performance could be materially and adversely affected.

We may fail to develop tailored product assortments that cater to the preferences of our consumers.

The use of operational data via intelligent agents to support differentiated product assortment — tailored to various retail scenarios and consumer groups across our POS — is essential to driving transaction frequency, enhancing consumer satisfaction and maintaining our competitive position. However, despite the agents’ operations research optimization and their “decision execution feedback” iterative loop, we may not always accurately capture or predict consumer preferences of various retail scenarios or regions, especially in new or niche scenarios, or in regions where we have limited operating experience.

Our algorithm-driven product selection process depends on the quality and completeness of the multidimensional data it ingests. If the underlying data is incomplete, biased or not sufficiently representative, or if our algorithms are flawed or slow to adjust, the resulting product assortments may not align with actual consumer demand. In addition, constraints such as cabinet capacity, supply chain limitations or brand partner arrangements may restrict our ability to fully tailor product assortments. Any failure by the agent or our broader FLOW Pilot agent system to generate accurate or effective product assortment decisions could lead to lower sales, reduced repeat purchases and weaker brand loyalty, which may in turn adversely affect our business, financial condition and results of operations.

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We are subject to risks of shortages or unavailability of products due to disruptions to our operations, deterioration of business relationships with suppliers or potential changes of distribution methods by suppliers.

We rely on a large number of suppliers to provide the products sold through our smart retail cabinets. Our ability to maintain stable product supply at each cabinet depends on the timely procurement, warehousing and distribution of products across a highly dispersed network and more than 100 different retail scenarios. Any disruption to our operations, including failures in our logistics arrangements, front warehouses or distributed network, could result in delays, shortages or interruptions in product supply.

Our relationships with suppliers may deteriorate due to pricing disputes, changes in commercial terms, payment issues, shifts in their own business strategies or cooperation with competing channels. In addition, suppliers may change their distribution methods, such as prioritizing direct-to-consumer channels, including through brand-owned vending machines, e-commerce platforms or other offline networks, or imposing tighter channel control and exclusivity requirements. These changes may reduce the volume or priority of products supplied to us, or require us to adjust our procurement model and incur additional costs. If we are unable to secure sufficient products of appropriate quality and variety on commercially acceptable terms, or if we experience frequent stockouts or product unavailability, our consumer experience, brand reputation, sales performance and results of operations may be materially and adversely affected.

Any system failure or malfunctioning of our intelligent agents or operation systems that support our smart retail cabinets and any failure to fully utilize, integrate or maintain the stability of our technology systems may adversely affect our ability to deliver services, process transactions or support our customers effectively.

Our operations rely heavily on our proprietary intelligent agent systems, IoT platform and various internal operation management systems to support the full lifecycle of our smart retail cabinets, including device monitoring, order recognition, inventory management, replenishment scheduling and data analytics. Our intelligent applications are mainly focused on internal management and operational efficiency, and we do not provide intelligent agent services to end users. Accordingly, our agent-related operations do not involve public opinion attributes or social mobilization functions.

Algorithms may contain errors or limitations, datasets may be incomplete or biased, and inappropriate data practices by us or third parties could affect acceptance or effectiveness of these technologies. Interruptions from hardware failures, software bugs, network outages, cyber-attacks, third-party disruptions, human errors, cabinet downtime, transaction errors, incorrect billing, delayed settlement, inventory misallocation, or inability to remotely monitor and manage devices. In particular, failures in our order recognition and settlement system may lead to misidentification of products, disputes over transaction amounts, or increased customer complaints and refund requests. Prolonged or repeated system issues could damage our reputation for reliability and technological leadership, cause site partners to lose confidence in our services, and prompt brand partners to reduce cooperation. We may incur significant costs to restore systems, enhance redundancy, compensate affected customers or address regulatory inquiries. Any of the above could materially and adversely affect our business, financial condition and results of operations.

Failure to protect confidential information transmitted on our centralized operation system over the cloud operated by third-party cloud service providers could damage our relationship with our site partners, harm our reputation, expose us to litigation and adversely affect our business.

We collect, process and store various types of data through our smart retail cabinets, IoT platform and intelligent agent systems, including transaction data, device operation data, aggregated product purchase patterns and business information relating to our site partners and brand partners. We rely on our self-developed IoT platform and intelligent agent systems to host, process and analyze a substantial portion of such data, including data uploaded from our smart retail cabinets for order recognition and operational management. Our data

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security and privacy protection measures, as well as those of our cloud service providers and other third-party partners, may not be sufficient to prevent unauthorized access, data leakage, misuse, loss or other security incidents.

Cyber-attacks, hacking, phishing, ransomware, insider misconduct, system vulnerabilities or operational errors could result in data breaches or compromise of our systems. Any actual or suspected data security incident may lead to service interruptions, loss or corruption of data, or unauthorized disclosure of confidential or sensitive information. This could damage our reputation and brand image, undermine the trust of consumers, site partners and brand partners, and expose us to contractual claims, regulatory investigations, administrative penalties and litigation. In addition, the regulatory framework governing data security, cybersecurity and personal information protection in Chinese Mainland is rapidly evolving. We may incur additional costs to enhance our data protection capabilities and ensure compliance. Failure to adequately protect data or comply with applicable laws and regulations could materially and adversely affect our business, financial condition and results of operations.

We operate in a highly competitive and rapidly evolving market in Chinese Mainland and we face intense competition.

The smart retail cabinet operation market in Chinese Mainland is highly competitive and fragmented, with participants mainly including traditional vending machine operators, emerging smart retail cabinet operators, and beverage and packaged food brands that deploy their own self-operated smart retail cabinets. We compete with these players for consumer attention, POS resources, brand partnerships and talents. Some of our competitors may have longer operating histories, stronger brand recognition, broader offline networks, greater financial resources, more established supplier relationships with more price discounts or more advanced technologies in certain areas.

Competitors may adopt aggressive pricing strategies, offer more favorable revenue-sharing terms to site partners, pay higher purchase price to brand partners, or introduce new products and services that are more attractive to consumers. They may also seek to replicate or improve upon our algorithm-driven operating model, IoT platform or data analytics capabilities. Intensified competition may lead to downward pressure on our margins, higher customer acquisition and retention costs, and loss of POS or brand partners. If we are unable to compete effectively, maintain our market position or differentiate our offerings, our business, financial condition and results of operations may be materially and adversely affected.

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

Effective inventory management is critical to our business due to the large number of smart retail cabinets we operate, the relatively small capacity of each cabinet and the wide variety of SKUs we carry. We rely on Opti Pilot and our distributed network model to allocate inventory across cabinets and warehouses, balance stockout risks and overstock risks, and support frequent product updates. However, our inventory management systems and processes may not always accurately forecast demand or respond to changes in consumer preferences, seasonality, regional differences or macroeconomic conditions.

If we underestimate demand for certain products, we may experience stockouts, lost sales opportunities, reduced consumer satisfaction and potential damage to our reputation. If we overestimate demand, we may incur excess inventory, higher storage and logistics costs, increased risk of product obsolescence or expiration and higher shrinkage. In addition, as we introduce more new products and expand into more scenarios and cities, the complexity of inventory management increases, and our intelligent agent system may require more time to adapt. Any significant failure or inefficiency in our inventory management could adversely affect our revenue, gross profit, working capital and overall financial condition.

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Our results of operations may be affected by fluctuations in customer demand and seasonal factors.

Our revenue and profitability are subject to fluctuations in customer demand, which may be influenced by macroeconomic conditions, consumer confidence, employment levels, mobility patterns and other external factors. In addition, our business is exposed to seasonality. For example, consumer spending patterns may vary across different times of the year, including public holidays, school semesters, vacation periods and weather changes, which may affect traffic and purchasing behavior at our smart retail cabinets.

Certain product categories, such as beverages, snacks or seasonal items, may experience higher demand in particular seasons or during specific promotional campaigns, while demand may soften at other times. Our ability to accurately forecast and respond to such fluctuations is critical to maintaining stable operations and efficient inventory levels. Unexpected changes in demand or cycles may result in underutilized capacity, lower-than-expected sales, or excess inventory, and may also impact our planning for staffing, logistics and capital expenditure. Any significant volatility in demand or seasonality that we fail to anticipate or manage effectively could adversely affect our results of operations and financial condition.

Our reputation, performance and financial condition could be adversely affected by any failure to maintain effective quality control mechanism and food safety monitoring system.

Product quality and food safety are fundamental and crucial to our business. Due to the rapid expansion and geographical coverage of our nationwide POS network, maintaining consistent quality control and food safety depends on the effective design and management of our quality control mechanisms and food safety monitoring system and the implementation of the quality control measures and initiatives by our staff and our suppliers. For more details on our quality control systems, see “Business — Quality Control.” There can be no assurance that our quality control mechanism and food safety monitoring system will remain effective. The quality of the products provided by our suppliers is subject to factors beyond our control. We may be subject to complaints or even food safety incidents as well, and our financial condition, performance and goodwill will therefore be seriously affected. Any significant failure or deterioration of our quality control systems could have a material adverse effect on our reputation, results of operations and financial condition.

According to the applicable PRC Law, both manufacturers and vendors of products shall be responsible for food safety and quality of products being sold. The Product Quality Law and Food Safety Law of the PRC requires vendors to establish a mechanism integrated with purchase acceptance, product quality management, employee health management system and food safety self-inspection system, holding us responsible for the food safety and product quality to meet the relevant standards. Accordingly, we are subject to supervision and on-site inspection by the relevant administrative authorities. Any failure to comply with the aforesaid requirements and standards may result in administrative penalties against us and, in more extreme cases, criminal proceedings may be brought against us and our management. If any quality issues are found in the products we sell, we may also be ordered by the relevant government authorities to rectify the quality issues such as replacing the products we sold or making refunds and compensation to our customers.

Our retail business is subject to risks of food safety issues and defective products. At our cabinets, we sell products manufactured by third parties, some of which may be defective. There can be no assurance that we will be able to detect all safety issues or defects in the products we offer. We cannot assure you that product liability claims against us will not arise in the future. If the consumption of our products results in any damage to our customers, we may face product liability claims and be held liable to pay compensation and recover the damages to the customers. The attention of our management and resources may be distracted by the claims. In the case that any of such claims materializes, we may incur monetary loss, and our reputation, as well as our growth and profitability may be harmed, which may in turn adversely affect our business, financial condition and results of operations.

We rely on external suppliers to manufacture our smart retail cabinets or supply key components and equipment for our smart retail cabinets.

We depend on a number of external suppliers to manufacture our smart retail cabinets or supply key components and equipment used in our smart retail cabinets, including

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computers, cameras, electronic locks, communication modules and display screens, as well as certain software and hardware used in our IoT platform and operation systems. Our ability to maintain stable operations and service quality depends on the timely availability, quality and cost of such components, equipment and products.

If any of our key suppliers experiences financial difficulties, capacity constraints, quality issues, labor disputes, regulatory sanctions, natural disasters or other disruptions, or decides to change its business strategy or terms of cooperation, our supply of cabinets or components may be delayed, reduced or suspended. We may not be able to identify or qualify alternative suppliers on a timely basis, or at all, and replacement suppliers may offer less favorable terms or lower quality products. In addition, concentration of procurement from certain suppliers may expose us to higher negotiation risk and supply disruption risk. Furthermore, our component suppliers may be adversely affected by macroeconomic fluctuations, which could result in an increase in the prices of the components supplied to us. Any significant interruption in our supply chain, increase in procurement costs, or deterioration in product quality could adversely affect our ability to deploy and operate smart retail cabinets, maintain service standards and achieve our business objectives, thereby materially and adversely affecting our business, financial condition and results of operations.

We are subject to risks and uncertainties faced by companies in a rapidly evolving industry.

We operate in the smart retail cabinet operation industry, with a focus on the light-traffic scenarios, which is characterized by rapid technological changes, evolving business models, shifting consumer preferences and emerging regulatory requirements. New technologies, such as advanced computer vision, large models, IoT platform and digital payment methods, are continuously being developed and adopted. Our future success depends on our ability to anticipate industry trends, adapt our products and services, and upgrade our systems and algorithms in a timely and cost-effective manner.

If we fail to keep pace with technological developments or changes in consumer behavior, our existing products and service offerings may become less attractive or obsolete, and we may lose our competitive edge. Our investments in new technologies, AI capabilities or product innovations may not yield expected returns, may be delayed, or may encounter technical or regulatory hurdles. In addition, the regulatory environment for AI, data usage, digital payments and new retail formats is still developing and may change quickly, potentially imposing new compliance obligations, operational restrictions or licensing requirements on our business. Any failure to effectively respond to the rapid evolution of our industry could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR OPERATION

Our success depends on our talented personnel. Any failure to attract and retain necessary talents may materially and adversely affect our business, prospects, financial condition and results of operations.

Our continued success depends on our ability to attract, motivate and retain talented personnel. We rely on the expertise and experiences of our employees throughout our business operations. Any loss of our key personnel could materially and adversely affect our ability to sustain and develop our business. We cannot assure that we will be able to recruit or retain enough qualified employees for our business. Subject to failure to keep up with market average employee salary levels and other factors, any material increases in employee turnover rates and any failure to recruit and retain sufficient personnel may make our growth strategy difficult to implement. In addition, as we expand our cooperation with large site partners and business partners, our key personnel, particularly those responsible for site development, business negotiation, data analysis and operational management, may become targets for talent poaching by such partners or other market participants. These partners may have stronger financial resources or offer more competitive compensation packages, which could increase the risk of losing experienced employees who possess deep knowledge of our light-traffic scenarios, POS operations and FLOW Pilot agent system. Any significant loss of such personnel could disrupt our site expansion, weaken our operational capabilities and

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delay the execution of our business strategies. Any of the above would materially and adversely affect our business and results of operations.

Share-based payments may have a material and adverse effect on our financial performance and cause shareholding dilution to our Shareholders.

The share incentive plan was established for the benefit of our directors, senior management and core employees as remuneration for their services provided to us and to incentivize and reward the eligible persons who have contributed to the success of our Company. For the principal terms of the employee incentive scheme, see “Appendix IV — Statutory and General Information — Pre-[REDACTED] Equity Incentive Plan” for details. In 2023, 2024 and 2025, we recorded an aggregate of RMB11.4 million, RMB15.9 million and RMB33.0 million, respectively, in share-based payments. To further incentivize our employees, we may incur additional share-based payment expenses in the future. We believe such share-based awards are important to our ability to attract, retain and motivate our key individuals, and we may continue to grant share-based awards in the future. Expenses incurred with respect to such share-based payments may also increase our operating expenses and therefore have a negative effect on our financial performance. Issuance of additional Shares with respect to such share-based payments may dilute the shareholding of our Shareholders and could result in a decline in the value of our Shares.

Our business operation needs various approvals, licenses and permits, which could be materially and adversely affected by any failure to obtain or renew any of these approvals, licenses and permits.

As the PRC Law requires, we ought to maintain various approvals, licenses and permits to provide our unmanned retailing and other services in Chinese Mainland. Take our pre-packed food and beverage retail business as an example, Food Operation License (食品經營許可證) or Record-filing for Selling Only Pre-packaged Food (僅銷售預包裝食品備案) shall be acquired and maintained by each of our subsidiaries which conduct the relevant business. The address of our POSs, transportation vehicles and cabinets we used for storage, logistics and sale are subject to compliance inspections by the regulatory authorities under the PRC Law. These registrations, approvals, licenses and permits are achieved upon satisfactory compliance with the applicable laws and regulations. Most of these licenses are subject to examinations or verifications by relevant authorities, and some are valid only for a fixed period of time, subject to renewal and accreditation. Complying with government regulations may require substantial expense, and any non-compliance may expose us to liability. In case of any non-compliance, we may have to incur significant expense and divert substantial management time to resolving any deficiencies. We may also experience adverse publicity arising from such non-compliance with government regulations that negatively impacts our brand.

As of the Latest Practicable Date, we have complied with the applicable laws and regulations to complete food safety procedures in all material respects. We may experience difficulties or failures in obtaining the necessary approvals, licenses and permits for other products. We may also experience difficulties or failures in obtaining, renewing and/or converting all the approvals, licenses and permits required for our existing business operations upon expiration in a timely manner or at all. If we cannot obtain and/or maintain all licenses required by us to operate our business, planned new business operations and/or expansion may be delayed and our ongoing business could be interrupted. We may also be subject to fines and penalties.

We face risks associated with the misconduct or illegal activities of our site partners, brand partners and personnel, suppliers and other business partners and their employees, and other related personnel.

Our performance and goodwill may well be adversely and materially affected by misconduct of our site partners, brand partners and personnel, at different operational levels, either individually or in collusion with other employees, suppliers, customers or other third parties. We may even be subject to third-party claims and regulatory actions. We cannot

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assure that our site partners and brand partners, employees and outsourced personnel engaged in POS expansion and replenishment will not engage in misconduct or illegal activities that could materially and adversely affect our business, financial condition and results of operations.

For example, our POS expansion personnel may falsify site deployment records to artificially inflate performance metrics, or offer illegal bribes to potential site partners during business negotiations to secure locations. We may also face risks arising from deficiencies in the authority or rights of certain site partners to grant us the right to deploy and operate our smart retail cabinets at their premises. We conduct due diligence in accordance with our internal control procedures. In some cases, our site partners may not possess full or valid rights of use, leasehold interests, authorization or other legal entitlements with respect to the relevant premises, or their rights may be subject to restrictions, disputes or third-party claims. If we enter into cooperation arrangements with site partners who lack the requisite authority, or are not in a valid contractual relationship with respect to the relevant premises, or whose authority is subsequently challenged, invalidated or revoked, we may be required to remove our smart retail cabinets, suspend operations at the affected sites, or renegotiate cooperation arrangements, and may also be exposed to claims, disputes, or liabilities arising from alleged infringement of property rights, contract rights or other third-party interests. Any such events could result in operational disruptions, loss of revenue, additional costs, reputational damage and potential legal liabilities, which may materially and adversely affect our business, financial condition and results of operations.

We have limited insurance coverage, which could expose us to significant costs and business disruption.

We purchase and maintain various insurance policies that we believe are aligned with the customary commercial practice in our industry and as required under relevant laws and regulations to safeguard against risks and unexpected events for our employees and properties. However, we cannot assure that our insurance coverage will be sufficient or available to cover damages, liabilities or losses we may incur in the ordinary course of our business. In addition, there are certain losses for which insurance is not available in Chinese Mainland on commercially practicable terms, such as losses or damages arising from any disruption in our network infrastructure or business operations, litigation or certain catastrophic natural disasters or acts of the government or any other event beyond our reasonable control. If we are held responsible for any losses or damages and there is insufficiency or unavailability of insurance, we could suffer significant costs and diversion of our resources, and thereby materially and adversely affect our business, financial conditions and results of operations.

Our operation may be adversely affected by litigation or disputes.

From time to time, we may be involved in disputes with our site partners, customers, suppliers, employees and other parties during the ordinary course of our business for various reasons, including but not limited to product infringement, intellectual properties infringements and labor disputes. The handling of contractual disputes and litigation proceedings can be extremely costly and time-consuming. Should such disputes arise, our Directors' and members of senior management's attention, together with other internal resources, may be significantly diverted to the handling of such matters. Moreover, our relationship with the relevant customer, supplier or employee may be adversely affected as a result of the legal proceedings and would ultimately affect our business operation, financial results and profitability.

Any claim against us could require us to pay for substantial damages and, whether or not successful, is costly and time-consuming to defend. It would, with or without merit, result in significant adverse publicity against us, and could have a material adverse effect on the marketability of our products and our reputation, which in turn, could have a material adverse effect on our business, financial condition and results of operations.

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Our business and results of operations could be materially and adversely impacted by any negative publicity or failure or perceived failure to deal with customer complaints or adverse publicity involving our products or services.

Our business depends on market recognition of our brand. Any customer complaints or negative publicity of news reports or allegations in printed and online media concerning our business, our Directors, members of senior management, employees or business partners, in particular food quality and safety and data privacy related issues, even if meritless or immaterial to our operations, may damage our brand and reputation. Any actual or perceived food safety concerns, contamination, reports on public health concerns and/or negative media attention concerning our competitors or beverage and snack producers across the food industry supply chain could affect customer perception of our business. Moreover, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may not be able to diffuse them to the satisfaction of our [REDACTED] and customers. If we fail to effectively manage such negative publicity or complaints, our brand value may be diminished and our business, brands and results of operations will be materially and adversely affected.

We face risks related to natural disasters, epidemics and other public health emergencies, which could significantly disrupt our operations and financial condition.

Our operations are subject to the occurrence of force majeure events, acts of war, terrorist attacks, political unrest, social and economic chaos, natural disasters such as earthquakes, tsunamis, snowstorms, sandstorms, droughts and extreme and adverse bad weather conditions, widespread of public health problems such as outbreak of pandemics or epidemics, including avian influenza, swine influenza, severe acute respiratory syndrome, COVID-19 or other health problems with similar magnitude or effects which are out of control.

Any force majeure events, including the outbreak or threatened outbreak of any epidemic or pandemic in Hong Kong or Chinese Mainland, could materially and adversely affect overall business sentiment and environment, particularly if inadequately controlled. Natural disasters such as earthquakes, fire, or extreme weather may also disrupt domestic consumption, labor supply, and economic growth. As our income is entirely derived from operations in Chinese Mainland, any contraction in labor supply or slowdown in domestic consumption could materially and adversely affect our business, financial condition and results of operations.

In addition, if any of our employees are affected by severe communicable diseases, it could disrupt production levels and operations or require temporary closure of facilities to prevent disease spread. Epidemics or pandemics may also affect the operations of our customers and suppliers, leading to supply chain disruptions and reduced demand. Any of these outcomes could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

From time to time, we may be exposed to intellectual property infringement claims and other proceedings as a result of our suppliers delivering to us counterfeited or fraudulent products manufactured without proper authorizations, licenses or approvals and sold under the imitated labels or brands similar to the authentic ones. There is no assurance that our guidelines and instructions in place are sufficient to deter suppliers from delivering counterfeit products to us, and our inability to do so may result in adverse effects on our reputation, business and results of operations. In addition, we cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights or other intellectual property rights held by third parties. Any such proceedings and claims could result in significant costs to us and divert the time and attention

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of our management personnel from the operation of our business. Regardless of the outcome of such proceedings and claims, our brand name and image may be adversely affected.

We may not be able to adequately protect our intellectual property rights, which could harm the value of our brand and adversely affect our business.

We rely heavily on a combination of trademarks, patents, domain name registrations, copyrights and confidentiality agreements to protect our intellectual property rights. We also possess a significant number of know-how or trade secrets in relation to technologies, which we believe are material to our operations and which are not covered by patents.

We cannot assure that there will be no counterfeit or forgery of our equipment, whether purchased or self-developed in-house products, such as smart retail cabinets, trademarks and/or brands in the market. Counterfeiters may illegally set up smart retail cabinets under our brand. Such counterfeit or forged products are usually difficult to detect or ban in a timely manner. The occurrence of such incidents may harm the value of our brand and thereby lead to adverse effects on our profitability and competitiveness.

We rely on various protective measures to safeguard such unpatented proprietary information, including prudent and careful selection of our suppliers. However, we cannot assure that our protective measures will be sufficient to protect our trade secrets, know-how or other proprietary information against any unauthorized use, misappropriation or disclosure. We also cannot assure that we will be successful in enforcing confidentiality provisions or undertaking enforcement proceedings in the event that there is any unauthorized use of our intellectual property.

Furthermore, any litigation to protect our intellectual property would be time-consuming and costly, and may divert the attention of our members of senior management and key personnel from our business operations. If we fail to effectively protect our intellectual property from inappropriate or unauthorized use by third parties in ways that adversely affect our brand, our reputation could suffer, which in turn could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR FINANCIAL POSITION

We may incur loss in our smart retail cabinet operations, including product sales and related services, and we may not be able to sustain our profit margins.

Our profit and profit margins are primarily affected by product mix, cost of products sold and impairment loss of products. As we expand into more light-traffic scenarios, we may not be able to continuously procure products from our suppliers on favorable pricing terms, which may exert pressure on our margins, and therefore we may face higher per-site operating costs and lower average sales per cabinet. In addition, competition may limit our ability to increase prices or pass on cost increases to consumers.

We may also adjust our pricing and promotion strategies from time to time to drive user acquisition, increase transaction frequency or support brand partners' new product launches, which may temporarily or structurally reduce our margins. There is no assurance that we will be able to maintain or improve our historical profit margins. Any sustained margin compression or loss in certain segments could adversely affect our overall profitability and financial condition.

Our historical financial results may not be an indication of our future performance, and our success depends on our ability to execute our business strategy.

Our revenue increased by 32.9% from RMB1,243.7 million in 2023 to RMB1,652.3 million in 2024, then increased by 21.6% to RMB2,008.9 million in 2025. Our gross profit increased by 36.9% from RMB652.2 million in 2023 to RMB892.9 million in 2024, then increased by 25.5% to RMB1,120.5 million in 2025.

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Our results of operations during the Track Record Period should not be considered indicative of our future performance. Our future growth, profitability and cash flows depend on our ability to successfully execute our business strategies, including anticipating and responding to rapidly changing technology development, market trends and consumer preferences, exploring, attracting and cooperating with site partners and brand partners on favorable terms, expanding our geographic presence to further extend our customer reach, enhancing and maintaining favorable brand recognition for our Group and product offerings, effectively managing our relationships with cabinet manufacturers, and maintaining and expanding margins through sales growth and efficiency initiatives. There can be no assurance that we can successfully execute our business strategies in the manner or time that we expect. Our financial and operating results may not meet the expectations of [REDACTED] analysts or [REDACTED], which could cause the future price of our H Shares to decline.

If our preferential tax treatment becomes unavailable, our results of operations may be adversely affected.

During the Track Record Period, we enjoyed preferential tax treatment under relevant preferential tax policies. We cannot assure that we will continue to enjoy similar preferential tax treatment in the future. Our subsidiaries in Chinese Mainland are generally subject to enterprise income tax at the statutory rate of 25% pursuant to the EIT Law. Our Company was granted the qualification as “High and New Technology Enterprise” in December 2020 and we renewed our qualification in October 2023, thus we were entitled to preferential tax rate of 15% from December 2020 to October 2026. If we cease to be entitled to preferential tax treatment, our income tax expenses may increase, which would adversely affect our results of operations.

We may be subject to risks of recoverability of deferred tax assets.

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the recognition of the related tax benefits through the future taxable profits is probable. Based on our accounting policies, we recognize deferred tax assets relating to certain temporary differences and tax losses when we consider it is probable that future taxable profit will be available and as a result, the temporary differences or tax losses can be utilized. The outcome of the actual utilization of such temporary differences or tax losses may be different.

As of December 31, 2023, 2024 and 2025, our deferred income tax assets amounted to RMB122.7 million, RMB163.3 million, and RMB201.7 million, respectively. In addition, we had deferred income tax liabilities of RMB7.7 million, RMB23.1 million and RMB28.8 million as of December 31, 2023, 2024 and 2025, respectively. In the application of our accounting policies, significant management judgement is required to assess the recognition of deferred income tax assets in future reporting periods, based on historical experiences and amount of forecasted future taxable profits at the relevant times, together with future tax planning strategies. However, if there is a significant adverse change in our performance, some or all of the relevant deferred income tax assets may need to be written off and charged to the income statement, which could have an adverse effect on our financial condition. Furthermore, utilization of deferred income tax assets significantly depends on our management’s judgment as to whether sufficient profits or taxable temporary differences will be available in the future. Any consequent changes in management judgement or future operating results would deviate these accounting estimates of deferred income tax assets from their actual results and the recoverability of deferred tax assets recognized in our financial statements, and hence could materially and adversely affect our financial condition and results of operations in the future years.

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Our results of operations and financial condition may be adversely affected by the recoverability of our prepayments, deposits and other receivables.

We face uncertainties regarding the recoverability of prepayments, deposits and other receivables, which mainly comprise prepayments for machines, inventories, POS operations expenses, [REDACTED] expenses and others. As of December 31, 2023, 2024 and 2025, our prepayments amounted to RMB7.8 million, RMB18.4 million and RMB33.4 million, respectively.

Our other receivables include supplier rebates receivable, deposits paid to suppliers, lease deposits and others. Supplier rebates receivable primarily represents amounts due from goods suppliers in connection with our procurement of their products. As of December 31, 2023, 2024 and 2025, the supplier rebates receivable was RMB23.1 million, RMB10.3 million and RMB25.3 million, respectively, representing approximately 77.7%, 16.3% and 63.2% of our other receivables.

There is no assurance that our suppliers or other counterparties will perform their obligations in a timely manner, and we are subject to recoverability or credit risks. If we fail to recover such prepayments, deposits and receivables as scheduled, our financial position and results of operations may be adversely affected.

RISKS RELATING TO LEGAL, COMPLIANCE AND REGULATORY MATTERS

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.

As the PRC laws and regulations in relation to overseas issuance and listing of shares develop, we may be required to make filings with or report to CSRC or other PRC regulatory authorities for the [REDACTED] and our future capital raising activities. The relevant laws require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. Any failure to comply with these rules may materially affect our business, results of operations or financial conditions.

In addition, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that additional approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the [REDACTED] from the [REDACTED] into the PRC or take other actions to restrict our financing activities, which could have a material adverse effect on our business.

Any major changes in relation to food-related laws and regulations may affect our business.

Both vendors and manufacturers of the beverage and pre-packed food industry in Chinese Mainland must comply with PRC Law in relation to food, which requires all enterprises engaged in the sales of food and beverage to obtain the Food Operation License or Record-filing for Selling Only Pre-packaged Food. They also set out safety standards with respect to food and food additives, packaging and containers, information to be disclosed on packaging, and requirements for food facilities and equipment used for the transportation and sale of food. Besides, the revised Food Safety Law of the People's Republic of China (《中華人

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民共和國食品安全法》) and the Regulation on the Implementation of the Food Safety Law of the People’s Republic of China (《中華人民共和國食品安全法實施條例》) stipulate that businesses engaged in the sales of food should conduct their operation activities according to the applicable laws and regulations and food safety standards, establish a comprehensive food safety management system, and take effective measures to prevent and control food safety-related risks to ensure the safety of the food produced. This may increase the compliance costs of beverage and food vendors and manufacturers, including us. In addition, initiatives such as the Action Plan for Oral Health (2019-2025) (《健康口腔行動方案(2019-2025年)》) by the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會) in 2019, which govern the sale of high-sugar beverage and snacks in kindergartens, primary schools and secondary schools, may also affect our existing business activities or our new business plans. Any failure to comply with applicable food-related laws and regulations may result in order of rectification, fines, or confiscation of illegal gains, order of suspension of operations or revocation of food operation permits and, in more extreme cases, prosecution for criminal liabilities. Furthermore, any changes to food-related laws and regulations may increase our sales and operational costs which could adversely affect our business, financial condition and development prospects.

Our leased property interests may be defective and our lease agreements may not be registered; our right to lease the properties affected by such defects may be challenged, which could cause significant disruption to our business.

As of the Latest Practicable Date, (i) for some of our leased properties, the lessors were unable to provide us with sufficient and valid proof of ownership or evidence showing that they had obtained the necessary consents from the underlying property owners for subleasing such properties to us, and (ii) some of our lease agreements for our leased properties had not completed the required lease registration and filing procedures with the relevant PRC authorities. In addition, a small number of our leased properties had been mortgaged to third parties prior to being leased to us, although the relevant mortgagees have provided confirmations consenting to the leasing of such properties to our Group. If any of our lessors are not the lawful owners of the properties or have not been duly authorized by the lawful owners to lease such properties to us, our leases could be challenged or invalidated. If this occurs, we may face claims from the legal owners or other third parties and may be required to vacate and relocate from the affected properties, which could result in additional costs and disruptions to our operations.

Any failure to protect our customer data, or the improper collection, use or disclosure of such data, as well as the uncertainties surrounding the cybersecurity review, may subject us to the liabilities imposed by data privacy and protection laws and regulations, which may negatively impact our reputation and business.

In the ordinary course of our business, we collect account information provided by users, as well as order-related data generated during the purchase process, such as items purchased and payment status. Consequently, we are subject to various laws and regulations governing the collection, storage, use, sharing, disclosure, and protection of personal information and data. On August 20, 2021, the SCNPC passed the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), which became effective on November 1, 2021. The PRC Personal Information Protection Law lays out the fundamental rules for the collection, storage, use, processing, transmission, provision, disclosure, and deletion of personal information in Chinese Mainland. The PRC Personal Information Protection Law provides the circumstances under which a personal information processor could process personal information, which include, but not limited to, where the consent of the individual concerned is obtained or where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. The collection of personal information should be conducted in a disciplined manner with as little impact on individuals’ rights and interests as possible, and excessive collection of personal information is prohibited. On October 28, 2025, the SCNPC amended the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), which became effective on January 1, 2026. The PRC Cybersecurity Law applies to the construction, operation, maintenance and use of networks as well as the supervision and

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administration of cybersecurity in the PRC. See “Regulatory Overview — Regulations on Cybersecurity, Privacy and Data Protection” for details. Moreover, different regulatory bodies in Chinese Mainland, including the Ministry of Industry and Information Technology, the Cyberspace Administration of China and the State Administration for Market Regulation, have enforced data privacy and protection laws and regulations with various standards and applications. Complying with these data privacy and protection laws and requirements could cause us to incur additional expenses or require us to alter or change our practices in a manner that could affect our business. We cannot assure you that our existing privacy and personal information protection system and technical measures will be considered sufficient under applicable laws and regulations, and we may be subject to government enforcement actions and investigations, fines, penalties, or suspension of our non-compliant operations, among other sanctions, which could materially and adversely affect our business and results of operations.

Besides, the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “**Cybersecurity Review Measures**”) stipulates the mandatory requirement of cybersecurity review for companies which hold more than one million users’ personal information when applying for a listing abroad. As advised by our PRC Legal Advisor, we are not required to apply for a cybersecurity review by the Cybersecurity Review Office for the [REDACTED], because a [REDACTED] on the Stock Exchange does not constitute a “foreign listing” under the Cybersecurity Review Measures.

On September 24, 2024, the State Council promulgated the Regulation on the Administration of Cyber Data Security (《網絡數據安全管理條例》) (the “**Cyber Data Security Regulation**”), which came into effect on January 1, 2025. The Cyber Data Security Regulation provides detailed guidance on current regulatory requirements for various aspects of data processing, including the disclosure of data processing rules by processors, the obtaining of general and separate consents, the protection and security of important data, cross-border data transfers, and additional obligations imposed on platform operators.

The regulatory regime on data privacy and security in Chinese Mainland is relatively new. The interpretation and application of relevant laws, regulations and standards are evolving and may change, and new laws and regulations in this area may be promulgated in the future which may affect us. We may be subject to investigations and inspections by government authorities regarding our compliance with relevant laws and regulations. Any inability to adequately address data privacy and security concerns, even if unfounded, or to comply with applicable data security and privacy laws, regulations and standards, could result in additional cost and liability for us, damage our reputation and harm our business.

Failure to comply with the PRC Labor Contract Law, PRC Social Insurance Law, Regulation on the Administration of Housing Provident Funds, or other PRC labor-related regulations and rules may subject us to fines and other legal or administrative sanctions.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for our employees as required by the relevant PRC laws and regulations. According to the applicable laws and regulations, the competent government authorities may demand that we take rectification measures. If we fail to take the measures as demanded, we may be subject to fines. As advised by our PRC Legal Advisor, pursuant to applicable PRC laws and regulations, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, pursuant to applicable PRC laws and regulations, if an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the relevant authority could order the employer to make the payment and deposit within a prescribed time limit and, failing which, an application may be made to a court in China for compulsory enforcement.

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During the Track Record Period and up to the Latest Practicable Date, we were not aware of any plans or arrangements by the competent authorities to retroactively, in a centralized manner, collect social insurance and housing provident fund contributions for the Track Record Period. And we have obtained certificates of compliance in respect of social insurance and housing provident fund contributions covering the Track Record Period. As advised by our PRC Legal Advisor, based on the above circumstances and taking into account the current regulatory policies and the prevailing regulatory stance of the competent authorities in PRC, and in the absence of complaints from our employees or third parties or any regulatory notices or enforcement actions issued by the relevant authorities, the risk of us being subject to collection of historical shortfalls and material administrative penalties by the relevant competent human resources and social security authorities and housing provident fund authorities in PRC in relation to social insurance and housing provident fund contribution matters during the Track Record Period is remote.

In addition, as the interpretation and implementation of the Labor Contract Law, the Social Insurance Law and other labor related regulations are evolving, we cannot assure you that our employment practice are, or will in the future be, fully in compliance with labor-related laws and regulations in the PRC, which may subject us to labor disputes or government investigations, we cannot assure that such risks we may be exposed to will not have any adverse effect on our reputation, business, results of operations and financial condition or otherwise divert our resources in handling any lawsuits, legal proceedings or complaints.

RISKS RELATING TO OUR [REDACTED]

Regulatory measures on foreign currency conversion in Chinese Mainland may limit our foreign exchange transactions.

The conversion of RMB is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the [REDACTED], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, operating results and financial condition may be affected.

Payment of dividends may be subject to restrictions under the PRC Law.

Pursuant to the PRC Law, we may pay dividends only out of the accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. Distributable profits are the accumulated profit as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves required to be made. As a result, we may not have sufficient, or any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

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Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our operating subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our operating subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

Holders of our H Shares may be subject to income tax obligations in Chinese Mainland.

Under current PRC Law, non-Chinese Mainland resident individuals and non-Chinese Mainland resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-Chinese Mainland resident individuals are required to pay Chinese Mainland individual income tax at a 20% rate under Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法》) for the interests, dividends and bonus they obtain from Chinese Mainland. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between Chinese Mainland and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated 28 June 2011, issued by the STA, dividends paid to non-Chinese Mainland resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-Chinese Mainland resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-Chinese Mainland resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us.

For non-Chinese Mainland resident enterprises that were established under foreign laws with no real management body in Chinese Mainland but have establishments or premises in Chinese Mainland, or for those which have no establishments or premises in Chinese Mainland but whose income is derived from Chinese Mainland, under the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》), dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are ordinarily subject to Chinese Mainland enterprise income tax at a 20% rate. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT, such tax rate has been reduced to 10%, subject to a further reduction under special arrangements or applicable treaties between Chinese Mainland and the jurisdiction of the residence of the relevant non-Chinese Mainland resident enterprise.

The interpretation and application of applicable PRC Law may change or may be determined based on prevailing laws and regulations at the time, including individual income tax on dividends paid to non-PRC resident Shareholders, and on gains realized on sale or other disposition of our H Shares. The PRC Law may also change. We cannot predict whether the relevant preferential tax treatment will be revoked in the future such that all non-Chinese Mainland resident individual holders will be subject to individual income tax in Chinese Mainland at a flat rate of 20%. If there is any change to applicable tax laws and regulations or in the interpretation or application of such laws and regulations, the value of your [REDACTED] in our H Shares may be materially affected.

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There has been no prior public market for our H Shares. An active [REDACTED] market for our H Shares may not develop, especially taking into account that certain existing Shareholders may be subject to a lock-up period, and the liquidity and [REDACTED] of our H Shares may be volatile.

Prior to the [REDACTED], there was no [REDACTED] for our H Shares. We cannot assure that a [REDACTED] for our H Shares with adequate liquidity and [REDACTED] volume will develop and be sustained following the completion of [REDACTED]. In addition, the [REDACTED] of our H Shares is expected to be fixed by agreement between the Overall Coordinators (for themselves and on behalf of the other [REDACTED]) and us, and may not be an indication of the [REDACTED] of our H Shares following the completion of the [REDACTED]. If an active [REDACTED] for our H Shares does not develop following the completion of [REDACTED], the [REDACTED] and liquidity of our H Shares could be materially and adversely affected.

In particular, certain portion of H Shares to be converted upon Conversion of Unlisted Shares into H Shares will be subject to a lock-up period from the [REDACTED], which may significantly affect the liquidity and [REDACTED] volume of our H Shares in the short-term following the [REDACTED]. A [REDACTED] on the Hong Kong Stock Exchange does not guarantee that an active and liquid [REDACTED] market for our H Shares will develop, especially during the period when certain portion of our H Shares may be subjected to lock-up, or if it does develop, that it will be sustained following the [REDACTED], or that market price of the H Shares will rise following the [REDACTED]. If an active [REDACTED] for our H Shares does not develop following the completion of [REDACTED], the [REDACTED] and liquidity of our H Shares could be materially and adversely affected.

The [REDACTED] and [REDACTED] volume of our H Shares may be highly volatile. Several factors, some of which are beyond our control, such as variations in our results of operations, changes in our pricing policy, the emergence of new technologies, strategic alliances or acquisitions, the addition or departure of key personnel, changes in profit forecast or recommendations by financial analysts, changes in ratings by credit rating agencies, litigation or the removal of the restrictions on share transactions, could cause large and sudden changes to the volume and price at which our H Shares will [REDACTED].

In addition, the Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and volume volatility that is not related to the operating performance of any particular company.

Holders of our H Shares are subject to the risk that the [REDACTED] of our H Shares could fall during the period before [REDACTED] of our H Shares begins.

The [REDACTED] of our H Shares is expected to be determined on the [REDACTED]. However, our Shares will not commence [REDACTED] on the Hong Kong Stock Exchange until they are delivered, which is expected to be several business days after the [REDACTED]. As a result, [REDACTED] may not be able to [REDACTED] or [REDACTED] our H Shares during that period. The [REDACTED] and [REDACTED] volume of the Shares may be highly volatile. Factors such as variations in our revenue, net profit and cash flows and announcements of new [REDACTED], strategic alliances and acquisitions, fluctuations in market prices for our products or fluctuations in market prices for other soft beverage companies could cause the market price of our H Shares to change substantially. Any such developments may result in significant and sudden changes in the volume and [REDACTED] at which our H Shares will [REDACTED]. We cannot assure that these developments will not occur in the future. Accordingly, holders of our H Shares are subject to the risk that the price of our H Shares could fall before [REDACTED] begins as a result of adverse market conditions or other adverse developments, which could occur between the time of sale and the time [REDACTED] begins.

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Substantial future sales or the expectation of substantial sales of our Shares in the [REDACTED] could cause the [REDACTED] of our H Shares to decline.

Prior to the [REDACTED], there has not been a [REDACTED] for our H Shares. Future sales or perceived sales by our existing Shareholders of our H Shares after the [REDACTED] could result in a significant decrease in the prevailing [REDACTED] of our H Shares. Only a limited number of the H Shares currently outstanding will be available for [REDACTED] or [REDACTED] immediately after the [REDACTED] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our H Shares in the [REDACTED] or the perception that these sales may occur could significantly decrease the prevailing [REDACTED] of our H Shares and our ability to raise equity capital in the future.

As the [REDACTED] of our H Shares is higher than our consolidated net tangible book value per Share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

As the [REDACTED] of our H Shares is higher than the consolidated net tangible assets per H Share immediately prior to the [REDACTED], purchasers of our H Shares in the [REDACTED] may experience an immediate dilution. Our existing Shareholders will receive an increase in the [REDACTED] adjusted consolidated net tangible asset value per H Share of their H Shares. In addition, holders of our H Shares may experience further dilution of their interest if we [REDACTED] additional H Shares in the future to raise additional capital.

Our Controlling Shareholders have significant control over our Company and their interests may not be aligned with the interests of the other Shareholders.

Prior to and immediately following the completion of the [REDACTED], our Controlling Shareholders will remain having significant control over their interests in the issued share capital of our Company. Subject to, among others, the Articles of Association and the Hong Kong Listing Rules, the Controlling Shareholders by virtue of their beneficial ownership of the share capital of the Company, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of the Controlling Shareholders may differ from the interests of other Shareholders and the Shareholders are free to exercise their votes according to their interests. To the extent that the interests of the Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

We may need additional capital, and the [REDACTED] or [REDACTED] of additional Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the [REDACTED] from the [REDACTED], we may require additional cash resources to finance our continued growth or other future developments. We cannot assure that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell additional equity securities, which could result in additional dilution to our Shareholders.

We cannot assure you whether and when we will declare and pay dividends in the foreseeable future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be decided by our Board at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS (whichever is lower), our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC Law, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. See “Financial Information — Dividend.”

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We cannot guarantee the accuracy of facts, forecasts and statistics obtained from various independent third-party sources contained in this document.

This document contains information and statistics relating to the industry in which we operate. Such information and statistics have been derived from publicly available sources and industry report prepared by Frost & Sullivan. We believe that the sources of the information are appropriate for such information, and have taken reasonable care in the reproduction or extraction of such information for the purpose of disclosure in this document; however, we cannot assure that the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Sole Sponsor, the Overall Coordinators, the [REDACTED] or any of their respective affiliates or advisors, or any other persons or parties, excluding Frost & Sullivan, involved in the [REDACTED]. We cannot assure you that those facts, forecasts and statistics are accurate and reliable. In all cases, [REDACTED] should give consideration as to how much weight or importance they should attach to or place on such facts.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information relating to us that are based on beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue" and other similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialize or may change. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

[REDACTED] should read the entire document carefully and should not consider any particular statements in this document or in published media reports without carefully considering the risks and other information contained in this document.

Prior to the publication of this document, there has been coverage in the media regarding us and the [REDACTED], which contained among other things, certain financial information, projections, valuations and other forward-looking information about us and the [REDACTED]. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this document. Accordingly, prospective [REDACTED] are cautioned to make their [REDACTED] decisions on the basis of the information contained in this document only and should not rely on any other information.

WAIVERS

In preparation for the [REDACTED], our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, a new applicant for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

We do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 and Rule 19A.15 of the Listing Rules. Our management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that either by means of relocation of our existing executive Directors or appointment of additional 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. As such, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules. We will ensure that there is a regular and effective communication between us and the Stock Exchange by way of, among others, the following conditions:

- (a) pursuant to Rules 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorized representatives appointed Ms. Zhao Yu (趙宇) (“**Ms. Zhao**”), our executive Director, and Ms. Kwok Yan Ting Jennis (郭恩廷) (“**Ms. Kwok**”) (the “**Authorized Representatives**”). Ms. Kwok is situated and based in Hong Kong, and will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange. Both of the Authorized Representatives will be readily contactable by telephone, facsimile (if applicable) and email to deal promptly with enquiries from the Stock Exchange. Our Company has provided contact details of the two Authorized Representatives to the Stock Exchange and will inform the Stock Exchange promptly in respect of any change in the authorized representatives;
- (b) both Authorized Representatives have means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. Our Company has implemented a policy whereby (i) each Director has provided their respective valid phone numbers or other means of communication to the Authorized Representatives; (ii) in the event that a Director expects to travel or is otherwise out of office, he/she will endeavor to provide his/her phone number of the place of his/her accommodation to the Authorized Representatives or maintain an open line of communication via his/her mobile phone; and (iii) each Director has provided his/her mobile phone number, office phone number, e-mail address and, where available, fax number to the Stock Exchange and will inform the Stock Exchange promptly if there are any changes to the contact details of the Directors;
- (c) pursuant to Rule 3.20 of the Listing Rules, each Director has provided his/her contact information to the Stock Exchange and to the Authorized Representatives. This will ensure that the Stock Exchange and the Authorized Representatives should have means for contacting all Directors promptly at all times as and when require;
- (d) all our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and

WAIVERS

will be able to meet with relevant members of the Stock Exchange in Hong Kong upon reasonable notice, when required; and

- (e) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Gram Capital Limited as our Compliance Adviser upon [REDACTED] for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED], which will act as an additional channel of communication with the Stock Exchange and will be available to respond to enquiries from the Stock Exchange. The contact details of the Compliance Adviser have been provided to the Stock Exchange.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide for New Listing Applicants, a new applicant for listing on the Stock Exchange must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (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).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the 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 has appointed Ms. Zhang Xiaoshuang (張小霜) (“**Ms. Zhang**”) and Ms. Kwok Yan Ting Jennis (郭恩廷) (“**Ms. Kwok**”) as our joint company secretaries. See “Directors and Senior Management — Joint Company Secretaries” for their biographical detail.

The Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have as its joint company secretary a person such as Ms. Zhang, who has day-to-day knowledge of the Company’s affairs. Ms. Zhang has the necessary nexus to the Board and close working relationship with management of the 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. However, Ms. Zhang presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Kwok, who is a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules, to act as the other joint company secretary and to provide assistance to Ms. Zhang for an initial period of three years from the [REDACTED] to enable Ms. Zhang to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

WAIVERS

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Zhang may be appointed as a joint company secretary of our Company.

The waiver is valid for an initial period of three years from the [REDACTED], and is granted on the condition that Ms. Kwok, as a joint company secretary of our Company, will work closely with Ms. Zhang to jointly discharge the duties and responsibilities as company secretaries and assist Ms. Zhang in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Kwok will also assist Ms. Zhang in organizing Board meetings and Shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Kwok is expected to work closely with Ms. Zhang and will maintain regular contact with Ms. Zhang, the Directors and the senior management of our Company. In addition, Ms. Zhang 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]. Ms. Zhang will also be assisted by (a) the Compliance Adviser, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisors of our Company, on matters concerning our Company’s ongoing compliance with the Listing Rules and the applicable laws and regulations.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be revoked immediately if Ms. Kwok ceases to provide assistance to Ms. Zhang as a joint company secretary for the three-year period after the [REDACTED] or where there are material breaches of the Listing Rules by our Company.

Prior to the expiration of the initial three-year period, the qualifications and experience of Ms. Zhang will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange to enable it to assess whether Ms. Zhang, having benefited from the assistance of Ms. Kwok 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.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Shan Xinning (單新寧)	Room 2603, Unit 1, Building 28, Tinghaixuan, China Resources Xiaojing Bay Garden No. 1 Xiaojing Bay, Xiayong Daya Bay, Huizhou Guangdong Province, PRC	Chinese
Mr. Yuan Shengbiao (袁升彪)	Room 10, Floor 28, Building D Wuhan Small Convention and Exhibition Center Jiangjun Road Dongxihu District, Wuhan Hubei Province, PRC	Chinese
Mr. Zhu Tao (朱濤)	Room 14C10, Building C, Xiangyun Tiandu Dasha Futian District, Shenzhen Guangdong Province, PRC	Chinese
Mr. Cai Liang (蔡亮)	Room 1802, Unit 1, Building 2 No. 1 Linmao Road Wuchang District, Wuhan Hubei Province, PRC	Chinese
Ms. Zhao Yu (趙宇)	Room 1004, Building 6, Yongheyuan No. 1 Fu'an Road Huicheng District, Huizhou Guangdong Province, PRC	Chinese
Non-executive Director		
Ms. Guo Xindi (郭心笛)	Room 902, Unit 3, Building 7, Haitangyuan Lvcheng Lanwan Town, Area C, Qingshui Bay Lingshui City Hainan Province, PRC	Chinese
Independent Non-executive Directors		
Mr. Liu Xun (劉迅)	Flat A2, 2/F, Block A Wilshire Twrs 200 Tin Hau Temple PD Tin Hau, Hong Kong	Chinese (Hong Kong)
Ms. Shi Yanting (石艷亭)	Room 301, Unit 1, Building 4, No. 2 Compound Xibahe Dongli Chaoyang District, Beijing PRC	Chinese
Mr. Xu Jianhuan (徐建歡)	Room 3104, Floor 31, Unit 2, Building 8 No. 109 Zhongbei Road Wuchang District, Wuhan City Hubei Province, PRC	Chinese

See “Directors and Senior Management” for further details of our Directors.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

**Sole Sponsor and Sole
Sponsor-Overall Coordinator**

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

**Overall Coordinators,
[REDACTED] and
[REDACTED]**

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

**China International Capital Corporation Hong Kong
Securities Limited**
29/Floor, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

China Merchants Securities (HK) Co., Limited
32/F, One Exchange Square
Central, Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal advisers to our Company

As to Hong Kong and United States laws:

Cooley HK

35/F, Two Exchange Square, 8 Connaught Place
Central, Hong Kong

As to PRC laws:

Commerce & Finance Law Offices

12 -15th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Beijing, PRC

**Legal advisers to the Sole Sponsor
and the [REDACTED]**

As to Hong Kong and United States laws:

Haiwen & Partners LLP

Suites 601-602 & 610-616, 6/F
One International Finance Centre
1 Harbour View, Central, Hong Kong

As to PRC laws:

Jingtian & Gongcheng

34/F, Tower 3, China Central Place 77 Jianguo Road
Chaoyang District, Beijing, PRC

Auditor and Reporting Accountant

PricewaterhouseCoopers

*Certified Public Accountants and Registered Public
Interest Entity Auditor*
22/F, Prince’s Building
Central, Hong Kong

Industry Consultant

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

2504 Wheelock Square
1717 Nanjing West Road, Jingan District
Shanghai, PRC

Compliance Adviser

Gram Capital Limited

Room 1209
12th Floor, Nan Fung Tower
88 Connaught Road Central /173 Des Voeux Road
Central
Central, Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office	Room 1401, Kangtai Group Building 222 Kefa Road, Kejiyuan Community Yuehai Subdistrict, Nanshan District Shenzhen, Guangdong Province, PRC
Headquarters and Principal Place of Business in the PRC	2nd Floor, Wanji Business Building No. 138 Xinzhou 11th Street, Futian District Shenzhen, Guangdong Province, PRC
Principal Place of Business in Hong Kong	46/F, Hopewell Centre 183 Queen’s Road East Wan Chai, Hong Kong
Company’s Website	<u>www.feng1.com</u> <i>(The information contained on this website does not form part of this Document)</i>
Joint Company Secretaries	Ms. Zhang Xiaoshuang (張小霜) No. 10, Gaoxin South 4th Road Nanshan District Shenzhen, Guangdong Province, PRC Ms. Kwok Yan Ting Jennis (郭恩廷) <i>FCG HKCG(PE)</i> 46F, Hopewell Centre 183 Queen’s Road East Wan Chai, Hong Kong
Authorized Representatives	Ms. Zhao Yu (趙宇) Room 1004, Building 6, Yongheyuan No. 1 Fu’an Road Huicheng District, Huizhou Guangdong Province, PRC Ms. Kwok Yan Ting Jennis (郭恩廷) 46F, Hopewell Centre 183 Queen’s Road East Wan Chai, Hong Kong
Audit Committee	Ms. Shi Yanting (石艷亭) (<i>Chairperson</i>) Mr. Liu Xun (劉迅) Mr. Xu Jianhuan (徐建歡)
Remuneration Committee	Mr. Liu Xun (劉迅) (<i>Chairperson</i>) Ms. Shi Yanting (石艷亭) Mr. Xu Jianhuan (徐建歡)
Nomination Committee	Mr. Shan Xinning (單新寧) (<i>Chairperson</i>) Mr. Liu Xun (劉迅) Ms. Shi Yanting (石艷亭)
Strategy Committee	Mr. Shan Xinning (單新寧) (<i>Chairperson</i>) Mr. Yuan Shengbiao (袁升彪) Mr. Zhu Tao (朱濤) Mr. Cai Liang (蔡亮) Mr. Liu Xun (劉迅)

CORPORATE INFORMATION

[REDACTED]

Principal Banks

**Industrial and Commercial Bank of China Limited,
Shenzhen Chegongmiao Branch**

1st Floor, Tianji Building
Tairan 5th Road
Futian District, Shenzhen
Guangdong Province, PRC

**China Merchants Bank Co., Ltd., Shenzhen
Chegongmiao Branch**

1st Floor, Block A, Tianxiang Building
Tairan 5th Road
Futian District, Shenzhen
Guangdong Province, PRC

INDUSTRY OVERVIEW

The data and statistics contained in this section and elsewhere in this document are, unless otherwise indicated, extracted from various official government publications and other publications, and an industry report prepared by Frost & Sullivan, an independent market research and consulting company commissioned by us in connection with the [REDACTED]. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, information from official government sources has not been independently verified by us, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, [REDACTED], their respective directors and advisors, 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, an independent market research consultant, to conduct an analysis of and prepare a report on the smart retail cabinet operation industry in the PRC for use in this document, for which we paid a fee of RMB440,000. In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) the current social, economic and political conditions in the PRC will remain stable during the forecast period, (ii) the PRC government’s policies on the smart retail cabinet operation industry will remain consistent during the forecast period, and (iii) the smart retail cabinet operation industry in the PRC will be driven by the factors described in the report during the forecast period. Unless otherwise indicated, all data and forecasts contained in this section are derived from the Frost & Sullivan Report. The Frost & Sullivan Report was independently prepared by Frost & Sullivan and was not influenced by us or other interested parties.

Frost & Sullivan is an independent global consulting company founded in New York in 1961, whose services include, among others, industry consulting, market strategy consulting and corporate training. Frost & Sullivan conducted (i) primary research, including discussions with certain leading industry participants on the industry’s current status and interviews with industry experts on a best-effort basis to collect data to assist in its in-depth analysis; and (ii) secondary research, including reviewing company reports, independent research reports and data from its own research databases.

BACKGROUND OF THE SMART RETAIL CABINET OPERATION INDUSTRY

Evolution of Unattended Retail Industry

Traditional retail, which relies primarily on physical stores and face-to-face interactions, faces three pain points that constrain its long-term growth potential: (i) high and largely fixed operating costs; (ii) limited digitalization; and (iii) inadequate scenario coverage. By eliminating the need for on-site staff, enabling flexible deployment across diverse locations, and supporting digital management, unattended retail offers a more efficient alternative to address these limitations.

While unattended retail addresses many limitations of traditional physical stores, conventional vending machines remain constrained by three significant limitations: (i) high upfront investment and large physical footprints; (ii) fixed mechanical shelving that restricts product compatibility and SKU flexibility; and (iii) high equipment procurement costs coupled with manual-dependent operations. Smart retail cabinets, powered by AI dynamic video recognition technology, are designed to overcome each of these constraints, enabling more flexible deployment, broader product compatibility, and data-driven operational management at scale.

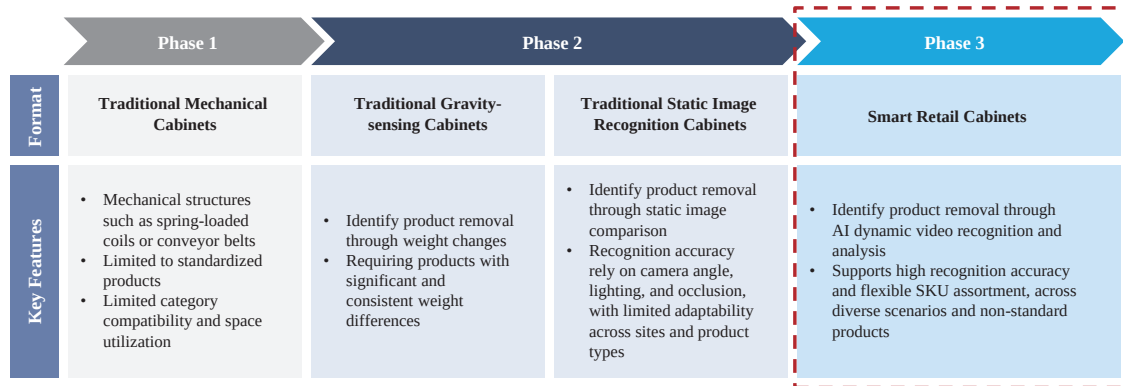
INDUSTRY OVERVIEW

Development of Smart Retail Cabinets

Vending machines have evolved through three generations of technological iteration, progressively overcoming the product compatibility, recognition accuracy, and operational flexibility limitations of earlier formats. The emergence of smart retail cabinets, powered by AI dynamic video recognition technology, represents a fundamental shift from automated dispensing devices toward intelligent, data-driven retail terminals capable of serving a broad range of scenarios and consumer needs.

Smart retail cabinets entered an initial development phase between 2018 and 2019, gained momentum from 2022 to 2023, and have rapidly displaced traditional vending machines to become the mainstream choice in the industry. By 2025, smart retail cabinets accounted for 61.4% of the total vending machine installed base and 60.4% of total merchandise sales GMV generated across all vending machines.

Looking ahead, driven by the hardware advantages of smart retail cabinets combined with ongoing advancements in data-driven operational technology, penetration is expected to deepen further, accelerating the displacement of traditional vending machines and consolidating smart retail cabinets as the dominant form of unattended retail in China.



Analysis of Emerging Technologies

The intelligent capabilities of smart retail cabinets are built upon a foundation of closely coordinated hardware and software algorithms that support unattended operations, precise interaction, and efficient management.

At the hardware level, smart retail cabinets are built around three core components:

- Multi-modal sensor array:** High-definition cameras, depth sensors, and shelf-integrated gravity sensors work in combination to enable continuous capture of user behavior and product status.
- Edge computing units:** Equipped with dedicated AI chips, such as Neural Processing Units, these units support real-time local processing of video streams. Some operators have developed model compression and optimization capabilities to fully leverage edge-side AI inference, enabling instantaneous “grab-and-go, seamless checkout” transactions while reducing reliance on network bandwidth.
- IoT communication modules:** Supporting 4G/5G cellular networks and Narrowband IoT connectivity for stable cloud connectivity, complemented by temperature sensors and smart door locks.

Together, these components enable seamless data collection, on-device inference, and command execution, ensuring high recognition accuracy, loss prevention, and reliable operation across diverse deployment environments.

INDUSTRY OVERVIEW

At the software and algorithm level, smart retail cabinets are powered by the following capabilities:

- **Computer vision and AI recognition models** for real-time product and behavior identification.
- **Sales forecasting and smart restocking algorithms** that integrate historical sales, weather, and site data to automate replenishment plans and dynamic pricing strategies at scale; only some operators have developed the data assets and algorithm maturity to support these capabilities.
- **Large model integration** that enables natural language interaction for intelligent shopping guidance.
- **Cloud-based management platform** responsible for continuous model training, remote monitoring, fault alerts, inventory management, and business data analysis, transforming smart retail cabinets from automated devices into intelligent commercial nodes and driving improvements in transaction value, inventory turnover, and operational efficiency across large-scale terminal networks.

Advantages of Smart Retail Cabinets

Flexible deployment and broad scenario coverage. Smart retail cabinets require a smaller footprint and lower per-unit investment compared to traditional vending machines, enabling penetration into dispersed and enclosed scenarios — such as offices, commercial venues, leisure and entertainment venues, among others — that were previously difficult to serve, supporting large-scale network replication across a wide range of deployment locations.

Data-driven operations and higher operational efficiency. Real-time collection of sales, inventory, and user behavior data across each cabinet enables algorithm-driven product selection, dynamic pricing, and replenishment decisions. AI dynamic video recognition further extends product compatibility beyond the standardized SKU limitations of traditional vending machines, supporting flexible assortment configuration and driving improvements in inventory turnover and merchandise sell-through rates.

Lower operating costs. Smart retail cabinets carry a lower per-unit equipment cost than traditional vending machines, and their remote monitoring and automated management capabilities reduce the need for manual on-site inspections and maintenance. As the network scales, per-site operating costs are progressively diluted, creating an increasingly favorable unit economics profile and a more efficient overall profitability model.

Together, these advantages make smart retail cabinets a better alternative to traditional vending machines. However, realizing the full commercial potential of smart retail cabinets requires more than hardware deployment — it demands sophisticated operational capabilities spanning site network management, product assortment optimization, pricing strategy, inventory replenishment, supply chain management, and market positioning to drive sustainable profitability at scale. This has given rise to a rapidly growing smart retail cabinet operation industry.

OVERVIEW OF SMART RETAIL CABINET OPERATION INDUSTRY

Definition of Smart Retail Cabinet Operation

Smart retail cabinet operation refers to a retail model in which an operator directly sells merchandise to end consumers through a network of smart retail cabinets deployed across various scenarios. Unlike terminal manufacturers or technology suppliers, the operator is responsible for site acquisition, equipment deployment, daily maintenance, product replenishment, and marketing operations to drive merchandise sales.

INDUSTRY OVERVIEW

Challenges of Smart Retail Cabinet Operation

Competition for premium sites. As service offerings among operators become increasingly homogeneous, site resources secured through competitive bidding have given rise to price competition, with operators driving up rental costs to retain or acquire locations. This dynamic is particularly pronounced in scenarios such as transportation hubs and shopping malls, where premium site resources are scarce, intensifying the pressure on operators’ cost structures and profit margins.

Diverse and fragmented product demand. A large number of terminals are widely installed in vastly different scenarios, such as office buildings, communities, and industrial parks. The customer profiles, consumption habits, and product preferences at each site vary significantly, leading to highly diverse and fragmented product demand at the terminal level. Operators must build a highly flexible supply chain and an intelligent dispatching system to accurately respond to a large number of dispersed and dynamically changing replenishment orders.

Challenges in remote operations management. Although terminals have achieved unmanned front-end transactions, back-end processes such as replenishment execution, inventory counting, equipment maintenance, and user services still need to be completed offline. A lack of efficient tools and processes to ensure that offline actions accurately respond to online commands will lead to problems such as untimely replenishment, inaccurate inventory, and slow service response, making it difficult to implement operational decisions and affecting terminal service quality and operational efficiency.

The leap from single-site operation to large-scale network management. As operators scale from single-site to large networks, the complexity of coordinating dispersed locations — spanning inventory monitoring, replenishment scheduling, product selection, and dynamic pricing — increases significantly. Manual management becomes increasingly inefficient and error-prone at scale, making full-process digitalization and automation essential for operators to maintain operational efficiency and profitability across a growing site network.

These challenges are difficult to address through traditional vending machine. The emergence of new hardware capabilities combined with rapid iteration in operational technologies is creating the conditions to address these challenges. As these technologies continue to mature, operators are increasingly equipped to manage site competition more strategically, respond to fragmented demand more precisely, and coordinate large distributed networks more efficiently, unlocking the full growth potential of the smart retail cabinet operation industry.

Technological Iteration of Smart Retail Cabinet Operation

1.0 Digitalization Phase: Daily operational processes for products, orders, and equipment are moved from offline to online, achieving digital management of basic functions. However, the systems are often independent of each other, creating information silos, and mainly serve small and medium-sized operators in completing basic tasks.

2.0 Systemization Phase: Building on foundational online capabilities, systems such as WMS and ERP are introduced to aggregate data and enable process collaboration, achieving full digitalization across warehousing, replenishment, and sales, and laying the foundation for large-scale operations.

3.0 Data Intelligence Phase: Core processes such as replenishment, product selection, and planogram audit are driven by algorithm platforms, marking the transition from digital recording to data-empowered decision-making, enabling refined management and directly addressing pain points in inventory and operational efficiency.

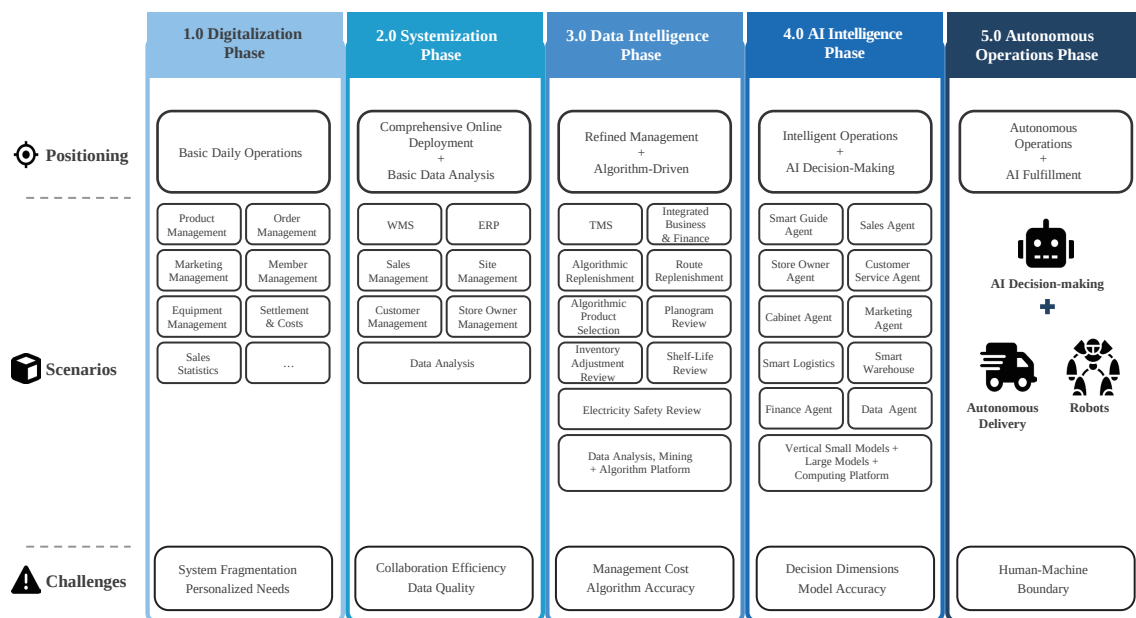
4.0 AI Intelligence Phase: AI agents are deployed across vertical scenarios such as sales, customer service, and cabinet management, leveraging large model capabilities to achieve automated decision-making in demand forecasting, inventory optimization, replenishment planning, and resource allocation, marking the transition from human-led management to AI-driven operations.

INDUSTRY OVERVIEW

5.0 Autonomous Operations Phase: AI evolves from a decision-making tool to the core driver of fully automated operations, achieving complete integration between AI decision-making and fulfillment. Through deep integration with unmanned delivery, autonomous robotic replenishment, intelligent sorting, and embodied intelligence technologies, the full operational chain is closed into a seamless autonomous loop, building a highly autonomous and self-adaptive smart retail ecosystem.

Currently, smart retail cabinet operations are transitioning from the 2.0 phase to the 3.0 phase. Most enterprises are still in the 2.0 phase and are making preliminary attempts to explore the 3.0 phase. Leading companies are already transitioning from the 3.0 phase to the 4.0 phase. Looking ahead, technological evolution is expected to advance further toward the 5.0 phase, with AI agents more deeply integrated into full-chain operations and robotic systems taking over physical execution tasks such as replenishment and delivery, enabling cross-scenario collaboration and increasingly sophisticated automated operations.

Technological Evolution of Smart Retail Cabinet Operation



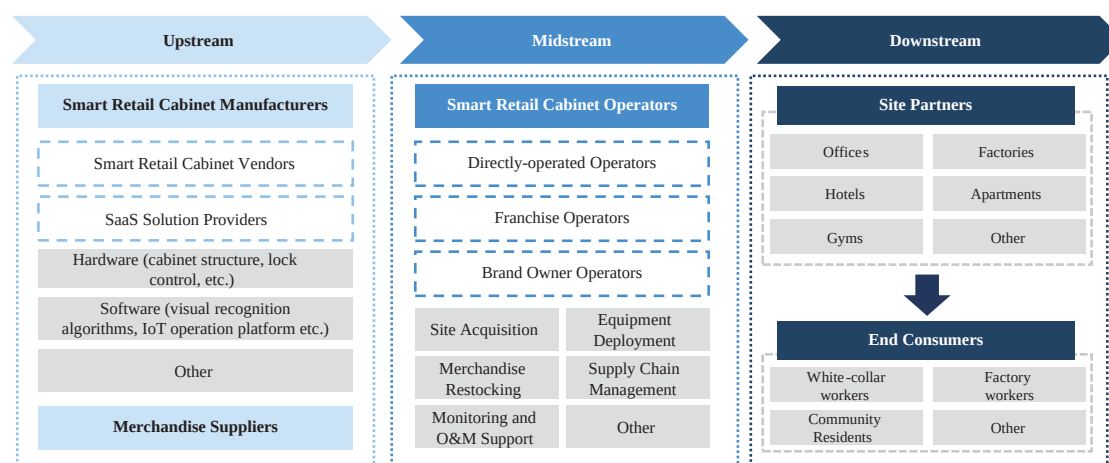
Source: Frost & Sullivan

Analysis of Smart Retail Cabinet Operation Industry Chain

The upstream is dominated by smart retail cabinet manufacturers, SaaS solution providers, and merchandise suppliers. The midstream consists of entities responsible for the commercialization and large-scale operation of the terminals, including directly-operated operators, franchise operators, and brand owner operators. The main responsibilities of midstream operators include site acquisition, equipment deployment, technology integration, product replenishment, supply chain management, remote monitoring and operational support, marketing and membership operations, and data analysis and monetization. Their main cost is merchandise procurement costs. The downstream consists of site partners that supply deployment locations, enabling smart retail cabinets to serve end consumers with 24/7 self-service retail access.

INDUSTRY OVERVIEW

Smart Retail Cabinet Operation Industry Chain



Source: Frost & Sullivan

Analysis of Smart Retail Cabinet Operation Scenarios

Leveraging their flexible deployment and unattended nature, smart retail cabinets have widely penetrated various core scenarios of daily life and work. Based on the difference in single-site GMV, these scenarios can be further divided into two categories: light-traffic and high-traffic scenarios. Among them, light-traffic scenarios are particularly crucial as the basic units for network expansion. They precisely penetrate areas that are difficult for traditional retail to cover, such as offices, small gyms, and remote towns. By leveraging low costs and algorithm-driven operations, they tap into stable demand within limited customer traffic, making them a key factor in achieving large-scale penetration:

High-traffic Scenarios (monthly GMV per cabinet above RMB2,000): High-traffic scenarios refer to deployments in high-traffic open areas, resulting in high single-site GMV potential. The core operational priority is ensuring high-frequency replenishment and transaction efficiency to capture concentrated customer flow. The requirements for product variety and new product introduction are relatively limited, resulting in comparatively lower overall operational complexity.

Light-traffic Scenarios (monthly GMV per cabinet of RMB2,000 or less): Light-traffic scenarios refer to deployments in enclosed, semi-enclosed, or remote areas with limited but stable customer traffic. These locations are typically underserved by traditional retail, and the consumer base is fixed with clear purchasing intent and high repeat purchase potential. The core operational challenge lies in achieving refined management, dynamic product refreshment, and cost control with limited customer traffic.

INDUSTRY OVERVIEW

Comparison Analysis of High-Traffic Scenarios and Light-Traffic Scenarios

Analysis Dimension	High-traffic Scenarios	Light-traffic Scenarios
Examples of Typical Scenarios	Transportation hubs, large hospitals, tourist attractions, core business districts	Offices, apartment front desks, small gyms, remote factory areas
Core of Site Expansion	Resource-intensive: High site acquisition costs and intense competition for premium locations, requiring ongoing investment in customer relationship management to secure long-term site retention. Brand owner operators with strong supply chain capabilities hold a structural advantage in this segment	Resource-light: Low site acquisition and rental costs, with success primarily dependent on the management and execution efficiency of sales teams to develop and maintain dispersed sites at scale
Core of Operation . . .	Low service complexity: The core lies in transaction smoothness and high-frequency replenishment, with low user interaction needs	High service complexity: Refined operations (e.g., product selection, pricing, promotions) to increase repeat purchases and average transaction value under limited customer flow
Market Space and Penetration	Relatively small market space, scarcity of premium sites, already high penetration rate, intense competition	Large market space, numerous and dispersed penetrable sites, currently low penetration rate, the main battlefield for scale expansion
Entry and Competitive Barriers	Core barriers are mainly in capital and resources (site cost, site acquisition), supply chain, and brand effect	Core barriers lie in technology and operational efficiency, and the ability to achieve profitable and scalable replication
Demand Characteristics/ Categories	Highly homogeneous demand, relatively standard and concentrated categories (mainly beverages and portable snacks)	Diverse demand and dispersed customer shopping times; categories need to be varied and highly adapted to the personalized preferences of specific scenarios
Suitable Operating Model	More suitable for the franchise/partner model given the heavy reliance on site resources	Suitable for direct operation model to achieve a closed-loop for full-chain data and precise operations
Technology Requirements	Relatively low technology dependency	High technology investment and dependency, with data analytics and algorithm-driven decision-making being essential

Analysis of Smart Retail Cabinet Operation Models

The operating models for smart retail cabinets are mainly divided into direct operation and franchise models:

Direct Operation Model: The operation provider directly invests capital, equipment, and human resources, and is responsible for all aspects, from site development, equipment deployment, daily replenishment and maintenance to marketing.

Franchise/Partner Model: The operator provides the equipment, technology platform, supply chain, and brand standards, while franchisees or partners are responsible for site development, maintenance, and customer relationship management, with profits shared according to their agreement.

INDUSTRY OVERVIEW

Comparison Analysis of Direct Operation Model and Franchise/Partner Model

Comparison Dimension	Direct Operation Model	Franchise/Partner Model
Capital Investment . . .	Operator directly invests all capital	Reduces operator’s capital pressure
Site Acquisition	Operator collaborates directly with site providers	Operator collaborates with the franchisee/partner, the franchisee/partner then collaborates with site providers
Expansion	Driven by operator's own capital investment and team resources, with strong control and unified management across all sites	Driven by franchisees/partners with lower direct resource commitment, with weak control and reliance on franchisees/partners
Algorithm Execution Efficiency	Full-chain, high-quality operational data enables algorithms to be executed directly at the terminal level with high efficiency and rapid response, ensuring consistently high service quality and uniform service standards	Poor and incomplete data quality, combined with dependence on franchisees/partners for terminal-level execution, introducing inconsistencies and reducing implementation effectiveness
Operation Threshold . . .	Despite lower per-cabinet GMV at light-traffic sites, centralized management enables operators to achieve profitability, allowing continuous operational support for light-traffic sites	As light-traffic sites are difficult to operate profitably on a standalone basis and franchisees/partners bear their own operational costs, higher per-cabinet GMV requirements make low-traffic sites economically unviable and likely to be abandoned
Management and Quality Consistency . .	Full control over operational standards, ensuring consistently high service quality and uniform service standards across all sites	Franchisees/partners operate with a degree of autonomy, making it difficult to enforce standardized practices and resulting in potential variance in service quality across sites
Management Requirements	High management complexity, requiring rigorous oversight of teams, processes, and operational details to ensure consistent execution across all sites	Lower management complexity for the operator, as franchisees/partners are self-funded and bear their own operational responsibilities

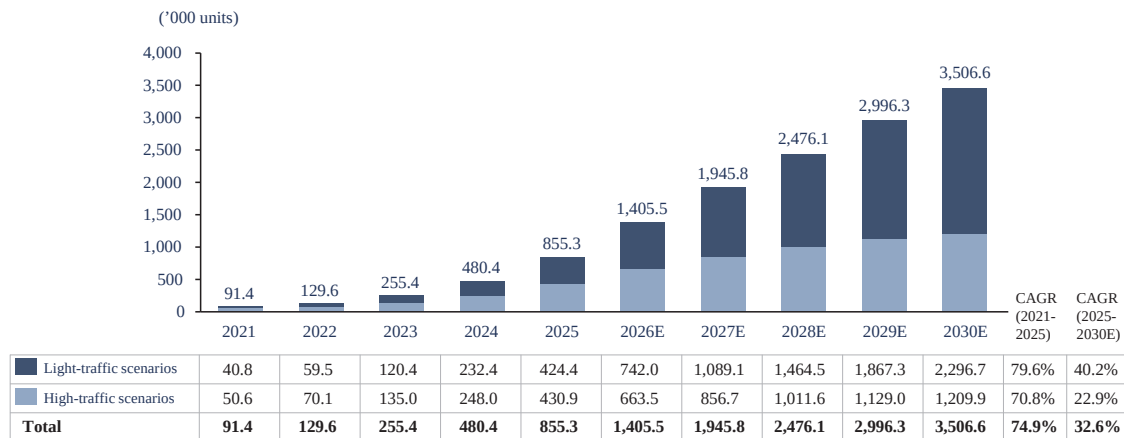
Market Size Analysis of Smart Retail Cabinet Operation

Smart retail cabinets began to emerge between 2018 and 2019. Leveraging technological advantages such as AI dynamic video recognition, they rapidly replaced traditional vending machines. From 2021 to 2025, it grew from 91.4 thousand units to 855.3 thousand units, with a CAGR of 74.9% during the period. Their share of the total installed base of vending machines rose rapidly from 9.9% in 2021 to 61.4% in 2025, becoming the mainstream of the market. In the future, as the substitution of traditional vending machines nears completion and the installed base in core scenarios approaches saturation, growth is expected to moderate and enter a steady growth period. By 2030, the installed base is projected to reach 3,506.6 thousand units, representing 95.2% of the total vending machine market — reflecting the near-complete transition of the industry to smart retail cabinets.

Among them, the long-tail, dispersed sites covered by light-traffic scenarios are vast and yet to be developed. Coupled with lower unit prices for equipment and flexible deployment, they are more conducive to scalable replication. In the future, its installed base of smart retail cabinets is expected to grow from 424.4 thousand units in 2025 to 2,296.7 thousand units in 2030, with a CAGR of 40.2% during the period, significantly higher than that of high-traffic scenarios.

INDUSTRY OVERVIEW

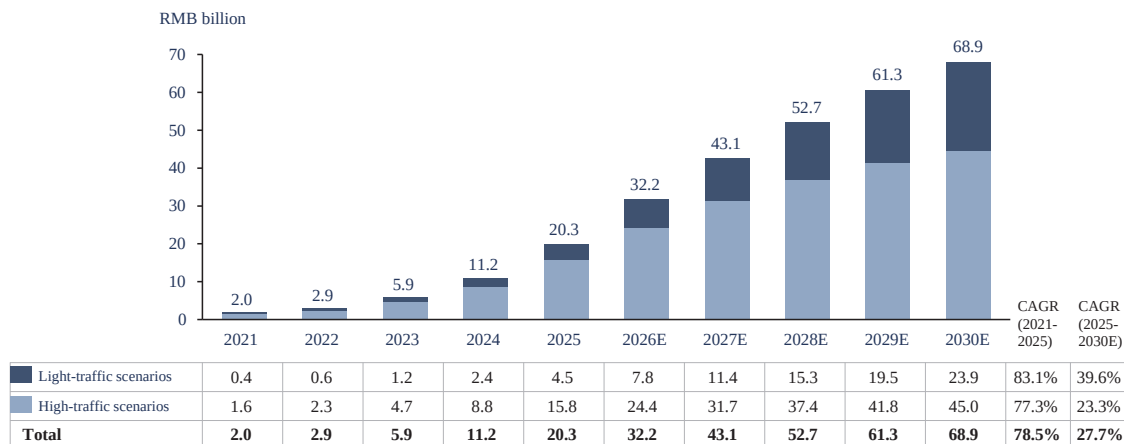
Market Size of Smart Retail Cabinet Operation (by installed base), China, 2021-2030E



Source: Expert interviews, Frost & Sullivan

In terms of GMV, the market size of smart retail cabinet operation in the PRC is expected to grow from RMB20.3 billion in 2025 to RMB68.9 billion in 2030, representing a CAGR of 27.7% during the period. Within this market, high-traffic scenarios currently dominate, accounting for 77.8% of total GMV in 2025, driven by their higher per-cabinet transaction volumes. High-traffic scenarios are predominantly served by brand owner operators, whose inherent supply chain advantages enable them to meet the high-frequency replenishment demands characteristic of these locations. Looking ahead, as the installed base of smart retail cabinets in light-traffic scenarios expands rapidly, the GMV contribution from light-traffic scenarios is expected to grow significantly, rising from 22.2% in 2025 to 34.7% by 2030.

Market Size of Smart Retail Cabinet Operation (by GMV), China, 2021-2030E

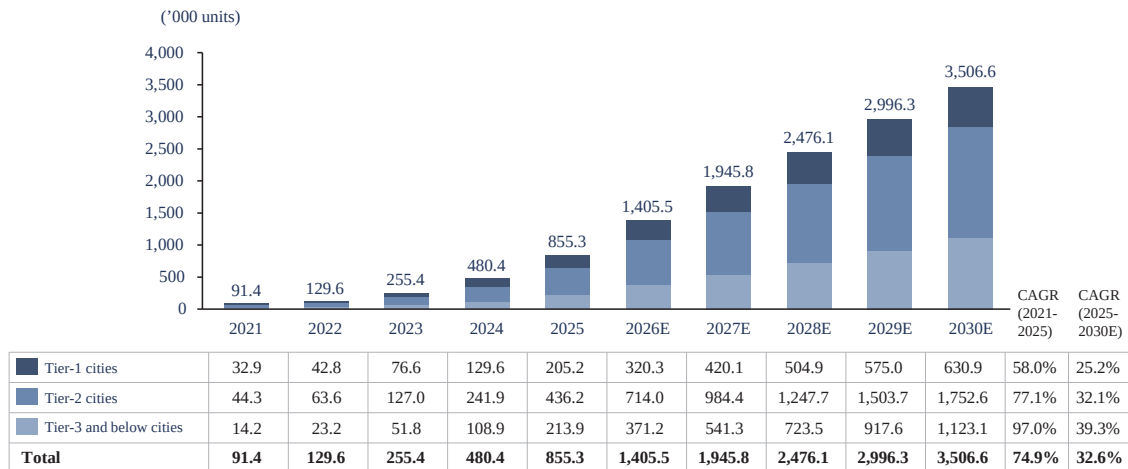


Source: Expert interviews, Frost & Sullivan

By city tier, the number of smart retail cabinets in tier-2 cities in 2025 is 436.2 thousand units, accounting for 51.0%, the highest proportion among all city tiers. In 2025, the number of smart retail cabinets per thousand people is 2.5 units in tier-1 cities, 1.0 unit in tier-2 cities, and only 0.2 units in tier-3 and below cities, indicating significant room for market growth. While tier-1 and tier-2 cities benefit from relatively mature retail ecosystems, tier-3 and below cities remain underserved, particularly in communities, factory zones, and urban-rural fringes where standardized convenience retail networks are largely absent. This infrastructure gap underpins the strong growth outlook for lower-tier markets. By 2030, the installed base of smart retail cabinets in tier-3 and below cities is expected to reach 1,123.1 thousand units, with a CAGR of 39.3% from 2025 to 2030, the fastest growth rate among all city tiers.

INDUSTRY OVERVIEW

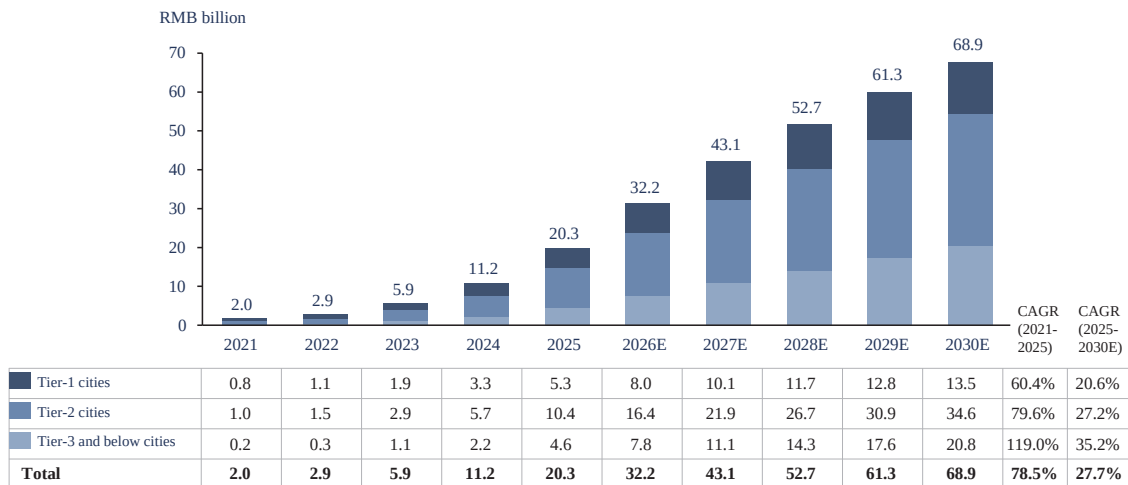
Market Size of Smart Retail Cabinet Operation (by installed base), China, 2021-2030E



Source: Expert interviews, Frost & Sullivan

In terms of GMV, the market size of smart retail cabinet operation in tier-3 and below cities is expected to grow from RMB4.6 billion in 2025 to RMB20.8 billion in 2030, representing a CAGR of 35.2% during the period.

Market Size of Smart Retail Cabinet Operation (by GMV), China, 2021-2030E



Source: Expert interviews, Frost & Sullivan

Market Drivers and Development Trends of the Smart Retail Cabinet Operation Industry

Rising labor costs drive long-term growth of unattended retail. As labor costs in China continue to rise, the profitability of labor-intensive retail formats is under increasing structural pressure, driving operators to seek more cost-efficient alternatives. Unattended retail formats reduce reliance on on-site labor while serving fragmented retail scenarios more efficiently and maintaining convenient consumer access, making them an increasingly attractive operational model. Smart retail cabinet operation, as the advanced form of unattended retail, is expected to see significant market expansion as operators increasingly transition toward more automated and technology-enabled operations.

Rising operating costs accelerate the replacement of traditional vending machines. As rent and labor costs continue to rise, traditional vending machine operators face mounting pressure to improve efficiency and reduce manual involvement across increasingly dispersed networks.

INDUSTRY OVERVIEW

Smart retail cabinets, supported by computer vision, real-time inventory monitoring, and algorithm-driven operating systems, address these limitations through more accurate product recognition, flexible SKU assortment, and demand-based replenishment planning, enabling operators to reduce per-site costs and achieve more scalable network expansion. By 2030, smart retail cabinets are projected to account for 95.2% of the total vending machine installed base and 94.8% of total merchandise sales GMV generated across all vending machines, reflecting the ongoing displacement of traditional vending machines across the industry.

Evolving consumer demand is driving market penetration. Consumers’ increasingly fragmented, scenario-based, and immediate consumption patterns require retail services with high response speed and broad touchpoint coverage. As consumer awareness and acceptance of smart retail cabinets continue to rise, adoption has expanded rapidly across diverse scenarios driving sustained growth in the industry.

Business owners embracing smart retail cabinets as essential amenity facilities. Offices, apartment buildings, gyms, and other business owners are increasingly introducing smart retail cabinets as a value-added service to meet the on-demand consumption needs of their occupants and employees. As deployment costs decline and operational models mature, smart retail cabinets are expected to evolve into a standard amenity facilities across a wide range of commercial and residential sites.

Continuous hardware innovation enhancing user experience. The iterative advancement of hardware technologies has significantly improved product recognition accuracy, transaction speed, and operational reliability of smart retail cabinets. As the interactive experience becomes increasingly seamless and frictionless, the gap between unattended and traditional staffed retail continues to narrow, further accelerating consumer adoption and broadening the range of applicable deployment scenarios.

Advancing software capabilities and supply chain infrastructure enabling scalable operations. As data analytics, IoT connectivity, and cloud platform technologies mature, operators are able to capture real-time consumption patterns across dispersed sites, enabling tailored product selection, dynamic pricing, and personalized marketing at the individual cabinet level. Meanwhile, increasingly agile supply chain systems and mature instant delivery networks provide the logistical backbone to meet the high-frequency, fragmented replenishment demands at scale, collectively transforming dispersed cabinets into a coordinated, data-driven retail network.

COMPETITIVE LANDSCAPE ANALYSIS OF THE PRC SMART RETAIL CABINET OPERATION INDUSTRY

Competitive Landscape of Smart Retail Cabinet Operation Industry

China’s smart retail cabinet operation industry is in a rapid development stage, characterized by the coexistence of intelligent operation and fragmented scenarios, driving enterprises to transform from single equipment providers to comprehensive operators. The current competitive landscape is characterized by an ecosystem of “platform empowerment + vertical specialization.” Numerous specialized enterprises are leveraging their core advantages in specific scenarios or technological fields to deeply penetrate different scenarios such as office buildings, communities, and industrial parks, resulting in a relatively fragmented market.

Ranking and Market Share of the Smart Retail Cabinet Operators

In terms of the installed base of smart retail cabinets as of the end of 2025, the Company ranked first with 184.0 thousand units, holding a market share of 21.5%. Although the Company’s greater emphasis on light-traffic scenarios results in a comparatively lower average GMV per cabinet, the Company still ranked first in terms of total GMV in 2025 with RMB2.3 billion, holding a market share of 11.5%.

INDUSTRY OVERVIEW

Ranking and Market Share of the Smart Retail Cabinet Operators (by Installed Base), China, 2025			Ranking and Market Share of the Smart Retail Cabinet Operators (by GMV), China, 2025		
Company	Installed Base of Smart Retail Cabinets (thousand units)	Market Share (%)	Company	GMV of Smart Retail Cabinets (RMB billion)	Market Share (%)
The Company . .	184.0	21.5%	The Company . .	2.3	11.5%
Company A . . .	49.7	5.8%	Company A	1.6	7.7%
Company B	32.5	3.8%	Company B	0.9	4.4%
Company C	21.8	2.5%	Company D	0.5	2.6%
Company D	19.9	2.3%	Company C	0.4	2.2%
Other	547.4	64.1%	Other	14.6	71.6%
Total	855.3	100.0%	Total	20.3	100.0%

Source: Expert interviews, Frost & Sullivan

Note:

Company A, established in 2012, is a company listed on the HKEX and headquartered in Beijing, China, primarily engaged in the operation of unmanned retail cabinets and the provision of related supply chain services.

Company B, established in 1996, is a company listed on the HKEX and headquartered in Hangzhou, China, primarily engaged in the production and sale of packaged drinking water, tea beverages, and other beverages and food products.

Company C, established in 2016, is a private company headquartered in Beijing, China, primarily engaged in the research, development, production, and sale of sparkling water, energy drinks, and other beverages.

Company D, established in 2000, is a private company headquartered in Beijing, China, primarily engaged in the production and sale of carbonated beverages and other non-alcoholic beverages.

Analysis of Competition Barriers in the Smart Retail Cabinet Operation Industry

Technical Barriers. The core competitiveness of the industry lies not only in hardware deployment but more importantly in the software systems and algorithmic capabilities that support large-scale, refined operations. To manage inventory and products across a large number of dispersed sites, enterprises need to independently develop or deeply customize an operational middle-office platform that integrates intelligent product selection, dynamic demand forecasting, automated replenishment, and visualized dispatching functions. The platform needs to integrate big data analytics, operations research optimization, and machine learning algorithms to achieve precise forecasting of fragmented terminal demand, global optimization of inventory, and intelligent planning of replenishment routes. Building such capabilities requires sustained investment over an extended period. Leading enterprises, through long-term data accumulation and algorithm iteration, continuously optimize the decision-making accuracy and automation level of their systems, forming significant software and data barriers.

Operational Scale Barriers. As operators expand their site network, economies of scale emerge across supply chain negotiation, centralized procurement, and logistics route optimization, progressively reducing the operating cost per site. This cost advantage compounds with scale — the larger and denser the network, the more efficiently warehousing, replenishment, and servicing can be coordinated across dispersed terminals. New entrants, operating at a fraction of the scale, face structurally higher per-site costs and cannot replicate this efficiency advantage without first achieving comparable network density, creating a significant and self-reinforcing barrier to competition.

INDUSTRY OVERVIEW

Site Development Barriers. Smart retail cabinet deployment requires engaging a large number of fragmented site partners — including property managers, administrative bodies, and enterprises — each requiring individual negotiation and collaboration. For new entrants, this process is time-consuming and resource-intensive, resulting in slow initial expansion and high acquisition costs. First-movers, having accumulated standardized site development processes, established brand recognition, and extensive channel networks, are able to replicate and scale deployments significantly more efficiently, creating a compounding advantage that is difficult for late entrants to overcome.

Operational Capability Barriers. Refined and intelligent operational management across a large-scale terminal network constitutes a significant competitive barrier, particularly in light-traffic scenarios characterized by fragmentation and limited output per site. On the employee side, managing and training a large frontline workforce across dispersed locations requires standardized procedures and systematic training programs. Leading enterprises, through long-term investment in both dimensions, have built efficient human-machine collaborative execution systems.

REGULATORY OVERVIEW

We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. This section summarizes the principal PRC laws, rules and regulations which relate to our business and operations in the PRC.

APPLICABLE LAWS AND REGULATIONS TO OUR BUSINESS IN THE PRC

Food Operation Licensing

According to the Administrative Measures for Food Operation Licensing and Record-filing (the “**Food Operation Measures**”) (《食品經營許可和備案管理辦法》), which was promulgated by the State Administration for Market Regulation (the “**SAMR**”), on June 15, 2023 and became effective on December 1, 2023, entities and/or individuals engaging in the operation of food shall obtain a food operation license. Applicants for a food operation license shall meet various conditions set out in the Food Operation Measures. The food operation license is issued by the administration for market regulation at or above the county level and is valid for five years. Those who engage in food operation activities but fail to obtain a required food operation license shall be punished by the local market regulatory authorities at or above the county level according to Article 122 of the Food Safety Law of the PRC (《中華人民共和國食品安全法》) (the “**Food Safety Law**”).

On November 29, 2021, the SAMR promulgated the Announcement on Matters relating to the Record-filing for the Sale of Only Pre-packaged Food (《關於僅銷售預包裝食品備案有關事項的公告》), which stipulates that an entity trading in food but only for sale of pre-packaged food shall apply for the record-filing when registering for market entity registration. The record-filing formalities shall be completed before carrying out such businesses. Those who have obtained food operation licenses are not required to go through the record-filing before the expiration of their food operation licenses.

Food Safety

According to the Food Safety Law, which was promulgated by the Standing Committee of the National People’s Congress (the “**SCNPC**”) on February 28, 2009, most recently amended on September 12, 2025, and effective as of December 1, 2025, and the Implementation Regulations for the Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》) (the “**Revised Implementation Rules**”) promulgated by the State Council of the PRC (the “**State Council**”) on July 20, 2009 and most recently amended on October 11, 2019 and effective from December 1, 2019, anyone who engages in food production, food selling, or catering services shall obtain the license according to the Food Safety Law. Food producers and business operators shall take and conform to the measures specified in the Food Safety Law and the Revised Implementation Rules. The Food Safety Law sets out, as penalties for violation, various legal liabilities in the form of warnings, orders to rectify, confiscations of illegal gains, confiscations of utensils, equipment, raw materials and other articles used for illegal production and operation, fines, recalls and destructions of food in violation of laws and regulations, orders to suspend production and/or operation, revocations of production and/or operation license, and even criminal punishment.

The Packages of Pre-packed Food

Pursuant to the Food Safety Law and Administrative Provisions on Food Labelling (《食品標識管理規定》), which was promulgated by the General Administration of Quality Supervision, Inspection and Quarantine on August 27, 2007 and amended on October 22, 2009 and entered into force on the same day, food that has already been packaged must have labels. The name, specifications, net content, and date of production, a list of ingredients or components, the producer’s name, address, and contact information, shelf life, product standard code, storage conditions, the general name of the food additives used in accordance with national standards, the serial number of the food production license, and any other information required by law, regulation, or food safety standards must all be listed on the labels. The main nutritional components and their contents must also be listed on the labels of staple and supplemental foods intended only for infants, babies, and other specified groups.

REGULATORY OVERVIEW

Purchase Acceptance System

Food traders who purchase food are required by the Food Safety Law to verify the supplier's permit and food ex-factory inspection certificate or other qualification proof. Food trade enterprises must set up an inspection records system for food purchases, accurately document the description, specifications, quantity, date of manufacture or production batch, shelf life and date of purchase of food, as well as the name, address, and contact details of the supplier etc., and retain the relevant documentation. When the product's shelf life expires, the records and documentation must be retained for a minimum of six months; if the shelf life is not specified, they must be retained for a minimum of two years. Food trade enterprises that use unified distribution may set up their head office to conduct unified inspections of supplier permits and food product quality certificates, as well as to maintain inspection records for food purchases.

Self-inspection System

Food producers and traders are required by the Food Safety Law to set up a food safety self-inspection system and regularly inspect and evaluate food safety conditions. In the event of a food safety incident with potential risks, food producers or traders must immediately cease food producing or food business operations and report to the county People's Government's food safety supervision and administration department. If conditions for producing and business operations change and the producers or traders no longer comply with food safety requirements, they must immediately adopt corrective measures.

Food Recall System

The Food Safety Law and the Revised Implementation Rules establish a food recall system. A food producer or trader must immediately stop producing or selling food that fails to satisfy applicable food safety regulations and notify the relevant producers, traders, and consumers. The food producer or trader shall maintain records of the recall and notification procedures and report the recall and treatment to the relevant authorities.

The Administrative Measures for Food Recalls (《食品召回管理办法》), promulgated by the CFDA (now the SAMR) on March 11, 2015, effective on September 1, 2015, and subsequently amended on October 23, 2020, set forth comprehensive provisions governing the handling of unsafe food within the PRC. These provisions encompass the cessation of affected products and/or operations, the initiation of recalls, and the proper disposal of implicated items.

According to the Administrative Measures for Food Recalls, food producers and business operators bear primary responsibility for food safety. They are required to establish a sound management system, systematically collect and analyze food safety information, and carry out statutory obligations including ceasing production or operations and executing recalls and disposals of unsafe food. Moreover, where a producer or operator fails to promptly cease production or operations, initiate a voluntary recall, commence a recall within the stipulated timeframe, execute the recall in accordance with its approved plan, or dispose of unsafe food as mandated, the local market regulation authority shall issue a warning and concurrently impose a fine ranging from RMB10,000 to RMB30,000.

Food Storage

Pursuant to the Food Safety Law and the Revised Implementation Rules, food traders are required to store food in a manner that ensures food safety, conduct regular inspections of their food inventory, and promptly remove and dispose of any deteriorated or expired products. Where food traders store bulk food, they must display, at the storage site, clear information including the food's description, date of manufacture or production batch, shelf life, and the name and contact details of the manufacturer. For food requiring specific temperature and humidity controls, appropriate heat preservation, cold storage, or freezing equipment and facilities must be in place, and such equipment must be properly maintained to remain fully operational.

REGULATORY OVERVIEW

Quality Control

On October 8, 2022, the SAMR released the Interim Measures for the Supervision and Management of Food-related Product Quality and Safety (《食品相關產品質量安全監督管理暫行辦法》) (“**the Interim Measures of Food-related Product**”), which came into force on March 1, 2023. The Interim Measures of Food-related Product set out the duties of manufacturers and vendors of food-related products, along with detailed requirements for managing the entire production process. Furthermore, the Interim Measures of Food-related Product establish a strict legal liability system for food-related products to define the legal liabilities for violations involving food-related products.

REGULATIONS ON INTELLECTUAL PROPERTIES

Trademarks

Pursuant to the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》), which was promulgated by the SCNPC on 23 August 1982, was most recently amended on 23 April 2019 and came into effect on 1 November 2019, and the Regulation on the Implementation of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》), which was promulgated by the State Council on 3 August 2002, was most recently amended on 29 April 2014 and came into effect on 1 May 2014, registered trademarks in the PRC include trademarks for products, service trademarks, collective trademarks and certification trademarks. The Trademark Office of the China National Intellectual Property Administration handles trademark registrations and grants a validity period of ten years to registered trademarks, which may be renewed for a further ten years upon request prior to the expiry of the period of validity.

Patents

Pursuant to the Patent Law of the People’s Republic of China (《中華人民共和國專利法》), which was promulgated by the SCNPC on 12 March 1984, most recently amended on 17 October 2020 and came into effect on 1 June 2021, and the Implementation Rules of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》), which were promulgated by the State Council on 21 December 1992 and most recently amended on 11 December 2023 and came into effect on 20 January 2024, patents in the PRC fall into three categories: invention patents, utility model patents and design patents. The term of patent protection for invention patents is 20 years, the term of patent protection for utility model patents is 10 years, and the term of patent protection for design patents is 15 years, all commencing from the date of application.

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) (“**the Copyright Law**”), effective on June 1, 1991 and latest amended on November 11, 2020, copyrights include personal rights such as the right of publication and that of attribution as well as property rights such as the rights of production and distribution. According to the Copyright Law, works shall refer to original intellectual achievements in the fields of literature, art and science which can be expressed in a certain form, including written works, computer software and any other intellectual achievements which comply with the characteristics of the works. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the Copyright Law, constitutes infringements of copyrights. The infringer must, according to the circumstances of the case, undertake to cease the infringement, take remedial action, and offer an apology or pay damages.

REGULATORY OVERVIEW

Pursuant to the Regulation on the Protection of Computer Software (《計算機軟件保護條例》), which was promulgated by the State Council on 4 June 1991, most recently amended on 30 January 2013 and came into effect on 1 March 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated on 6 April 1992, most recently amended by the National Copyright Administration of China (the “NCAC”) on 18 June 2004 and came into effect on 1 July 2004, the NCAC is responsible for the administration and supervision of software copyright registration in the PRC and recognises the China Copyright Protection Centre (“CPCC”) as the software registration organisation. The CPCC shall grant registration certificates to computer software copyright applicants which comply with the provisions of the Regulation on the Protection of Computer Software and the Measures for the Registration of Computer Software Copyright.

Domain Names

According to the Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by MIIT on August 24, 2017 and became effective on November 1, 2017, MIIT is responsible for supervision and administration of domain name services in the PRC. Communication administrative bureaus at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions. Domain name registration services shall, in principle, be subject to the principle of “first apply, first register”. A domain name registrar shall, in the process of providing domain name registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information on the holder of the domain name and other domain name registration related information.

REGULATIONS ON CYBERSECURITY, PRIVACY AND DATA PROTECTION

PRC government authorities have enacted laws and regulations with respect to Internet information security and the protection of personal information from any abuse or unauthorized disclosure. Internet information in China is regulated and restricted from a national security standpoint.

On November 7, 2016, the SCNPC issued the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the “**Cyber Security Law**”), which was amended on October 28, 2025 and became effective on January 1, 2026. The Cyber Security Law is formulated to maintain network security, safeguard cyberspace sovereignty, national security and public interests, and protect the lawful rights and interests of citizens, legal persons and other organizations. The Cyber Security Law also reiterates certain basic principles and requirements on personal information protection previously specified in other existing laws and regulations. Any violation of the provisions and requirements under the Cyber Security Law may subject an internet service provider to rectifications, warnings, fines, confiscation of illegal gains, revocation of business permit, cancellation of business license, closedown of websites or even criminal liabilities.

The PRC Civil Code provides that individuals have the right of privacy and no organization or individual shall process any individual’s private information or infringe an individual’s right of privacy, unless otherwise prescribed by laws or with such individual’s prior express consent.

The Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》) (the “**Data Security Law**”) was passed on June 10, 2021 and came into effect on September 1, 2021. The Data Security Law requires a data processor to establish and improve a whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to safeguard data security. In conducting data processing activities using the Internet or any other information networks, a data processor shall perform the above data security protection obligations on the basis of the hierarchical cybersecurity protection system. Any violation of the provisions and requirements under the Data Security Law may subject a data processor to rectifications, warnings, fines, suspension of the related business, revocation of business permit or even criminal liabilities.

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The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the “**Personal Information Protection Law**”) promulgated on August 20, 2021 and came into effect on November 1, 2021, provides detailed rules on handling personal information and legal responsibilities. Critical information infrastructure operators and personal information processors processing personal information reaching quantities provided by the State cybersecurity and informatization department shall store personal information collected and produced within the borders of the PRC domestically; where they need to provide it abroad, they shall pass a security assessment organized by the State cybersecurity and informatization department. Processors of personal information shall, based on the purpose and methods of processing personal information, categories of personal information, the impacts on individuals’ rights and interests, and potential security risks, take the measures to ensure that personal information processing activities comply with the provisions of laws and administrative regulations, and prevent unauthorized access as well as the leakage, tampering or loss of personal information.

The Cybersecurity Review Measures (《網絡安全審查辦法》), promulgated by the Cyberspace Administration of China (the “**CAC**”) and other related authorities and last amended on December 28, 2021 and was effective on February 15, 2022, proposes the following key matters: (i) Internet platform operators that are engaged in data processing activities which have or may have an implication on national security shall undergo a cybersecurity review; (ii) the China Securities Regulatory Commission (the “**CSRC**”) is one of the regulatory authorities for purposes of jointly establishing the state cybersecurity review mechanism; (iii) Internet platform operators that hold personal information of more than one million users and seek to list abroad (“**國外上市**”) shall file for a cybersecurity review with the Cybersecurity Review Office; and (iv) the risks of core data, material data or large amounts of personal information being stolen, leaked, destroyed, damaged, illegally used or transmitted to overseas parties, and the risks of critical information infrastructure, core data, material data or large amounts of personal information being influenced, controlled or used maliciously shall be collectively taken into consideration during the cybersecurity review process.

On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》) (the “**CBDF Provisions**”). In accordance with the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》) implemented on September 1, 2022, the Measures for the Standard Contract for the Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) implemented on June 1, 2023, the Announcement regarding the Implementation of Personal Information Protection Certification (《關於實施個人信息保護認證的公告》) implemented on November 4, 2022, and the CBDF Provisions, data processors transferring data overseas are required to comply with the corresponding data cross-border transfer supervision procedures as stipulated by relevant laws and regulations, except for those meeting exemption conditions. On September 24, 2024, the State Council promulgated the Regulations on Network Data Security Management (《網絡數據安全管理條例》), which came into force on January 1, 2025. This regulation 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 ON MOBILE APPLICATION INFORMATION SERVICES

The provision of commercial internet information services on mobile internet applications is regulated by the Administrative Provisions on Information Services of Mobile Internet Applications (《移動互聯網應用程序信息服務管理規定》) (the “**Mobile Application Administrative Provisions**”), which was promulgated by the State Internet Information Office on June 28, 2016, took effect on August 1, 2016, and was last amended and became effective on August 1, 2022. The information service providers of mobile internet applications are subject to requirements under these provisions, including acquiring the qualifications required by laws and regulations and ensuring information security.

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REGULATIONS ON CONSUMER PROTECTION

According to the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) (the “**Consumer Rights and Interests Protection Law**”), which was last amended by the NPCSC on October 25, 2013, and came into effect on March 15, 2014 and the Regulations on the Implementation of the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法實施條例》) (the “**Implementation Regulations**”), promulgated by the State Council on March 15, 2024 and effective as of July 1, 2024, business operators shall, in provision of the goods they produce or sell or provision of services, to the consumers, abide by the Consumer Rights and Interests Protection Law. If a business operator fails to fulfill its obligation of consumer safety and causes damage to consumers, it is subject to liability under tort law. If a business operator provides goods or services in violation of relevant provisions of the Consumer Rights and Interests Protection Law, which infringes on the legitimate rights and interests of consumers and constitutes a crime, such business operator is rendered liable for criminal investigation in accordance with the law.

According to the Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》), which was amended by the SAMR on March 18, 2025, and came into effect on May 1, 2025, the commercial activities of selling goods or providing services through the Internet or any other information networks are regulated. Operators engaged in online transactions shall complete the registration of market entities in accordance with the law unless any law provides otherwise, truthfully disclose their business licenses and information on their products/services, adhere to the principles of willingness, fairness, and good faith, protect the rights and interests of consumers, and are not allowed to operate without licenses, make false misrepresentations, or sell counterfeit or sub-standard goods. Operators must accept the supervision and inspection of market regulatory authorities.

REGULATIONS ON ANTI-UNFAIR COMPETITION

According to the Anti-Unfair Competition Law of the People’s Republic of China (《中華人民共和國反不正當競爭法》) (the “**Anti-Unfair Competition Law**”), which was last amended by the NPCSC on June 27, 2025, and came into effect on October 15, 2025, business operators shall follow the principles of willingness, equality, fairness, and good faith in their production and business activities, and abide by laws and business ethics. The act of unfair competition under the Anti-Unfair Competition Law means any act of a business operator in its production or business activities that violates the provisions of the Anti-Unfair Competition Law, disrupts the order of market competition, and causes damage to the legitimate rights and interests of other business operators or consumers. Business operators who violate the provisions of the Anti-Unfair Competition Law are subject to civil, administrative, or criminal liability depending on the specific circumstances.

REGULATIONS ON ADVERTISING

The SAMR is the government agency responsible for regulating advertising activities in the PRC. On October 27, 1994, the SCNPC enacted the Advertising Law of the PRC (《中華人民共和國廣告法》) (the “**Advertising Law**”), which became effective on February 1, 1995 and was last amended on April 29, 2021. The Advertising Law increases the potential legal liability of providers of advertising services, and includes provisions intended to strengthen the identification of false advertising and the power of governmental authorities. Pursuant to the Advertising Law, relevant PRC laws on advertisement require advertisers, advertising operators, and advertising distributors to ensure that the content of the advertisements they produce or distribute is true and in full compliance with applicable laws and regulations and shall not contain wordings such as “national level”, “highest level and “best”. Publishing and circulating advertisements through the Internet shall not affect the normal use of the Internet by users. An Internet advertisement shall be recognizable and enable consumers to identify it as an advertisement. The administrator of a public place, an operator of a telecommunications business, or an Internet information service provider shall stop the sending or publishing of illegal advertisements through the public place or information transmission or release platform that it knows or should have known.

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According to the Measures for the Administration of Internet Advertising (《互聯網廣告管理辦法》), which was promulgated by the SAMR on February 25, 2023, and came into effect on May 1, 2023, Internet advertisements should be identifiable so that consumers can recognize them as advertisements. Advertisers are responsible for the authenticity of the content of Internet advertisements.

REGULATIONS ON FOREIGN INVESTMENT

Company Establishment and Foreign Investment

Companies established and operating in the PRC shall be subject to the PRC Company Law, which was promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) on December 29, 1993, implemented on July 1, 1994 and was most recently amended on December 29, 2023 and effective from July 1, 2024. The Company Law provides for the establishment, corporate structure, and corporate management of companies, which also applies to foreign-invested enterprises in the PRC. Unless otherwise provided in the PRC foreign investment laws, the provisions in the Company Law shall prevail.

On March 15, 2019, the NPC promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”), which came into effect on January 1, 2020. The Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), promulgated by the State Council on December 26, 2019 and became effective on January 1, 2020. Pursuant to the Foreign Investment Law, foreign investment refers to the investment activity directly or indirectly conducted by a foreign natural person, enterprise or other organization, collectively the “foreign investors”. The Implementation Regulations for the Foreign Investment Law of the PRC have introduced the “look-through” principle and further provided that investments made by foreign-invested enterprises in China should also be governed by the Foreign Investment Law and its Implementing Regulations.

Investments in the PRC by foreign investors and foreign-invested enterprises were regulated by 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)》) (the “**Negative List**”), which was promulgated by the NDRC and the Ministry of Commerce of the PRC (中華人民共和國商務部) (the “**MOFCOM**”) jointly on September 6, 2024 and became effective on November 1, 2024, and the Catalogue of Encouraged Industries for Foreign Investment (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》), which was promulgated by the NDRC and the MOFCOM, on December 15, 2025 and became effective on February 1, 2026. Pursuant to the laws and regulations mentioned above, foreign-invested projects are categorized as encouraged, restricted and prohibited. Foreign-invested projects that are not listed in the Negative List are permitted foreign-invested projects.

On December 30, 2019, the MOFCOM and the SAMR issued the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020, pursuant to which, since January 1, 2020, for carrying out investment activities directly or indirectly within the territory of China, the foreign investors or foreign-invested enterprises shall submit investment information to the competent commerce administrative authorities through the Enterprise Registration System and the National Enterprise Credit Information Publicity System.

REGULATIONS ON LEASING OF REAL PROPERTY

Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994, and last amended on August 26, 2019, and took effect on January 1, 2020, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental prices, rental and repair liabilities, and other rights and obligations of both parties. In addition, pursuant to the Law on Administration of Urban Real Estate of the PRC and the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010, and became effective on February 1, 2011, both lessor and lessee are required to register the lease within 30 days from execution of the property lease

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contract with the real estate administration department. If the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines ranging from RMB1,000 to RMB10,000.

Pursuant to the PRC Civil Code, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. In addition, if neither the lessor nor the lessee has completed the registration and filing procedures for the lease contract in accordance with laws and administrative regulations, it shall not affect the validity of the contract.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Employment

The major PRC laws and regulations that govern employment relationship are the Labor Law of the PRC (《中華人民共和國勞動法》) (the “**Labor Law**”), which was promulgated by the SCNPC on July 5, 1994, last amended and came into effect on December 29, 2018), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (the “**Labor Contract Law**”), which was promulgated by the SCNPC on June 29, 2007 and became effective on January 1, 2008, and then amended on December 28, 2012 and became effective on July 1, 2013, the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), promulgated by the State Council on September 18, 2008 and came into effect on the same day, and the Interpretation of the Supreme People’s Court on Several Issues concerning the Application of Law in the Trial of Labor Dispute Cases (II) (《最高人民法院關於審理勞動爭議案件適用法律若干問題的解釋(二)》) (the “**Interpretation II of the Supreme People’s Court on Labor Dispute Cases**”), which was promulgated by the Supreme People’s Court on August 1, 2025 and came into effect on September 1, 2025. According to the aforementioned laws and regulations, labor relationships between employers and employees must be executed in written form. The laws and regulations above impose stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. As prescribed under the laws and regulations, employers shall ensure their employees have the right to rest and the right to receive wages no lower than the local minimum wages. Employers must establish a system for labor safety and sanitation that strictly abides by state standards and provide relevant education to its employees. Violations of the Labor Law and the Labor Contract Law may result in the imposition of fines and other administrative liabilities and/or incur criminal liabilities in the case of serious violations. The Employment Promotion Law of the People’s Republic of China (《中華人民共和國就業促進法》), which was promulgated by the SCNPC on August 30, 2007, amended and became effective on April 24, 2015, requires that individuals have equal employment opportunities, both in hiring and in employment terms, without discrimination on the basis of ethnicity, race, gender, religious belief, communicable disease or rural residence. Under this law, companies are also required to provide employees with vocational training. Administrative authorities at the county level or above are responsible for implementing policies to promote employment.

Social Insurance

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was amended on December 29, 2018, and other relevant PRC laws and regulations, the employer shall register with the social insurance authorities and contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, work injury insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees, while work injury insurance and maternity insurance contributions shall be paid only by employers, and employers who fail to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; and where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

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Pursuant to the Interpretation II of the Supreme People’s Court on Labor Dispute Cases, which took effect on September 1, 2025, any agreement between an employer and employee, or any employee commitment to the employer, purporting to waive social insurance contributions shall be deemed invalid by the people’s courts. Where an employer fails to pay social insurance premiums in accordance with the law, and the employee terminates the labor contract and claims economic compensation under Article 38(3) of the Labor Contract Law, the people’s courts shall uphold such claims.

Housing Provident Fund

According to the Regulations on the Management of Housing Provident Fund (《住房公積金管理條例》), which was effective on April 3, 1999 and last amended on March 24, 2019, employers shall undertake to register with the competent administrative center of housing provident fund, or the Center, and upon the verification by the Center, open accounts of housing provident funds for their employees at the relevant bank. Enterprises are also obliged to timely pay and deposit housing provident funds for their employees in full amount. An enterprise that fails to make housing fund contributions in full may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline by the housing provident fund management center; otherwise, an application may be made to a local court for compulsory enforcement.

REGULATIONS ON FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in the PRC are the Administrative Regulations for Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Regulations**”), which was promulgated by the State Council on January 29, 1996 and last amended on August 5, 2008. Under the Foreign Exchange Regulations, the RMB is freely convertible for current account items, including the distribution of dividends, interest payments, trade, and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of the PRC, unless the prior approval of the SAFE, is obtained and prior registration with the SAFE is made.

On May 11, 2013, the SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents (《國家外匯管理局關於印發〈外國投資者境內直接投資外匯管理規定〉及配套文件的通知》) (the “**SAFE Circular 21**”), which was amended on October 10, 2018, and was partially repealed on December 30, 2019. The SAFE Circular 21 specifies that the administration by the SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration. Institutions and individuals shall register with the SAFE and/or its branches for their direct investment in the PRC. Banks shall process foreign exchange business relating to direct investment in the PRC based on the registration information provided by the SAFE and its branches.

The SAFE released the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “**SAFE Circular 19**”) and last amended on March 23, 2023. In accordance with the SAFE Circular 19, the foreign exchange capital of foreign invested enterprises shall be subject to the “discretionary foreign exchange settlement” approach. The proportion of discretionary foreign exchange settlement of the foreign exchange capital of a foreign-invested enterprise is temporarily determined to be 100%, while SAFE can adjust the aforementioned proportion in due time based on the situation of the international balance of payments.

On June 9, 2016, the SAFE published the Circular of the State Administration of Foreign Exchange 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》) (the “**SAFE Circular 16**”), which became effective immediately and was later amended on December 4, 2023. According to the SAFE Circular 16, enterprises that have registered in the PRC may also discretionally determine to convert their foreign debts from foreign currency to RMB. In addition, SAFE promulgated the Circular of the State Administration of Foreign Exchange Regarding Further Promotion of the Facilitation of

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Cross-Border Trade and Investment (《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》) (the “**SAFE Circular 28**”) and was amended on December 4, 2023. The SAFE Circular 28 expressly allows foreign-invested enterprises that do not have equity investments in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investments as long as there is a truthful investment and such investment is in compliance with the foreign investment-related laws and regulations.

On April 10, 2020, the SAFE promulgated Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), according to which, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc. for domestic payment, without prior provision of proof materials for veracity to the bank for each transaction.

REGULATIONS ON TAXATION

Enterprise Income Tax

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”) which was last amended on December 29, 2018 and the Implementing Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (collectively with the EIT Law, the “**PRC EIT Laws**”) which was amended on December 6, 2024, took effect on January 20, 2025, apply a uniform 25% enterprise income tax rate to both foreign-invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. Enterprises qualifying as “High and New Technology Enterprises” are entitled to a 15% enterprise income tax rate.

Under the PRC EIT Laws, an enterprise established outside China with a “de facto management body” within China is considered a “resident enterprise”, which means it can be treated as a domestic enterprise for enterprise income tax purposes. A non-resident enterprise that does not have an establishment or place of business in China, or has an establishment or place of business in China but the income of which has no actual relationship with such establishment or place of business, shall pay enterprise income tax on its income deriving from inside China at the reduced rate of enterprise income tax of 10%. Dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign enterprise investors are subject to a 10% withholding tax, unless any such foreign investor’s jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement.

Value-added Tax

The Value-added Tax Law of the PRC (《中華人民共和國增值稅法》) promulgated by SCNPC on December 25, 2024 and became effective from January 1, 2026, all entities or individuals in the PRC engaging in the sale of goods, services, intangible assets, or real estates, and the importation of goods are required to pay value-added tax (the “**VAT**”).

In accordance with the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) issued by the Ministry of Finance (the “**MOF**”), the State Taxation Administration (the “**STA**”) and the General Administration of Customs on March 20, 2019, which came into force on April 1, 2019 and was partially repealed on September 1, 2025, with respect to VAT taxable sales or imported goods of a VAT general taxpayer, where the VAT rate of 16% currently applies, it shall be adjusted to 13%, and the currently applicable VAT rate of 10% shall be adjusted to 9%.

Taxation on Dividends

According to the Individual Income Tax Law (《個人所得稅法》) promulgated on September 10, 1980, last amended on August 31, 2018 and effective on January 1, 2019, and the Regulations for the Implementation of the Individual Income Tax Law of the People’s Republic of China (《中華人民共和國個人所得稅法實施條例》) last amended on December 18,

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2018 and effective on January 1, 2019, income from interest, dividends, bonuses, property leasing, property transfer and incidental income shall be subject to a proportional tax rate of 20%. In addition, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued on September 7, 2015 by the MOF, the STA and the CSRC, where an individual acquires stocks of a listed company from public offering of the company or from the stock transfer market and holds the stocks for more than one year, the income from dividends is exempted from individual income tax. If the individual holds the stocks for one month or less, the income from dividends is fully taxable. If the individual holds the stocks for one month to one year (one year inclusive), 50% of the income from dividends is taxable. The aforesaid income is subject to an individual income tax at a flat rate of 20%. The Circular of the State Taxation Administration on Issues Relating to the Withholding of Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Share Shareholders of Overseas Non-Resident Enterprise (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued by the STA on November 6, 2008, further clarified that a PRC-resident enterprise shall uniformly withhold enterprise income tax at a rate of 10% on dividends paid to H Share shareholders of overseas non-resident enterprise for 2008 and subsequent years. After receiving dividends, the shareholder of a non-resident enterprise may apply to the competent tax authority for the treatment under the tax treaty (arrangement), and after the examination and verification by the competent tax authority, shall refund the balance between the tax paid and the tax payable calculated according to the tax rate stipulated in the tax treaty (arrangement). In addition, the Response to Issues on Levying Enterprise Income Tax on Dividends Received by Non-resident Enterprise from Holding Stock such as B-shares (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》), which was issued by the STA on July 24, 2009, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold enterprise income tax at a rate of 10% on dividends 2008 and subsequent years that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

REGULATIONS ON OVERSEAS SECURITIES OFFERING AND LISTING

Securities Laws and Regulations

The Securities Law of the PRC (《中華人民共和國證券法》), which was promulgated by the SCNPC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listings

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) and five supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures and Supporting Guidelines will comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic enterprises’ securities and will regulate both direct and indirect overseas offering and listing of PRC domestic enterprises’ securities by adopting a filing-based regulatory regime. According to the Overseas Listing

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Trial Measures, PRC domestic enterprises that seek to offer and list securities in overseas markets, either by direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

REGULATIONS ON FULL CIRCULATION OF H SHARE

In accordance with the Guidelines for the Application by H-share Companies for “Full Circulation” of Unlisted Shares (《H股公司境內未上市股份申請“全流通”業務指引》) which was promulgated by the CSRC on November 14, 2019 and came into effect on the same date, which was partly revised on August 10, 2023, the term “full circulation” means the circulation of domestically unlisted shares (including domestically unlisted shares held by domestic shareholders prior to the listing abroad, additional domestically unlisted shares issued domestically after listing abroad and unlisted shares held by foreign shareholders) of H-share companies on the Stock Exchange. On the premise of complying with relevant laws and regulations as well as policies governing state-owned asset management, foreign investment and industrial supervision, the shareholders of domestically unlisted shares may determine the number and proportion of shares under application for circulation through negotiation at their discretion and entrust a H-share company to file an application for “full circulation”. After the domestically unlisted shares are listed for circulation on the Stock Exchange, they shall not be transferred back to Chinese Mainland. A shareholder of domestically unlisted shares may reduce or increase its holding of the shares involved that are circulating on the Stock Exchange according to relevant business rules. H share companies shall submit a report on the relevant information to the CSRC within 15 days from completion of registration of the shares involved in the application to China Securities Depository and Clearing Co., Ltd. (the “CSDC”).

In accordance with the Guidelines for H-shares “Full Circulation” Business of China Securities Depository and Clearing Co., Ltd Shenzhen Branch (《中國證券登記結算有限責任公司深圳分公司H股“全流通”業務指南》) which was promulgated by CSDC Shenzhen Branch on September 20, 2024 and came into effect on September 23, 2024, and was latest amended on June 27, 2025 and became effective on June 30, 2025, it specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc. According to the guidelines, the H-share companies shall transfer the full amount of cash dividends in RMB to the bank account of CSDC Shenzhen Branch before 16:00 on the distribution date of cash dividends as published in the announcement. The CSDC Shenzhen Branch shall complete clearing of the dividend funds within three H-share “full circulation” working days after the distribution date of cash dividends as published in the announcement, and then the dividend funds will be released to domestic securities companies, and the domestic securities companies will release the dividend funds to the investors.

According to the Overseas Listing Trial Measures, in respect of a domestic company directly listed overseas, shareholders holding its unlisted domestic shares who apply to convert such shares held by them into listed overseas shares and to be listed in an overseas stock exchange, shall comply with the relevant regulations of the CSRC and file with the CSRC.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

The history of our Group can be traced back to November 2017, when our Company was initially founded as a subsidiary of S.F. Holding Co., Ltd. (順豐控股股份有限公司) (“**S.F. Holding**”). After years of development under the leadership of Mr. Shan and our management team, the Company has developed into an AI-driven retail enterprise and the largest smart retail cabinet operator in China both by number of cabinets installed and by total GMV in 2025, according to Frost & Sullivan. Powered by our algorithm-driven autonomous operations, which we continuously improve with extensive operational data, we have achieved scalable, networked operations spanning over 100 retail scenarios.

MILESTONES

The following table summarizes the key business and corporate development milestones of our Group:

Year	Event
2017	Our Company was incorporated in the PRC.
2018	We achieved rapid expansion of service locations to 28 major cities across Chinese Mainland.
2019	We became the first operator in the industry to achieve large-scale deployment of smart retail cabinets.
2020	We obtained the National High-Tech Enterprise Certificate (國家高新技術企業證書).
2021	We completed Series A Financing.
2022	Product selection for shelf merchandise was fully integrated with algorithm (later named Link Pilot)
2023	We completed Series B Financing. We were recognized as a Shenzhen Specialized, Refined, Distinctive and Innovative Small and Medium-sized Enterprise (專精特新中小企業).
2024	We established the first smart retail cabinet standard in collaboration with the top three manufacturers in the industry. We launched the FLOW Pilot intelligent agent, enabling end-to-end autonomous decision-making.
2025	We co-founded the intelligent retail innovation lab with the Chinese University of Hong Kong, Shenzhen (香港中文大學(深圳)). We completed Series B+ Financing. We were recognized as a Shenzhen Gazelle Enterprise (深圳市瞪羚企業). We directly operated over 180,000 smart retail cabinets across 72 cities nationwide, serving more than 80 million cumulative end consumers as of December 31, 2025.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR PRINCIPAL SUBSIDIARIES

Set forth below are our principal subsidiaries which made material contributions to our results of operations or are of strategic importance to us during the Track Record Period:

Name of Subsidiary	Place of Incorporation	Registered Capital	Date of Incorporation	Principal Business Activities
Hengyang Zushi Supply Chain Co., Ltd. (衡陽市足食供應鏈有限公司) (“Hengyang Zushi”)	PRC	RMB70,000,000	September 26, 2023	Procurement and distribution of merchandise
Hengyang Fengyi Technology Co., Ltd. (衡陽市豐宜科技有限公司) (“Hengyang Fengyi”)	PRC	RMB30,000,000	September 26, 2023	Smart retail business
Wuhu Fengyi Technology Co., Ltd. (蕪湖市豐宜科技有限公司) (“Wuhu Fengyi”)	PRC	RMB23,900,000	February 14, 2025	Smart retail business
Xiamen Fengyi Zushi Technology Co., Ltd. (廈門市豐宜足食科技有限公司) (“Xiamen Fengyi”)	PRC	RMB24,000,000	September 16, 2025	Smart retail business

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Establishment of our Company

Our Company is a limited liability company established in the PRC with a registered capital of RMB30.00 million on November 7, 2017, with the Chinese name “深圳市豐宜科技有限公司.” As of the time of establishment, it was wholly owned by Shenzhen SF Chuangxing Investment Co., Ltd. (深圳市順豐創興投資有限公司) (“**SF Chuangxing**”), which was indirectly wholly owned by S.F. Holding, a company listed on the Stock Exchange (stock code: 6936) and the Shenzhen Stock Exchange (stock code: 002352).

Early development of our Company

On September 18, 2018, the registered capital of our Company was increased to RMB60.00 million, which was subscribed for by SF Chuangxing as RMB52.50 million and Chengyi Huitong as RMB7.50 million, respectively. Chengyi Huitong was a limited partnership established for employee incentive purposes. Please refer to “— Pre-[REDACTED] Equity Incentive Plan” and “Appendix IV — Statutory and General Information — Pre-[REDACTED] Equity Incentive Plan” for details. In May 2019 and June 2021, SF Chuangxing transferred 67.50% and 20.00% of equity interests in our Company to Shenzhen Mingde Holding Development Co., Ltd. (深圳明德控股發展有限公司) (“**Mingde Holding**”), the controlling shareholder of S.F. Holding.

On June 30, 2021, an equity transfer agreement was entered into between Mingde Holding and Chengyi Huitong, pursuant to which Mingde Holding transferred 47.50% of equity interest in our Company to Chengyi Huitong. On the same date, an equity transfer agreement was entered into among Chengyi Huitong, Mr. Shan and Mr. Yuan Shengbiao (袁升彪) (“**Mr. Yuan**”), pursuant to which Chengyi Huitong transferred 20.00% and 17.78% of equity interest in our Company to Mr. Yuan and Mr. Shan, respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Series A Financing and capital increase in August 2021 and December 2021

On August 24, 2021 and December 17, 2021, capital increase agreements were entered into among the Company, its then shareholders, SV Ample Life Limited, Zhongjin Culture Consume Industry Equity Investment Fund (Xiamen) Partnership (Limited Partnership) (中金文化消費產業股權投資基金(廈門)合夥企業(有限合夥)) (“**Zhongjin Culture**”), Shenzhen Hongtu Yuechuan Equity Investment Fund Partnership (Limited Partnership) (深圳市紅土岳川股權投資基金合夥企業(有限合夥)) (“**Hongtu Yuechuan**”) and Shenzhen Capital Group (深圳市創新投資集團有限公司) (“**SCGC**”), pursuant to which SV Ample Life Limited, Zhongjin Culture, Hongtu Yuechuan and SCGC subscribed for the newly issued registered capital of RMB24,000,000, RMB6,000,000, RMB4,800,000, RMB1,200,000 at a consideration of approximately USD30.77 million (equivalent to approximately RMB200.0 million at the relevant time), RMB50.00 million, RMB40.00 million and RMB10.00 million, respectively. The aforementioned capital increase (the “**Series A Financing**”) was completed on January 29, 2022. Upon completion, our Company was held by Mingde Holding, SV Ample Life Limited, Chengyi Huitong, Mr. Yuan, Mr. Shan, Zhongjin Culture, Hongtu Yuechuan and SCGC as to approximately 25.00%, 25.00%, 13.89%, 12.50%, 11.11%, 6.25%, 5.00% and 1.25%, respectively. For details of the Series A Financing and backgrounds of the relevant investors, see “— Pre-[REDACTED] Investments” below.

Series B Financing, capital increase and share transfer in 2023

On September 22, 2023, an equity transfer agreement was entered into among Mingde Holding, Hengyang Caixin Industry Investment Fund Partnership (Limited Partnership) (衡陽市財信產業投資基金合夥企業(有限合夥)) (“**Hengyang Caixin**”) and Tianjin Yuanzhu Ventures Investment Partnership (Limited Partnership) (天津遠矚創業投資合夥企業(有限合夥)) (“**Tianjin Yuanzhu**”), pursuant to which Mingde Holding transferred 5.00% and 2.50% of equity interest in the Company to Hengyang Caixin and Tianjin Yuanzhu at a consideration of RMB40.00 million and RMB20.00 million, respectively.

On September 22, 2023, a capital increase agreement was entered into among the Company, its then shareholders, Hengyang Caixin and Shenzhen Chengshi, a limited partnership established for employee incentive purposes, pursuant to which (i) Hengyang Caixin subscribed for the newly issued registered capital of RMB3,160,494 at a consideration of RMB40.00 million (the “**September 2023 Financing**”) and; (ii) Shenzhen Chengshi subscribed for the newly issued registered capital of RMB10,666,667 at a consideration of RMB40.53 million. The aforementioned capital increase was completed on October 13, 2023. See “— Pre-[REDACTED] Equity Incentive Plan” and “Appendix IV — Statutory and General Information — Pre-[REDACTED] Equity Incentive Plan” for details of Shenzhen Chengshi.

From November 2023 to December 2023, Mingde Holding further transferred approximately 3.28% and 1.09% of its equity interest in the Company to FIF X and Hengyang Hongxiang Industry Investment Partnership (Limited Partnership) (衡陽弘湘產業投資合夥企業(有限合夥)) (“**Hengyang Hongxiang**”), at a consideration of USD4,187,370.89 (equivalent to RMB30.00 million) and RMB10.00 million, respectively.

On December 18, 2023, a capital increase agreement was entered into among the Company and its then shareholders, pursuant to which Hengyang Hongxiang subscribed for the newly issued registered capital of RMB790,124 at a consideration of RMB10.00 million (together with the September 2023 Financing, the “**Series B Financing**”). The aforementioned capital increase was completed on December 22, 2023.

Upon completion of the above, our Company was held by SV Ample Life Limited, Chengyi Huitong, Mingde Holding, Mr. Yuan, Mr. Shan, Shenzhen Chengshi, Hengyang Caixin, Zhongjin Culture, Hongtu Yuechuan, FIF X, Tianjin Yuanzhu, Hengyang Hongxiang and SCGC as to approximately 21.70%, 12.05%, 10.85%, 10.85%, 9.64%, 9.64%, 7.20%, 5.42%, 4.34%, 3.25%, 2.17%, 1.80%, 1.08%, respectively. For details of the Series B Financing and backgrounds of the relevant investors, see “— Pre-[REDACTED] Investments” below.

Share transfer in June 2024

On June 14, 2024, an equity transfer agreement was entered into between Mingde Holding and Mr. Shan, pursuant to which Mingde Holding transferred the registered capital of RMB12,000,000, representing approximately 10.85% of equity interest in the Company, to Mr. Shan at a consideration of RMB100 million.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Series B+ Financing, share transfer and capital increase in 2024 and 2025

On November 15, 2024 and February 6, 2025, capital increase agreements were entered into among the Company and its then shareholders, pursuant to which Guangdong Yilian Yiteng Equity Investment Partnership (Limited Partnership) (廣東亦聯益騰股權投資合夥企業(有限合夥)) (“**Guangdong Yilian**”) and Zhongjin Culture subscribed for the newly issued registered capital of RMB1,249,913 and RMB389,516 at a consideration of RMB20.00 million and RMB6,232,687, respectively (the “**April 2025 Financing**”).

On November 15, 2024, an equity transfer agreement was entered into, among others, Mr. Shan and Guangdong Yilian, pursuant to which Mr. Shan transferred approximately 1.08% of equity interest in the Company to Guangdong Yilian at a consideration of RMB15.00 million. On February 6, 2025, an equity transfer agreement was entered into, among others, Mr. Shan and Zhongjin Culture, pursuant to which Mr. Shan transferred approximately 0.95% of equity interest in the Company to Zhongjin Culture at a consideration of RMB8,767,313.

On June 19, 2025, an investment agreement was entered into among the Company, Mr. Shan, Mr. Yuan, Chengyi Huitong, Shenzhen Chengshi and Xiamen Jinchen Innovation Equity Investment Partnership (Limited Partnership) (廈門金辰創新股權投資合夥企業(有限合夥)) (“**Xiamen Jinchen**”) pursuant to which Xiamen Jinchen subscribed for the newly issued registered capital of RMB547,919 at a consideration of RMB8,767,313 (together with April 2025 Financing, the “**Series B+ Financing**”). The capital increase was completed on June 27, 2025. On June 19, 2025, an equity transfer agreement was entered into between Mr. Shan and Xiamen Jinchen, pursuant to which Mr. Shan transferred 1.31% of registered capital in the Company to Xiamen Jinchen at the consideration of RMB12,332,687.

On July 23, 2025, equity transfer agreements were entered into between Mr. Shan, Shenzhen Songhe Zhilian No. 10 Ventures Investment Partnership (Limited Partnership) (深圳市松禾智聯十號創業投資合夥企業(有限合夥)) (“**Songhe Zhilian**”) and Shenzhen Chengshi, respectively, pursuant to which Mr. Shan transferred 4.14% and 1.60% of registered capital in the Company to Songhe Zhilian and Shenzhen Chengshi at the consideration of RMB38.90 million and RMB15.00 million, respectively.

On November 14, 2025, an equity transfer agreement was entered into, among others, the Company, Guangdong Yilian and Mr. Yuan, pursuant to which Mr. Yuan transferred 0.75% of registered capital in the Company to Guangdong Yilian at a consideration of RMB9.00 million.

Upon completion of the above, the shareholding structure of our Company was as follows:

Shareholder	Registered capital (RMB)	Equity interest (%) (Approx.)
Mr. Shan	11,868,000	10.52
Chengyi Huitong	13,332,000	11.82
Shenzhen Chengshi	12,466,667	11.05
Mr. Yuan	11,153,965	9.89
SV Ample Life Limited	24,000,000	21.28
Tianjin Yuanzhu	2,400,000	2.13
Zhongjin Culture	7,441,594	6.60
Xiamen Jinchen	2,027,841	1.80
Hengyang Caixin	7,960,494	7.06
Hengyang Hongxiang	1,990,124	1.76
Hongtu Yuechuan	4,800,000	4.26
SCGC	1,200,000	1.06
Songhe Zhilian	4,668,000	4.14
Guangdong Yilian	3,895,948	3.45
FIF X	3,600,000	3.19
Total	112,804,633	100.00

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Conversion into a Joint Stock Limited Company

On March 27, 2026, resolutions were passed at our shareholders’ general meeting approving, among other matters, (i) the conversion of our Company from a limited liability company into a joint stock limited company under the laws of the PRC, (ii) the change of our corporate form to a joint stock company, and (iii) the conversion of the net asset value of our Company as of January 31, 2026 into 112,804,633 Shares of our Company. Upon completion of the conversion, the registered capital of our Company became RMB112,804,633 divided into 112,804,633 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company before the conversion. The conversion was completed on March 30, 2026 when our Company obtained a new business license.

MAJOR ACQUISITIONS AND DISPOSALS

During the Track Record Period and as of the Latest Practicable Date, we did not conduct any acquisitions, disposals or mergers that we consider to be material to us.

PRE-[REDACTED] EQUITY INCENTIVE PLAN

We have adopted the Pre-[REDACTED] Equity Incentive Plan on October 12, 2021, with further amendments on February 7, 2024 and on January 5, 2026, respectively. See “Appendix IV — Statutory and General Information — Pre-[REDACTED] Equity Incentive Plan” for details.

REASONS FOR THE [REDACTED]

Our Company is seeking a [REDACTED] of its H Shares on the Stock Exchange in order to provide further capital for the development and expansion of our Company’s business, to strengthen our Company’s working capital and to further raise our business profile and global presence. For further details of our future plans, see “Future Plans and Use of [REDACTED].”

VOTING PROXY ARRANGEMENT

To streamline and optimize the shareholding structure and to ensure the stable ownership and business development of our Group, Mr. Shan, Mr. Yuan and Chengyi Huitong entered into an acting-in-concert agreement on December 31, 2022, which was further updated on November 7, 2023, pursuant to which parties agreed to (i) act in concert and consult each other to reach a consensus before voting at the shareholders’ meetings and board meetings; and (ii) in case the parties fail to reach a consensus, vote based on the opinion of Mr. Shan.

On December 15, 2024, in order to further affirm support and faith in the leadership and management of Mr. Shan to act in a manner that is aligned with the interests of our Group and Shareholders as a whole, Mr. Yuan, Chengyi Huitong and Shenzhen Chengshi entered into an irrevocable voting proxy agreement (the “**Voting Proxy Agreement**”) with Mr. Shan in replace of the acting-in-concert agreement, pursuant to which (i) each of Mr. Yuan, Chengyi Huitong and Shenzhen Chengshi irrevocably agreed to appoint Mr. Shan as their attorney and proxy to exercise the voting rights attached to the Shares held by them, either directly or indirectly; and (ii) Mr. Yuan irrevocably agreed to appoint Mr. Shan as his attorney and proxy to exercise the voting rights corresponding to his equity interest held in Fengyizushi Investment. The Voting Proxy Agreement took immediate effect upon the date thereof and shall continue in force unless otherwise terminated with consent of all parties. Accordingly, Mr. Shan is entitled to exercise, in his sole discretion, all the voting rights attached to the Shares held by Mr. Yuan, Chengyi Huitong and Shenzhen Chengshi on their behalf, representing approximately 43.28% of the total issued share capital as of the Latest Practicable Date and [REDACTED]% of the total issued share capital immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PRE-[REDACTED] INVESTMENTS

Overview

Our Group has conducted multiple rounds of Pre-[REDACTED] Investments, which are summarized as below:

(a) Pre-[REDACTED] Financing

Round	Date of Agreement	Date of Last Payment of Consideration in Full	Registered Capital Subscribed for (Approx.) (RMB)	Amount of Consideration Paid (Approx.) (RMB)	Post-money Valuation of our Company ⁽²⁾ (Approx.) (RMB)	Cost per Share ⁽³⁾ (RMB)	Discount to the [REDACTED] ⁽⁴⁾ (%)
Series A . . .	August 24, 2021 and December 17, 2021	January 29, 2022	36,000,000	300,000,000	800,000,000	8.33	[REDACTED]
Series B . . .	September 22, 2023 and December 18, 2023	December 22, 2023	3,950,618	50,000,000	1,400,000,000	12.66	[REDACTED]
Series B+ . . .	November 15, 2024, February 6, 2025 and June 19, 2025	June 27, 2025	2,187,348	35,000,000	1,805,000,000	16.00	[REDACTED]

Notes:

- (1) For the details of the Pre-[REDACTED] Investors, please refer to the paragraphs headed “— Information about the Pre-[REDACTED] Investors” in this section.
- (2) The post-money valuation of our Company equals the total consideration paid by the Pre-[REDACTED] Investors in each round of the Pre-[REDACTED] Investments, divided by the shareholding percentage of the Pre-[REDACTED] Investors immediately after the Pre-[REDACTED] Investment.

The increase in valuation from Series A Financing to Series B Financing was primarily driven by the rapid scaling of the Company’s smart retail cabinet deployments, enhanced POS development capabilities, and the significant enhancement of automated operational capacities supported by algorithm, which supported the growth in revenue.

The increase in valuation from Series B Financing to Series B+ Financing was primarily driven by the Company’s continued expansion of POS scale and operating network, supported by the advancement of smart retail cabinet technologies and the application of algorithms to automate key operating processes. These improvements enhanced per-cabinet output, operating efficiency and profitability.

The increase in valuation from Series B+ Financing to the [REDACTED] was primarily driven by the Company’s further progress toward AI-agent-enabled autonomous operations, POS development capabilities, and the deployment of more efficient automated robotic fulfillment systems, together with the Company’s continued business expansion and the favorable growth outlook of the smart retail cabinet operation industry.
- (3) The cost per Share is calculated based on the amount of consideration paid and the number of Shares acquired or subscribed by the relevant investors in the pre-[REDACTED] financings.
- (4) The discount to the [REDACTED] is calculated based on an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED].

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(b) Equity Transfers to Pre-[REDACTED] Investors

Date of Agreement	Date of Last Payment of Consideration in Full	Transferor	Transferee	Registered Capital Transferred (RMB)	Amount of Consideration Paid ⁽²⁾ (RMB)	Cost per Share ⁽³⁾ (RMB)	Discount to the [REDACTED] ⁽⁴⁾ (%)
September 22, 2023, November 22, 2023 and December 18, 2023	December 21, 2023	Mingde Holding	Hengyang Caixin Tianjin Yuanzhu FIF X Hengyang Hongxiang	4,800,000 2,400,000 3,600,000 1,200,000	40,000,000 20,000,000 30,000,000 10,000,000	8.33	[REDACTED]
November 15, 2024, February 6, 2025, June 19, 2025 and July 23, 2025 . . .	December 4, 2025	Mr. Shan	Guangdong Yilian Zhongjin Culture Songhe Zhilian Xiamen Jinchun	1,800,000 1,052,078 4,668,000 1,479,922	15,000,000 8,767,313 38,900,000 12,332,687	8.33	[REDACTED]
November 14, 2025 .	November 18, 2025	Mr. Yuan	Guangdong Yilian	846,035	9,000,000	10.64	[REDACTED]

Notes:

- (1) For the details of the Pre-[REDACTED] Investors, please refer to the paragraphs headed “— Information about the Pre-[REDACTED] Investors” in this section.
- (2) The relevant consideration for the equity transfer was determined based on arm’s length negotiations between the transferor and the transferees who are professional investors. Specifically, the relevant consideration for the equity transfer by Mr. Shan to the transferees was determined with reference to the consideration paid by Mr. Shan when he acquired the equity interests from Mingde Holding in June 2024, being approximately RMB8.33 per unit of registered capital. See “— Share transfer in June 2024” above.
- (3) The cost per Share is calculated based on the amount of consideration paid and the number of Shares acquired by the relevant transferee in the equity transfers.
- (4) The discount to the [REDACTED] is calculated based on an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED].

Principal Terms of the Pre-[REDACTED] Investments

Use of Proceeds from the Pre-[REDACTED] Investments	We utilized the proceeds from the Pre-[REDACTED] Investment for the growth and expansion of our Group’s business and as our general working capital. As of the Latest Practicable Date, all proceeds from the Pre-[REDACTED] Investment had been utilized.
Strategic Benefits Brought by the Pre-[REDACTED] Investors	At the time of the Pre-[REDACTED] Investments, our Directors were of the view that our Group would benefit from the additional capital to be provided by the Pre-[REDACTED] Investors and some Pre-[REDACTED] Investors’ knowledge and experience. The Pre-[REDACTED] Investments also demonstrated the Pre-[REDACTED] Investors’ confidence in the operation and development of our Group.
Basis of Consideration	The consideration for the Pre-[REDACTED] Investments was determined based on arm’s length negotiations between our Company or the existing Shareholders (as the case may be) with reference to business and financial performance of the Group at the relevant times. Other factors were also taken into account in the determination of the consideration including but not limited to (i) the investment risk assumed by the relevant Pre-[REDACTED] Investors under the capital market conditions at the time of the relevant investments and (ii) the strategic benefits which would be brought by the Pre-[REDACTED] Investors to our Group (where applicable).

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Lock-up

Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], the Shares issued by the Company prior to the [REDACTED] (including the Shares held by the Pre-[REDACTED] Investors immediately prior to the [REDACTED]) are restricted from transfer.

Special Rights of the Pre-[REDACTED] Investors

Our Company and, among others, the Pre-[REDACTED] Investors entered into a shareholders’ agreement (“**Shareholders’ Agreement**”) dated December 31, 2025, pursuant to which certain shareholder rights were agreed among the parties. Pursuant to the Shareholders’ Agreement, certain Pre-[REDACTED] Investors were granted, among other rights, restriction on transfer, rights of first refusal, right of co-sale, pre-emptive rights, anti-dilution rights, information rights, redemption rights and rights of shareholders in the event of liquidation, merger or disposal.

Pursuant to the termination agreement on shareholders’ special rights entered into, among others, the Company and the existing Shareholders (the “**Supplemental Agreement**”) dated April 10, 2026, (i) the redemption rights granted by the Company to the Pre-[REDACTED] Investors have been terminated one day prior to the first filing of the Company’s [REDACTED] application (the “[REDACTED] **Application**”) to the Stock Exchange; (ii) the rights of shareholders in the event of merger or disposal will be automatically terminated upon the [REDACTED] Application; and (iii) all other special rights of the Pre-[REDACTED] Investors will be automatically terminated upon the completion of the [REDACTED].

No special rights granted to the Pre-[REDACTED] Investors will survive after [REDACTED].

Sole Sponsor’s Confirmation

On the basis that (i) the consideration for the Pre-[REDACTED] Investments was settled more than 28 clear days before the first filing of the [REDACTED] application by our Company with the Stock Exchange, and (ii) the termination of special rights granted to the Pre-[REDACTED] Investors as disclosed in “— Special Rights of the Pre-[REDACTED] Investors” above, the Sole Sponsor confirms that the Pre-[REDACTED] Investments are in compliance with the Pre-[REDACTED] Investment Guidance in Chapter 4.2 of the Guide for New Listing Applicants.

Information about the Pre-[REDACTED] Investors

The background information of our Pre-[REDACTED] Investors is set out below. To the best knowledge of our Directors, save as disclosed in this section, each of our Pre-[REDACTED] Investors is an Independent Third Party.

SV Ample Life Limited

SV Ample Life Limited is a limited company incorporated in Hong Kong, principally engaged in investment management. China Ventures Fund I Pte. Ltd. (“**CV Fund I**”) holds 75.00% of equity interests in SV Ample Life Limited. CV Fund I is wholly owned by China Ventures Fund I, L.P., whose partnership interests are held by SV GP I LTD, being its general partner. SV GP I LTD. is wholly owned by SV CHINA HOLDCO LTD., which is wholly owned by SBVA CORP (“**SBVA**”). SBVA is ultimately controlled by Mr. Taizo Son. Save for the entities that Mr. Taizo Son directly or indirectly controls, SBVA has no other direct or indirect shareholder which holds more than 20.00% equity interest in it.

Tianjin Yuanzhu

Tianjin Yuanzhu is a limited partnership established in the PRC, principally engaged in equity investment, investment management and asset management. The partnership interests of Tianjin Yuanzhu Ventures Investment Partnership (Limited Partnership) (天津遠矚創業投資合夥企業(有限合夥)) is held by Beijing Ruanya Xinchuang Private Equity Fund Management Co., Ltd. (北京軟亞信創私募基金管理有限公司) (“**Beijing Ruanya**”) as to 0.05%, being its general partner, Mr. Hu Tao (胡濤), an Independent Third Party as to 9.09%, and

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China Ventures Fund II PTE. LTD. as to 90.87%. Beijing Ruanya is wholly owned by SBVA. China Ventures Fund II PTE. LTD. is wholly owned by China Ventures Fund II, L.P., whose interests are held by SV GP II LTD, being its general partner. SV GP II LTD. is wholly owned by SV CHINA HOLDCO LTD.

Zhongjin Culture

Zhongjin Culture is a limited partnership established in the PRC, principally engaged in equity investment, investment management and asset management. The general partner of Zhongjin Culture is CICC Capital Operation Co., Ltd. (中金資本運營有限公司), which is wholly owned by China International Capital Corporation Limited (中國國際金融股份有限公司), a company listed on the Stock Exchange (stock code: 3908) and on the Shanghai Stock Exchange (stock code: 601995). As of the Latest Practicable Date, there are 17 limited partners in Zhongjin Culture, none of which holding 30.00% or more partnership interest in Zhongjin Culture, and all of them are Independent Third Parties.

Xiamen Jinchen

Xiamen Jinchen is a limited partnership established in the PRC, principally engaged in equity investment. The general partner of Xiamen Jinchen is CICC Capital Operation Co., Ltd. (中金資本運營有限公司), which is wholly owned by China International Capital Corporation Limited (中國國際金融股份有限公司), a company listed on the Stock Exchange (stock code: 3908) and on the Shanghai Stock Exchange (stock code: 601995). As of the Latest Practicable Date, there is one limited partner in Xiamen Jinchen, being Zhongjin Wangju Win-win (Xiamen) Consumer Industry Equity Investment Fund Partnership (Limited Partnership) (中金旺聚共贏(廈門)消費產業股權投資基金合夥企業(有限合夥)) (“**Zhongjin Wangju**”) as to 98.23%. The general partner of Zhongjin Wangju is CICC Capital Operation Co., Ltd.

As of the Latest Practicable Date, there are seven limited partners in Zhongjin Wangju, with its largest limited partner, Nanjing Yuanwang Investment Co., Ltd. (南京緣旺投資有限公司) (“**Nanjing Yuanwang**”) as to 74.96%, and none of other limited partners holds 30.00% or more partnership interest in Zhongjin Wangju, and all of them are Independent Third Parties. Nanjing Yuanwang is ultimately controlled by Want Want China Holdings Limited (中國旺旺控股有限公司), a company listed on the Stock Exchange (stock code: 1015).

Hengyang Caixin

Hengyang Caixin is a limited partnership established in the PRC, principally engaged in equity investment. The general partner of Hengyang Caixin is Hunan Caixin Fund Management Co., Ltd. (湖南省財信產業基金管理有限公司), which is wholly owned by Hunan Caixin Financial Holding Group Co., Ltd. (湖南財信金融控股集團有限公司). Hunan Caixin Financial Holding Group Co., Ltd. is wholly owned by Hunan Provincial People's Government (湖南省人民政府). As of the Latest Practicable Date, there are two limited partners, with its largest limited partner, being Hengyang Municipal Bureau of Finance (衡陽市財政局) as to 75.00%.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Hengyang Hongxiang

Hengyang Hongxiang is a limited partnership established in the PRC, principally engaged in equity investment, investment management and asset management. The general partner of Hengyang Hongxiang is Hunan Caixin Hongxiang Venture Capital Co., Ltd. (湖南財信弘湘創業投資有限公司). Hunan Caixin Hongxiang Venture Capital Co., Ltd. is owned by Hengyang State Owned Assets Investment Holding Group Co., Ltd. (衡陽市國有資產投資控股集團有限公司) as to 51.00%, which is ultimately controlled by State-owned Assets Supervision and Administration Commission of Hengyang Municipal People’s Government (衡陽市人民政府國有資產監督管理委員會), and Hunan Caixin Leading Investment Management Co., Ltd. (湖南省財信引領投資管理有限公司) as to 34.00%, which is ultimately controlled by Hunan Provincial People’s Government (湖南省人民政府). As of the Latest Practicable Date, there is one limited partner, being Hengyang Hongxiang State-owned Investment Holding Co., Ltd. (衡陽弘湘國有投資(控股)集團有限公司) as to 99.67%, which is ultimately controlled by State-owned Assets Supervision and Administration Commission of Hengyang Municipal People’s Government (衡陽市人民政府國有資產監督管理委員會).

Hongtu Yuechuan

Hongtu Yuechuan is a limited partnership established in the PRC, principally engaged in equity investment, investment management and asset management. The general partner of Hongtu Yuechuan is Shenzhen Venture Capital Laterite Private Equity Investment Fund Management (Shenzhen) Co., Ltd. (深創投紅土私募股權投資基金管理(深圳)有限公司), which is wholly owned by SCGC. SCGC is ultimately controlled by State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People’s Government (深圳市人民政府國有資產監督管理委員會).

As of the Latest Practicable Date, there are 13 limited partners in Hongtu Yuechuan, none of them holds 30% or more partnership interest in Hongtu Yuechuan and all of them are Independent Third Parties.

SCGC

SCGC is a limited company established in the PRC, and a leading investment group with a core focus on venture capital or private equity. SCGC is ultimately controlled by State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People’s Government.

Guangdong Yilian

Guangdong Yilian is a limited partnership established in the PRC, principally engaged in equity investment, investment management and asset management. The general partner of Guangdong Yilian is Shanghai Yilian Equity Investment Management Partnership (Limited Partnership) (上海亦聯股權投資管理合夥企業(有限合夥)) (“Shanghai Yilian”). The general partner of Shanghai Yilian is Shanghai Chenjun Investment Consultancy Co., Ltd. (上海晨鈞投資諮詢有限公司), which is owned by Mr. Wang Shumin (王澍敏), an Independent Third Party. As of the Latest Practicable Date, there is one limited partner of Shanghai Yilian, being Mr. Wang Shumin as to 98.40%.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

As of the Latest Practicable Date, there are three limited partners in Guangdong Yilian among which Hainan Lanlan Network Technology Co., Ltd. (海南藍嵐網絡科技有限公司) as to 49.00%, which is ultimately controlled by Ms. Li Ting (李婷), an Independent Third Party and Foshan Nanhai Shuangchuang Investment Guidance Co., Ltd. (佛山市南海區雙創投資引導基金有限公司) as to 30.00%, which is wholly owned by Guangdong Nanhai Industry Group Co., Ltd. (廣東南海產業集團有限公司). Guangdong Nanhai Industry Group Co., Ltd. is owned by Foshan Nanhai District State-owned Assets Supervision and Administration Bureau (佛山市南海區國有資產監督管理局). None of the other limited partner holds 30.00% or more partnership interest in Guangdong Yilian and all of them are Independent Third Parties.

Songhe Zhilian

Songhe Zhilian is a limited partnership established in the PRC, principally engaged in equity investment. The general partner of Songhe Zhilian is Shenzhen Songhe Growth Private Equity Fund Management Co., Ltd. (深圳市松禾成長私募股權基金管理有限公司), which is owned by Mr. Li Wei (厲偉), an independent third party.

As of the Latest Practicable Date, there are three limited partners in Songhe Zhilian, including Ms. Li Bihua (李璧華) as to 39.52% and Ms. Guo Qiuyun (郭秋雲) as to 36.04% and the other one limited partnership does not hold 30.00% or more partnership interest in Songhe Zhilian. All of them are Independent Third Parties.

FIF X

FIF X is an exempted company incorporated in the Cayman Islands with limited liability. FIF X is wholly owned by Future Innovation Private Equity Fund III, which is controlled by SBVA, its general manager.

Though the ultimately beneficial owner of SV Ample Life Limited, Tianjin Yuanzhu (together with SV Ample Life Limited, “**CV Funds**”) and FIF X is Mr. Taizo Son, the management and operations of the CV Funds and FIF X are separated from each other. The investment decisions of CV Funds and FIF X are separated and made by their own investment committee in separate meetings to serve for different investors interests.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CAPITALIZATION

Our Company [has filed] with CSRC for H-share full circulation to convert certain Unlisted Shares into H Shares upon the [REDACTED]. The conversion of Unlisted Shares into H Shares will involve an aggregate of [REDACTED] Unlisted Shares, representing approximately [REDACTED]% of total issued share capital of the Company as of the Latest Practicable Date.

The table below is a summary of the capitalization of our Company as of the Latest Practicable Date and immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and the conversion of Unlisted Shares into H Shares:

Name of Shareholder	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised)	
	Number of Unlisted Shares	Approximate Ownership Percentage (%)	Number of H Shares	Approximate Ownership Percentage (%)
Mr. Shan	11,868,000	10.52	[REDACTED]	[REDACTED]
Chengyi Huitong	13,332,000	11.82	[REDACTED]	[REDACTED]
Shenzhen Chengshi	12,466,667	11.05	[REDACTED]	[REDACTED]
Mr. Yuan	11,153,965	9.89	[REDACTED]	[REDACTED]
<i>Subtotal (voting rights controlled by our Controlling Shareholders)</i>	<i>48,820,632</i>	<i>43.28</i>	[REDACTED]	[REDACTED]
SV Ample Life Limited	24,000,000	21.28	[REDACTED]	[REDACTED]
Tianjin Yuanzhu	2,400,000	2.13	[REDACTED]	[REDACTED]
Zhongjin Culture	7,441,594	6.60	[REDACTED]	[REDACTED]
Xiamen Jincheng	2,027,841	1.80	[REDACTED]	[REDACTED]
Hengyang Caixin	7,960,494	7.06	[REDACTED]	[REDACTED]
Hengyang Hongxiang	1,990,124	1.76	[REDACTED]	[REDACTED]
Hongtu Yuechuan	4,800,000	4.26	[REDACTED]	[REDACTED]
SCGC	1,200,000	1.06	[REDACTED]	[REDACTED]
Songhe Zhilian	4,668,000	4.14	[REDACTED]	[REDACTED]
Guangdong Yilian	3,895,948	3.45	[REDACTED]	[REDACTED]
FIF X	3,600,000	3.19	[REDACTED]	[REDACTED]
<i>Subtotal (existing Shareholders)</i>	<i>112,804,633</i>	<i>100.00</i>	[REDACTED]	[REDACTED]
Investors taking part in the [REDACTED]	—	—	[REDACTED]	[REDACTED]
TOTAL	112,804,633	100.00	[REDACTED]	100.00

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PUBLIC FLOAT AND FREE FLOAT

Upon the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised) and the conversion of Unlisted Shares into H Shares:

- (1) a total of [REDACTED] H Shares, the voting rights of which are ultimately controlled by Mr. Shan, our executive Director and Controlling Shareholder, will not be counted towards the public float, representing [REDACTED]% of our share capital in aggregate; and
- (2) a total of [REDACTED] H Shares held by SV Ample Life Limited, Tianjin Yuanzhu and FIF X, will not be counted towards the public float, representing [REDACTED]% of our share capital in aggregate.

Based on the above, it is expected that immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), a total of [REDACTED] Shares, representing [REDACTED]% of our total share capital upon the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised) will be counted as part of the public float. On the basis of [REDACTED] H Shares in issue as of the [REDACTED] and assuming that the [REDACTED] is not exercised, the expected market capitalization of the Company's H Shares would be approximately HK\$[REDACTED] million, HK\$[REDACTED] million and HK\$[REDACTED] million, respectively and therefore the prescribed percentage of H Shares required to be held in public hands under Rule 19A.13A(1) of the Listing Rules would be [REDACTED]%, [REDACTED]% and [REDACTED]%, based on an [REDACTED] of HK\$[REDACTED], HK\$[REDACTED] and HK\$[REDACTED], being the low-end, mid-point and high-end of the [REDACTED] set out in this Document. Accordingly, our Company will be able to satisfy the minimum public float requirement under Rule 19A.13A(1) of the Listing Rules.

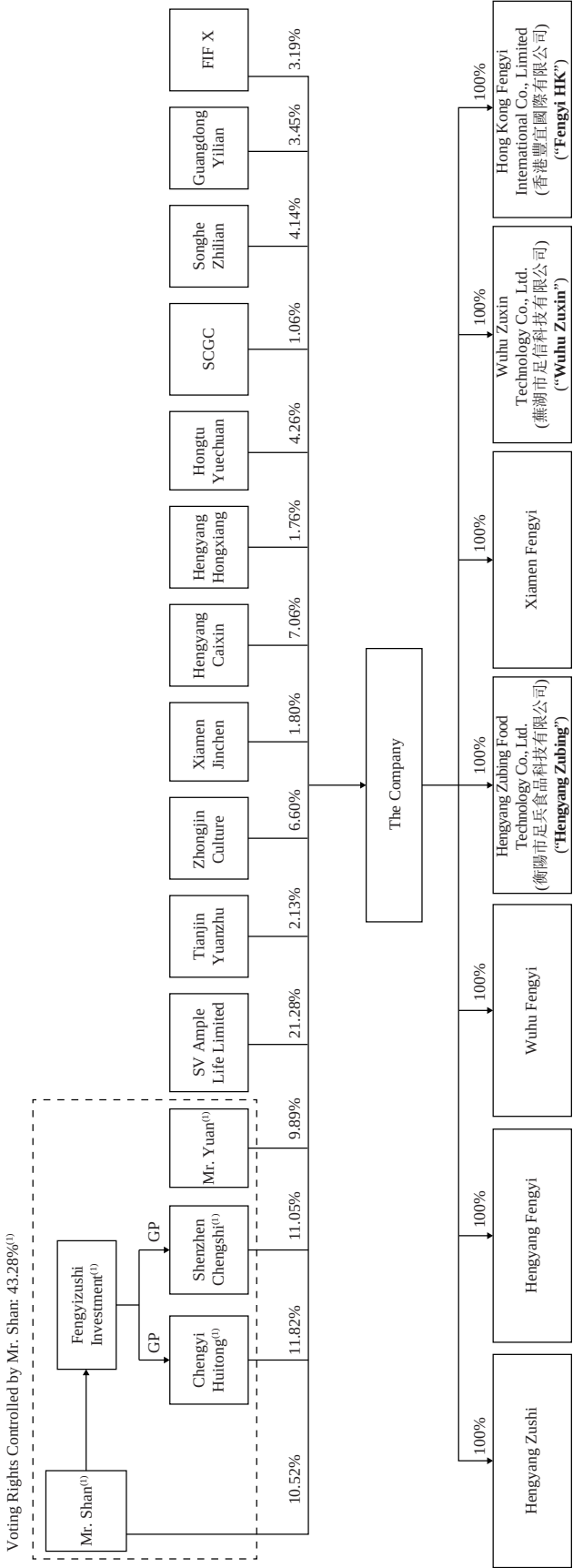
Under Rule 19A.13C of the Listing Rules, a PRC issuer with no other listed shares must ensure that a portion of the total number of its H shares for which [REDACTED] is sought that are held by the public and not subject to any disposal restrictions must, at the time of [REDACTED] (i) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50,000,000, or (ii) have a market capitalization of at least HK\$600,000,000. Immediately following completion of the [REDACTED], the number of H Shares [REDACTED] on the Stock Exchange that are not subject to any disposal restrictions at the time of the [REDACTED] is expected to be no less than [REDACTED]% of the total issued share capital of the Company with an expected market value of not less than HK\$[REDACTED]. Accordingly, our Company will satisfy the free float requirement as required under Rule 19A.13C(1) of the Listing Rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR CORPORATE STRUCTURE

Corporate Structure Immediately before the Completion of the [REDACTED]

The following chart sets forth our Group’s corporate structure immediately prior to the completion of the [REDACTED]:



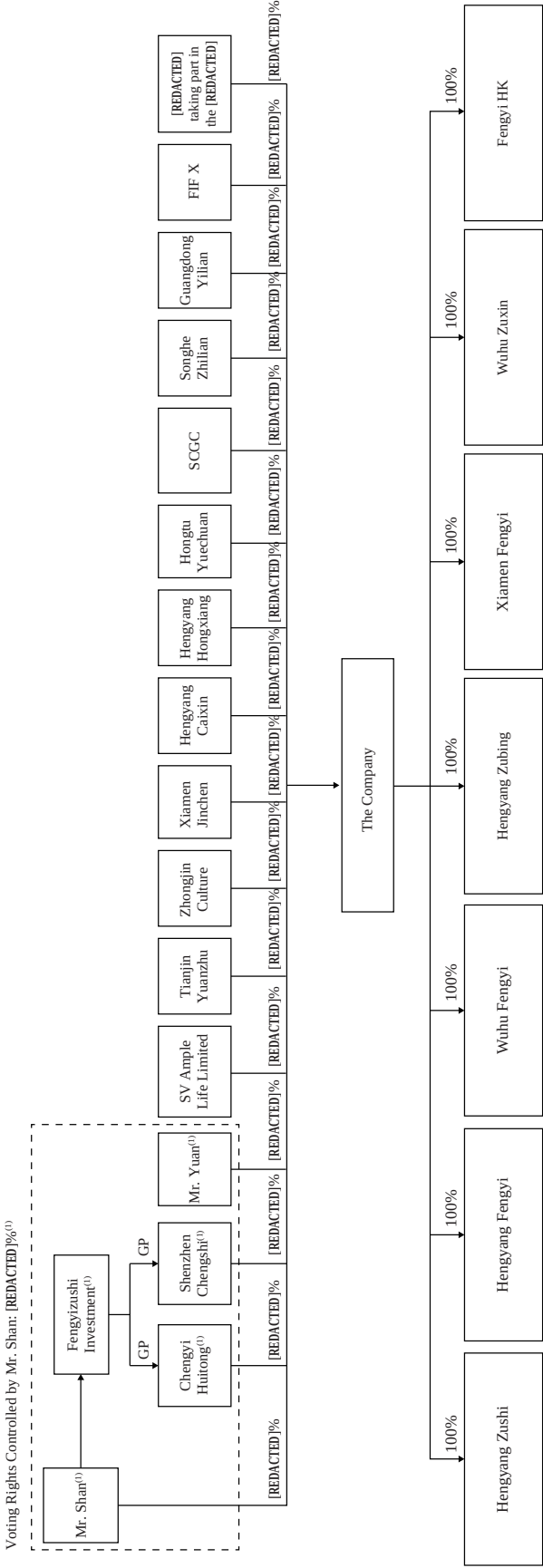
Note:

- (1) Shenzhen Chengshi and Chengyi Huitong are both limited partnerships established under the laws of the PRC for employee incentive purposes, with Fengyizushi Investment as their general partner. Fengyizushi Investment is a limited liability company established under the laws of the PRC held by Mr. Shan as to 90% and Mr. Yuan as to 10%, respectively. Pursuant to a voting proxy agreement entered into by Mr. Shan, Mr. Yuan, Chengyi Huitong and Shenzhen Chengshi dated December 15, 2024, each of Mr. Yuan, Chengyi Huitong and Shenzhen Chengshi irrevocably agreed to appoint Mr. Shan as their attorney and proxy to exercise the voting rights attached to the Shares held by them, either directly or indirectly. In addition, Mr. Yuan also irrevocably agreed to appoint Mr. Shan as his attorney and proxy to exercise the voting rights corresponding to his equity interest held in Fengyizushi Investment. Therefore, Mr. Shan is entitled to exercise all the voting rights attached to the Shares held by Mr. Yuan, Chengyi Huitong and Shenzhen Chengshi.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Corporate Structure Immediately following the Completion of the [REDACTED]

The following chart sets forth our Group’s corporate structure immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



Note: See “Corporate Structure Immediately before the Completion of the [REDACTED]” above.

BUSINESS

OVERVIEW

We are an AI-driven retail enterprise and the largest smart retail cabinet operator in China in 2025, both by the number of cabinets installed and by total GMV, according to Frost & Sullivan. We operate an extensive network of smart retail cabinets that offer consumers a seamless grab-and-go shopping experience across a wide variety of products, mainly food and beverages. Powered by our algorithm-driven autonomous operations, which we continuously improve with extensive operational data, we have achieved scalable, networked operations spanning over 100 retail scenarios.

We are a pioneer in applying multi-modal recognition technology to offline retail. In 2019, working with hardware manufacturers, we developed smart retail cabinets at only approximately 30% of the cost of traditional vending machines, according to Frost & Sullivan, solving their inherent shortcomings, such as mechanical jams, slow transactions, no real-time inventory tracking, and costly maintenance. Our cabinets use built-in computer vision to capture localized video clips of what customers pick up in real time, and cloud-based recognition technology to automatically identify selected items. This creates a seamless “scan to open, automatic checkout upon closing” experience that has since become the industry standard.

In 2019, we became the first operator in the industry to deploy smart retail cabinets at scale, according to Frost & Sullivan. As of December 31, 2025, we directly operated over 180,000 smart retail cabinets across 72 cities nationwide, serving more than 80 million cumulative end consumers. As smart retail cabinets achieve greater density and penetrate consumers’ daily routines at scale, they are progressively transitioning from a supplementary retail channel into an integral layer of offline retail infrastructure, unlocking vast market potential.

Our Business Model

We focus on serving light-traffic scenarios that traditional retail channels cannot economically reach. We call them “capillary-level” light-traffic scenarios because they are small, widespread and dispersed points of consumer access, much like capillaries in the body’s circulatory system. In 2025, the average number of monthly active consumers per cabinet was 37.3. Using our proprietary algorithms and directly-operated site development capabilities, we have expanded smart retail cabinets across more than 100 retail scenarios — spanning workspace, commercial venues, logistics and warehousing facilities, leisure and entertainment venues and public services and education — giving consumers a convenient, intelligent, and instant “one minute, steps away” shopping experience within easy reach of where they live and work. During the Track Record Period, approximately 99% of our revenue was derived from sales of products to end consumers through our smart retail cabinets. By making smart retail more accessible and efficient, we serve consumer demand across a wide range of scenarios, creating value for consumers, site partners and brand partners alike.

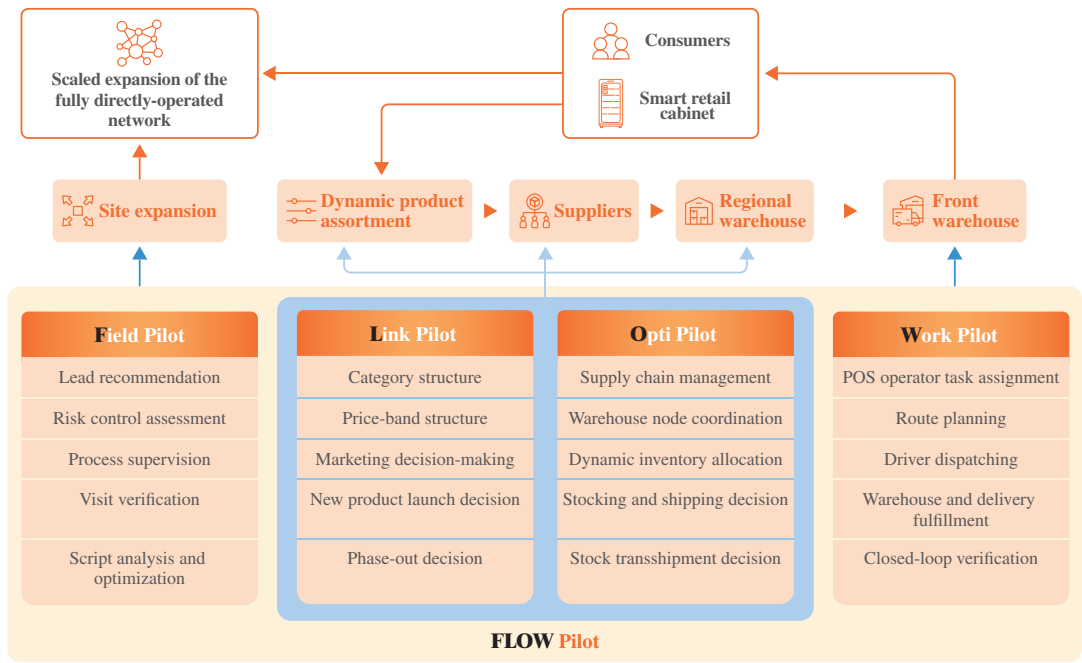
Our Operational Model

To support our business model focused on light-traffic scenarios, we have built an operating model around three pillars: algorithm-driven autonomous decision-making, a distributed network and direct operations. We have developed a large-scale, high-density and interconnected distributed network to manage the complexity of operating our POSs. Managing a network of this size requires automated systems — the sheer volume and precision of decisions involved, covering inventory replenishment, product assortment, pricing, and logistics across hundreds of thousands of sites, is beyond what human planning alone can reliably deliver. Continuously improving our algorithms depends on high-quality, real-time data from across our network; strictly carrying out algorithm-generated instructions at each site requires end-to-end operational control. Both requirements make a directly-operated model essential. Together, our focus on light-traffic scenarios, algorithm-driven decision-making, distributed network and direct operations form a self-reinforcing foundation that has helped us build competitive advantages and deliver profitable growth.

BUSINESS

Proprietary Algorithm-Driven Autonomous Operation

We are the first and only smart retail cabinet operator in China that has achieved autonomous operations powered by proprietary algorithms, according to Frost & Sullivan. We began automating our end-to-end operations using proprietary algorithms in 2022, and by 2024, we had developed our FLOW Pilot agent system — a proprietary algorithm-driven business system with autonomous decision-making and continuous self-improvement capabilities. During the Track Record Period, our average annual R&D expenses exceeded RMB60 million, significantly above all industry peers, according to Frost & Sullivan. The FLOW Pilot is the operational backbone of our business. It makes decisions autonomously across our network in the vast majority of operating environments, effectively replacing a significant portion of human judgment in key areas such as site expansion, consumer service, supply chain and inventory management, and fulfillment. In the fourth quarter of 2025, of the nearly 120 million decisions FLOW Pilot made on a daily basis, only approximately 20,000 required human intervention — a scale and precision of decision-making that human judgment cannot match. The operational data generated through this process continuously feeds back into our algorithms, creating a self-reinforcing cycle that steadily improves our operational efficiency and allows us to serve consumer demand across an expanding range of scenarios. With our adoption of FLOW Pilot, the average number of POSs managed per operational management personnel increased from 303 in 2023 to 390 in 2024, and further to 504 in 2025 — a 66% increase over the two-year period. The diagram below sets forth our algorithm-driven autonomous operation based on the FLOW pilot:

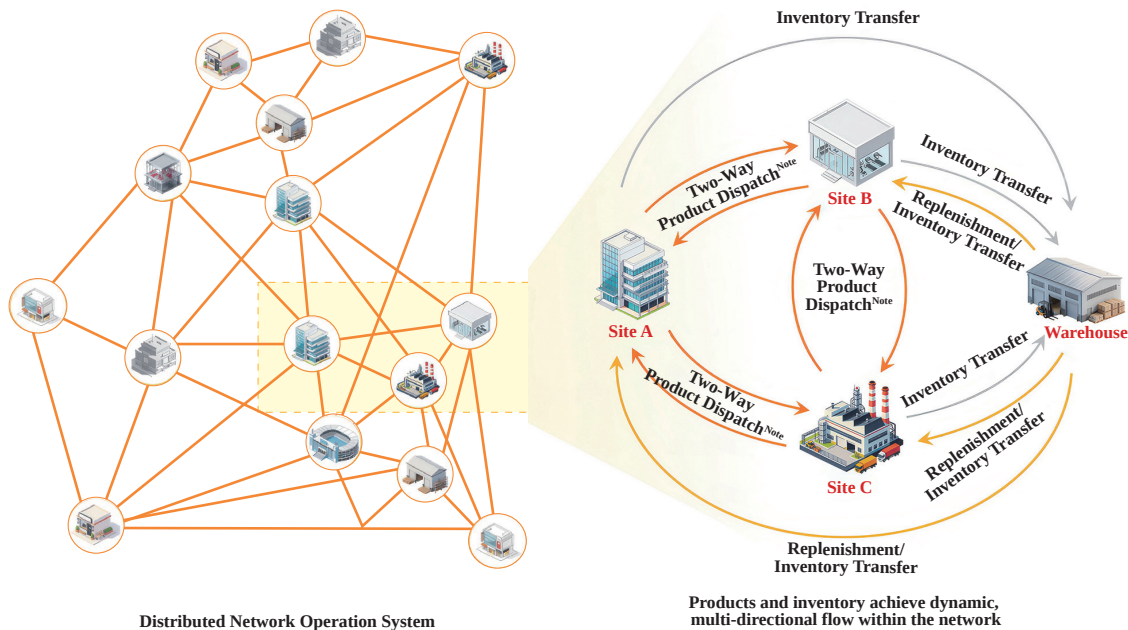


Our Distributed Network

Leveraging our algorithm-driven autonomous operations, we have established a fully directly-operated, high-density distributed network. Our high-density network layout shortens delivery distances, significantly improves restocking efficiency, and reduces operating costs and expenses as a whole.

BUSINESS

As shown in the diagram below, unlike the one-way supply chains of traditional retail enterprises, product dispatching across sites in our distributed network is multi-directional and encompasses restocking, emergency replenishment, transshipment of slow-moving products, and temporary inventory staging — all of which are autonomously analyzed, decided, and coordinated by our algorithms, virtually without human intervention. Simultaneously, each POS within our network serves not just as a point of sale, but also as a node for data collection, temporary storage, and product movement. This allows products to be transferred directly among cabinets, creating an interconnected network. The system is powered by two proprietary AI agents: Opti Pilot, which makes supply chain decisions — including placing restocking orders based on forecasts of demand at each node and recalling slow-moving items to optimize stock allocation; and Work Pilot, which makes dispatching decisions based on the planning of Opti Pilot, including generating network-wide replenishment, inward and outward transfers, and warehouse returns tasks, incorporating them into optimized routes.



Note:

The two-way dispatch of products between nodes includes multiple scenarios such as replenishment (planned or emergency replenishment), redistribution of stranded products, and temporary inventory storage; all are autonomously analyzed and decided by the algorithm.

This distributed, networked supply chain system gives us a core competitive advantage that is difficult for others to replicate. By managing inventory centrally across all POSs, we have significantly improved stock security at high-traffic sites when demand fluctuates, while at the same time resolving turnover and shelf-life issues at low-traffic sites. Network-based product dispatching also makes our supply chain more resilient and flexible, which is critical to our niche product strategy and frequent product refresh approach in light-traffic scenarios. Through unified task planning, we can use our network density and the diversity of our locations to meaningfully cut delivery times and logistics costs. Finally, our algorithm-driven autonomous decision-making is built to improve over time — through continuous feedback loops and autonomous learning, the system continuously improves, strengthening our long-term competitive position.

Through our autonomous decision-making algorithms and distributed network, we have continuously lowered the operating threshold for smart retail cabinets. For POSs with monthly sales below RMB2,000 per cabinet, geographical constraints, low population density, or underdeveloped commercial infrastructure render these sites uneconomical for traditional retail and online instant delivery services. According to Frost & Sullivan, most competing retail cabinet operators similarly struggle to achieve profitability in such light-traffic

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scenarios and have elected not to enter this segment, leaving significant unserved demand. In 2025, we operated at average monthly sales of approximately RMB1,200 per cabinet and could achieve POS-level breakeven at as low as approximately RMB300 in monthly sales — approximately one transaction per day — enabling us to serve light-traffic scenarios that other retail models cannot economically serve, fulfilling consumers’ instant shopping needs in these locations and enhancing consumer experience.

Our Market Opportunities and Financial Performance

According to Frost & Sullivan, the total number of smart retail cabinets in Chinese Mainland reached 855.3 thousand units in 2025 and is expected to reach 3,506.6 thousand units by 2030. The light-traffic scenario segment is expected to grow from 424.4 thousand units in 2025 to 2,296.7 thousand units by 2030, representing a CAGR of 40.2%, which is higher than that of high-traffic scenarios, with its share of total smart retail cabinets projected to increase significantly.

During the Track Record Period, we achieved revenue growth with improved cost efficiency and profitability. Revenue grew from RMB1,243.7 million in 2023 to RMB1,652.3 million in 2024 and further to RMB2,008.9 million in 2025, representing a CAGR of 27.1%. Our gross profit margin expanded from 52.4% in 2023 to 54.0% in 2024 and further to 55.8% in 2025. Our adjusted EBITDA (non-IFRS measures) was RMB56.5 million, RMB140.7 million, and RMB191.4 million in 2023, 2024, and 2025, respectively, and our adjusted net profit (non-IFRS measures) reached RMB118.6 million in 2025. We achieved positive operating cash flow in each period.

OUR STRENGTHS

China’s largest smart retail cabinet operator, with a fully directly-operated model that has achieved profitability at scale

We are an AI-driven retail enterprise and the largest smart retail cabinet operator in China in 2025, both by the number of cabinets installed and by total GMV, according to Frost & Sullivan. As of December 31, 2025, we had deployed over 180,000 smart retail cabinets across 72 cities nationwide. In 2025, we recorded adjusted net profit (non-IFRS measures) of RMB118.6 million and achieved GMV exceeding RMB2.34 billion and revenue exceeding RMB2.0 billion, becoming the first company in the smart retail cabinet sector to achieve sustained profitability at scale, according to Frost & Sullivan.

Our profitability at scale is built on a fully directly-operated model that sets us apart from the rest of the industry, which relies heavily on franchises, partnerships, and bidding and procurement processes. Our dedicated sales team supports our full control over network expansion, and our proprietary algorithm-enhanced development and operational capabilities support strategic growth. During the Track Record Period, our smart retail cabinet count grew from 106,197 as of December 31, 2023 to 183,989 as of December 31, 2025, with a CAGR of approximately 30%.

This rapid, high-quality growth has created scale advantages that are hard to replicate. Our cabinet density allows us to cover consumers’ entire daily routines, building strong brand recognition as a convenient option for instant purchases and increasingly becoming their preferred choice. At the procurement level, our scale affords us significant bargaining power with suppliers, therefore reducing procurement costs. Operationally, by coordinating the flow of goods and data across our POS network, we have developed a distinctive distributed network operating model that improves supply chain efficiency and lowers per-site operating thresholds. The operational data we accumulate also drives continuous improvement of our algorithms, further optimizing cost efficiency and giving brand partners precise, actionable insight into consumer demand. Together, these mutually-reinforcing advantages — network density, procurement leverage, operational efficiency, and algorithmic optimization — form a virtuous cycle that has allowed us to achieve and sustain profitability at a scale unmatched by any other operator in the industry.

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According to Frost & Sullivan, the total number of smart retail cabinets in Chinese Mainland was 855.3 thousand units in 2025 and is expected to reach 3,506.6 thousand units by 2030. With our first-mover advantage and scale effects, we have achieved a leading position across key metrics — including market share, site density, and profitability — putting us in a strong position to benefit from this rapid industry growth.

Pioneer and leader in smart retail cabinets deployment, delivering a highly intelligent and convenient consumer experience

In 2019, we were the first in the industry to work with hardware manufacturers to develop smart retail cabinets at approximately 30% of the cost of traditional vending machines, and to achieve their large-scale deployment, leading the industry by three to four years, according to Frost & Sullivan. By applying multi-modal recognition technology — using built-in cameras to identify consumers’ shopping actions and cloud-based recognition for high-precision order identification — we created a seamless “scan to open, automatic checkout upon closing” grab-and-go experience that has since become the industry standard. This approach resolves the key shortcomings of traditional vending equipment, such as mechanical jams, slow transactions, no real-time inventory tracking, and costly maintenance.

As the industry’s first mover and operator of the largest smart retail cabinet network in China, we have built up extensive operational data and industry expertise, which drives continuous improvement of our technology. Through ongoing training using hundreds of millions of order records and video data, we had fewer than six customer service incidents out of every 10,000 orders in 2025. For operations and maintenance, we have built the Nebula IoT platform, capable of managing over one million devices. This platform enables real-time, remote management of our entire fleet of over 180,000 smart retail cabinets — covering automated quality inspection before shipment, intelligent health checks during installation, anomaly monitoring and alerts during operations, and automated work order management. This closed-loop system keeps the network stable and scalable while significantly cutting daily maintenance and upgrade costs.

Our smart retail cabinet network covers over 100 retail scenarios, spanning workspace, commercial venues, logistics and warehousing facilities, leisure and entertainment venues and public services and education. We focus on the “one minute, steps away” shopping experience, deploying at high density within regions so consumers can always find us nearby and meet their everyday instant needs. To match varying consumer preferences across retail scenarios, we use algorithm-driven analysis of transaction data and ongoing dynamic adjustments to ensure our product mix fits consumer demand at each specific location, creating a tailored assortment for every cabinet. During the Track Record Period, each smart retail cabinet carried approximately 46 stock keeping units (“SKUs”) on average, with 13-15% of SKUs refreshed monthly based on sales performance. We continuously introduce new products to create a “treasure-hunt” experience that drives repeat visits. This has built a high-frequency, loyal consumer base that supports sustained business growth. In 2025, our average monthly purchase frequency was three times per person, with an average repeat purchase rate of approximately 46.7% in 2025, which according to Frost & Sullivan, is above the industry average.

Industry-leading proprietary algorithms driving end-to-end automated operation with optimal decision-making and efficient management

Built on sustained investment in technology R&D, we have developed FLOW Pilot, an industry-leading proprietary autonomous decision-making system with continuous self-improvement capabilities. At its core is a decision-making engine that combines deep learning, operations research optimization, robust decision theory, and real-time stream computing. Our algorithm-based approach reduces reliance on individual judgment, cuts common human errors such as omissions and biases, and delivers a standardized, high-precision decision-making process at scale. This is paired with a computing infrastructure built for large-scale smart retail cabinet networks, capable of handling hundreds of millions of decisions per day and achieving a closed loop from data collection through computation, decision-making, and feedback. Through this end-to-end automated

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operation, we maintain consistent service and operational efficiency while scaling rapidly: from 2023 to 2025, our cabinet count increased by 73.3% while operational management headcount remained relatively stable, with the average number of cabinets managed per person rising from 303 to 504 — a 66% increase over the two-year period.

FLOW Pilot operates through four interconnected AI agents that together cover our full business cycle. Field Pilot drives network expansion by aggregating regional, site, and partner data to support intelligent lead recommendations, site risk assessments, and standardized inspections. Link Pilot manages product operations, using demand sensing, transaction history, and consumer feedback to optimize product selection and assortment at the individual POS level. Opti Pilot controls supply chain and inventory, coordinating dynamic stock allocation across our warehouses and smart retail cabinets to maximize turnover efficiency and reduce shrinkage. Work Pilot handles fulfillment execution, orchestrating task allocation, route planning, driver dispatching, and closed-loop validation for all replenishment and transshipment operations. Together, these four agents form a full-link decision loop — spanning market expansion, product operations, supply chain management, and fulfillment — that drives the automation and operational efficiency of our network.

In the fourth quarter of 2025, of the nearly 120 million decisions the FLOW Pilot made on a daily basis, only approximately 20,000 required human intervention — a scale and precision of decision-making that human judgment cannot match. The operational data built up through this process drives continuous improvement of our algorithms, creating a powerful self-reinforcing cycle. We have an R&D team of over 100 professionals, of whom AI, algorithms and data research specialists account for more than 25%. During the Track Record Period, our average annual R&D expenses exceeded RMB60 million, significantly above all industry peers, according to Frost & Sullivan.

Strong site development capabilities that form our competitive edge in expansion

We have assembled a highly professional and efficient business development team, empowered by our site development agent, Field Pilot. Field Pilot aggregates multi-dimensional data — including regional scenario mapping, site conditions, and partner qualifications — to provide our sales representatives with intelligent lead recommendations, site risk assessments, and optimized visit routes. Field Pilot also provides real-time monitoring of key performance metrics such as visit frequency and conversion rates, automatically identifying skill gaps and delivering targeted coaching recommendations. The combined strength of our team scale and technology enablement makes us the only operator in the industry with a “thousand-person team achieving hundred-thousand-level site expansion”, according to Frost & Sullivan — a capability that sets us apart from competitors who rely heavily on partner-based models or costly bidding and procurement processes. This also allows us to manage the natural lifecycle fluctuations of our site network, creating competitive barriers that are hard to replicate and supporting the continued rapid growth of our network.

Our business development team conducts extensive on-site prospecting and site acquisition across 72 cities nationwide. In 2025, we recorded 3.7 million site visits and completed over 130,000 new cabinet installations, representing year-on-year growth of approximately 30% in site development. While our total development volume increased by approximately 60% compared to 2023, the average monthly development volume per front-line sales representative rose from 6.7 to 7.5 units, demonstrating both our site development efficiency and significant market potential. Our large-scale POS network, intelligent agent tools, and low deployment threshold together provide strong support for continued expansion.

As we are the only operator of smart retail cabinets in the majority of our sites, we benefit from materially lower site costs. In 2025, our site costs were far below the industry average, according to Frost & Sullivan.

BUSINESS

Efficient distributed network operating model that significantly lowers site-level sales thresholds and unlocks substantial growth markets

Moving beyond traditional supply chain models, we have built a distributed network in which each smart retail cabinet serves not only as a point of sale but also as a node for data collection, temporary storage, and product circulation. Products and inventory flow dynamically and in multiple directions across the network, with flexible allocation among nodes within each region based on real-time demand. In 2025, inventory cleared through transshipment in light-traffic scenarios accounted for 22% of total sales. Moreover, in the same year, for every 100 cabinets visited by POS operators for replenishment, our algorithm assigns an additional 55 transshipment tasks among those visits — without generating additional routes. This interconnected model enables network-wide sharing of inventory and capacity, significantly improving resource allocation responsiveness, reducing shrinkage and supporting new product launches. Backed by our network-wide product and information flow, we maintain stable cabinet operations even in light-traffic scenarios and improve supply chain resilience. The system also lowers the breakeven point of individual cabinets, further improving profitability and achieving economies of scale.

Under this distributed network operating model, we give our POS operators intelligent tools covering the entire operational workflow — including capacity monitoring, route planning, inventory counting, restocking, transshipping, supervision, and verification. For restocking, our intelligent assistant provides real-time voice instructions, reminders, and workflow monitoring, significantly improving operational standardization and execution consistency. In 2025, each of our POS operators currently manages an average of approximately 115 sites — approximately two times the industry average per person. Under our standardized operating procedures, shrinkage is controlled at approximately 1%, well below the industry average of 5%, according to Frost & Sullivan.

Through algorithm-driven operational support and the significantly improved supply chain resilience of our distributed network operating model, our operating costs are well below industry levels. In 2025, we operated at average monthly sales of RMB1,200 per cabinet and could achieve POS-level breakeven at as low as RMB300 in monthly sales — approximately one transaction per day. This unlocks substantial incremental market opportunities, supports our long-term scalable expansion, allows us to avoid competing for established high-traffic sites, and preserves our cost advantage and profit stability.

Experienced management team combining operational excellence with deep technical expertise

We are led by an experienced, technology-driven management team committed to long-term value creation, with diverse and complementary core competencies. Our founder, Mr. Shan Xinning, has deep roots in the retail and logistics industries, with over a decade of hands-on experience in enterprise management and strategic execution. His understanding of industry trends has allowed him to chart a clear and practical strategic course for us through successive waves of industry transformation. Our core management team brings together expertise spanning operations research and artificial intelligence, internet platforms, smart retail, logistics and supply chain management, and offline field operations. With an average of over 10 years of industry experience, team members have previously held leadership roles at companies such as Airbnb, Walmart and SF Express, bringing strong capabilities in algorithm development, commercial implementation, offline expansion, and operations management. Our management team is built around three core capabilities: (i) a technology division led by executives with deep expertise in AI and algorithm development, having guided us through digitalization and intelligent transformation and continuously supporting our technological advancement and automation initiatives; (ii) a sales organization drawing on proven strategies of leading internet platforms, with exceptional capabilities in ground-level market expansion; and (iii) an operations management team made up of veterans from China’s top logistics enterprises, ensuring consistent and reliable supply chain efficiency and service quality.

BUSINESS

Our management team has consistently taken a long-term view, guiding us through multiple strategic upgrades and maintaining steady growth through industry fluctuations. The team prioritizes building core capabilities and sustained investment in technology R&D, while running a lean, high-efficiency organization with industry-leading per-capita productivity. Through unified training programs, standardized risk controls, and integrated system tools, we ensure that management standards and service quality keep pace with rapid business expansion. Through equity incentive programs, we have achieved broad-based equity ownership among our core team members, closely aligning individual career development with our long-term interests. The strategic foresight and execution capabilities of our management team are the foundation of our continued industry leadership and lasting competitive advantages.

OUR STRATEGIES

Scaling our site network

Building on our existing network, we plan to continue our “density-first” expansion strategy. First, we will deepen penetration in tier-one and tier-two cities, increasing POS concentration in light-traffic scenarios to amplify supply chain synergies and reinforce our scale advantages. Second, we will expand into lower-tier cities where demand for convenient, instant consumption remains significantly underserved, extending our network to over 100 cities through phased rollouts informed by multi-dimensional city assessments and using our scale advantages to develop these emerging markets. Third, as rising POS density drives further operational efficiencies, we will continue lowering our operating thresholds, unlocking many fragmented light-traffic scenarios that were previously uneconomical to serve.

Strengthening our sales force remains a strategic priority as we execute on our network expansion plans. We intend to retain and expand our sales force through diversified recruitment channels while providing structured onboarding and ongoing training covering our strategies, sales techniques and operational workflows. To attract and retain sales talent, we offer competitive compensation packages comprising base salaries, performance-based incentives, and long-term retention mechanisms.

We will continue to invest in marketing to solidify our position as the go-to choice for smart retail and promote our brand across all channels. We will launch digital advertising campaigns tailored to specific retail scenarios, highlighting the advantages of our directly-operated model to reach potential site partners and generate sales leads for POS expansion. We will continue to use our expanding network footprint as a brand-building channel, strengthening recognition across our entire network.

Optimizing our supply chain to enhance operational efficiency

As our network density increases, we will continue to upgrade our network-wide inventory sharing and redistribution mechanisms across nodes, enabling higher-frequency, smaller-batch restocking at lower marginal cost. These efficiencies will further reduce the threshold required for profitable operation at the POS level, allowing us to develop additional sites in previously uneconomical light-traffic scenarios — which in turn drives even greater network density. This self-reinforcing cycle — whereby density lowers costs, lower costs unlock new sites, and new sites deepen density — steadily improves our profitability and competitive position. We are also developing intelligent emergency response algorithms to build a self-recovering network capable of managing unexpected supply chain disruptions, turning our scale and density advantages into real cost savings and improved operational reliability at each POS. We will further strengthen our intelligent three-tier distribution system — connecting POSs, front warehouses, and regional warehouses — with the system automatically planning the best flow paths to maximize inventory utilization across the network.

BUSINESS

We will further deploy automation hardware across our operations to reduce costs and improve productivity. In our warehouses, we will expand the use of fully automated sorting robots to reduce labor dependency and lower logistics costs. For last-mile delivery, we will scale our autonomous vehicle and mobile warehouse pilot programs in high-density areas and enclosed campuses, overcoming the limits of manual delivery and further improving restocking speed, flexibility, and per-capita productivity.

Advancing our AI capabilities, hardware and platform

We will continue to make significant investments in our AI capabilities to maintain our technological leadership and expand the scope of autonomous decision-making across our operations. Our initiatives include: deepening the integration of large models with, and further improving the proprietary algorithms of, our FLOW Pilot agent system to enhance its predictive accuracy and enable more sophisticated multi-variable optimization across the supply chain, pricing and planning capabilities; developing next-generation computer vision models to improve product recognition accuracy and enable new interaction modes at our smart retail cabinets; and deploying edge AI computing at the cabinet level to reduce latency, improve real-time responsiveness, and enable offline decision-making in low-connectivity environments.

On the hardware side, we will continue to refine the design of renewable energy-powered smart retail cabinets produced by our manufacturing partners, overcoming site constraints related to power availability while reducing energy consumption and our environmental footprint. We will deploy edge computing and multi-modal interaction technologies to improve recognition accuracy and speed, and integrate large model capabilities for real-time consumer interaction. On the platform side, we will continuously upgrade our proprietary Nebula IoT platform — capable of managing over one million devices — with improved algorithm-driven anomaly detection for real-time issue correction, and expanded predictive maintenance with broader automated fault recovery.

Deepening collaboration with brand partners

One of our key strategic priorities is to strengthen our commercial relationships with brand partners, which will in turn improve our pricing terms and gross profit. As our network continues to expand, we expect to offer brand partners access to a broader consumer base and more granular transaction data, which we believe will further strengthen our value proposition as their preferred distribution and marketing channel.

We plan to increase the number of new product launches on our platform. We will invest in the continued improvement and functional iteration of the Shuying Platform to empower our brand partners with data insights, marketing strategies and tools to effectively engage stakeholders across their supply chains.

Piloting global expansion to replicate our proven model

Our algorithm-driven business model, focused on light-traffic scenarios, is well-suited for international expansion as it allows us to quickly accumulate data-driven local market insights, and we intend to pursue a measured approach to global growth.

We intend to target high-potential markets with strong consumer foundations and rapidly-growing smart retail sectors, including Hong Kong and Southeast Asia. We will begin with pilot programs in key cities to test our business and financial models. Once the market is validated, we will leverage our transferable system capabilities and increase our investments to expand our international footprint and capture opportunities in global smart retail markets.

BUSINESS

BUSINESS MODEL

We are an AI-driven retail enterprise and the largest smart retail cabinet operator in China in 2025, both by the number of cabinets installed and by total GMV, according to Frost & Sullivan. We offer consumers seamless grab-and-go experience with a wide variety of products consisting mainly of food and beverages within our directly-operated smart retail cabinets network. Through the decision-making algorithms of our proprietary intelligent agent, which we continuously develop and refine using extensive operational data, we have achieved scalable, networked operations across over 100 retail scenarios. Over the Track Record Period, the number of our smart retail cabinets increased from 106,197 as of December 31, 2023 to 183,989 as of December 31, 2025, covering 72 cities, representing a CAGR of over 30%. Our core strategic priority is to pursue operational efficiency across the entire value chain, including equipment selection, site development, site operation, and management.

During the Track Record Period, our revenue was primarily derived from sales of fast-moving consumer goods to individual consumers through our smart retail cabinets, which accounted for 99.3%, 99.4% and 98.8% of our revenue in 2023, 2024 and 2025, respectively. We generate other revenue from advertisements on our smart retail cabinets by platform companies and product suppliers. The table below sets forth the breakdown of our revenue by business segment during the Track Record Period:

	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>						
Sales of goods from smart retail cabinets	1,235,489	99.3	1,642,313	99.4	1,985,323	98.8
Advertising and other services	8,191	0.7	10,036	0.6	23,618	1.2
Total	1,243,680	100.0	1,652,349	100.0	2,008,941	100.0

The following table sets forth a breakdown of our gross profit and gross profit margin by business segments, for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	<i>Gross profit</i>	<i>Gross profit margin</i>	<i>Gross profit</i>	<i>Gross profit margin</i>	<i>Gross profit</i>	<i>Gross profit margin</i>
<i>(RMB in thousands, except for percentages)</i>						
Sales of goods from smart retail cabinets	643,999	52.1	882,874	53.8	1,096,864	55.2
Advertising and other services ⁽¹⁾	8,191	100.0	10,036	100.0	23,618	100.0
Overall	652,190	52.4	892,910	54.0	1,120,482	55.8

Note:

- (1) The gross profit margin of advertising and other services remained at 100.0% during the Track Record Period, mainly because such revenue was generated by leveraging our existing smart retail cabinet network, without requiring incremental direct costs specifically attributable to the provision of such services.

BUSINESS

By delivering consistent service quality and acting as a sole service provider in many of the light-traffic scenarios, we generate value for stakeholders and have established a virtuous cycle of efficiency improvement, value creation, and profit growth. Based on our algorithm-driven system, we provide consumers with a more convenient purchasing experience while attracting a diverse range of site partners to establish collaborations. Moreover, we address the differentiated consumption needs within specific scenarios. Leveraging the continuous expansion and penetration of our POS network, we have not only enhanced the market visibility of our smart retail cabinet but also empowered brand partners through our channel capabilities. We provide them with reliable new product launch solutions and highly attractive sales channels.

Through systematic efficiency optimization, we have achieved operational performance enhancement. This allows us to lower our operational threshold to cover POS of “light-traffic scenario” — those with average monthly sales below RMB2,000 — and achieve breakeven at as low as approximately RMB300 in monthly sales — approximately one transaction per day. By doing so, we have successfully unlocked a vast number of previously underserved light-traffic scenarios, creating substantial room for incremental growth.

VALUE PROPOSITION

We create value for three core stakeholder groups: individual consumers, site partners, and brand partners. Leveraging advantages in technology, efficiency, and service, we provide differentiated, high-value offerings that create shared benefits and support a multi-party win-win outcome.

Individual Consumers

For individual consumers, our algorithms-driven supply chain resilience translates into more convenience and shopping options, and higher service reliability. We pioneered and deployed, at scale, a smart retail cabinets based on computer vision recognition technology that deliver a seamless “scan-to-open, auto-checkout” experience, eliminating the inherent shortcomings of traditional vending machines, such as mechanical jams, slow transactions, no real-time inventory tracking, and costly maintenance, while optimizing user experience across product variety, inventory capacity, shopping flow, and interactive engagement. Our deep penetration into previously underserved light-traffic scenarios enables us to provide consumers with seamless, always-on access to a broader selection of products. This widespread coverage is fundamentally underpinned by our highly efficient operations, which significantly lowers our break-even threshold to levels far below what traditional vending machine operators can sustain, while maintaining our service consistency simultaneously. In many of these scenarios, we are the only operator of small retail cabinets available, enabling consumers to enjoy convenient shopping within a “one minute and steps away” distance.

We adhere to a fully directly-operated service model in order to guarantee our service quality. This model effectively ensures a rich assortment of products at each smart retail cabinet, rapid introduction of new items, timely restocking, and strict food safety standards. In addition, we have also established a comprehensive customer service system that enhances the shopping experience in various dimensions.

Site Partners

By deploying smart retail cabinets, site partners, namely those partners that provide placement sites and customer traffic resources, can meet the immediate shopping needs of consumers within their venues. The majority of our smart retail cabinets are deployed at the premises of SMEs, such as small factories, gyms, and start-ups with fewer than 100 employees. Our smart retail cabinets serve as a valuable employee benefit that enhances workplace convenience without imposing high operating or maintenance costs on our site partners. The cabinets are fully supported by our extensive network and efficient supply chain and replenishment capabilities. Furthermore, our directly-operated model ensures consistent service quality while, in certain cases, allowing site partners to enjoy revenue-sharing based on sales volume. In most locations, we serve as the sole retail service provider.

BUSINESS

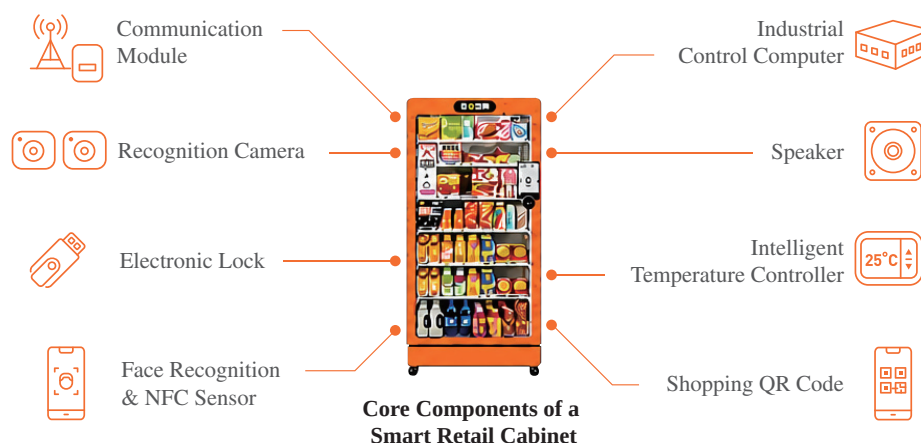
Brand Partners

Our rapidly-expanding network in the light-traffic scenario, growing consumer base, and diverse location portfolio make us one of the primary distribution channels. We help brand partners to penetrate light-traffic scenarios that traditional retail cannot easily reach, thereby expanding their market presence. Through end-to-end digital operations, we have accumulated extensive desensitized transaction data, which enables us to provide brand partners with consumer insights, support product optimization and marketing recommendations. In addition, leveraging full control over our directly-operated POS network and rapid product distribution capabilities, we empower numerous brand partners to test new products, increase new product exposure, reduce promotion and distribution costs, refine their inventory management, and achieve scalable growth. Our smart retail cabinets primarily target flexible light-traffic scenarios, setting us apart from brand-owned vending machines that focus on the high-traffic scenarios with limited SKUs of their own brands. Consequently, our network acts as a complementary sales channel rather than a direct competitor, offering brands enhanced localized penetration.

OUR SMART RETAIL CABINETS

We pioneered the application of multi-modal recognition technology in offline retail, in 2019, we became the first operator in the industry to achieve large-scale deployment of smart retail cabinets, according to Frost & Sullivan. By partnering with hardware manufacturers, we developed smart retail cabinets at approximately 30% of the cost of traditional vending machines, fundamentally resolving their inherent shortcomings — including bulky designs that require large floor space with costly reactive maintenance, mechanical jams and dispensing failures, slow single-item transactions, limited product variety and lack of real-time inventory visibility. Using built-in cameras, our smart retail cabinets capture localized video clips during the item selection process and leverage cloud-based multi-modal recognition technology to automatically identify selected items, delivering a seamless “scan to open, automatic checkout upon closing” experience that has since been widely adopted in the industry. Meanwhile, our smart retail cabinets feature a compact design and low power consumption, bringing minimal interference and cost to our sites. Consequently, they are more readily adopted by our site partners.

When consumers purchase products from a smart retail cabinet, the entire process is powered by advanced hardware design and technologies. Unlike traditional vending machines that rely on complex mechanical structures, high-precision sensors, or dedicated RFID tags, our cabinet achieves disruptive optimization at the device’s fundamental level by combining standard cameras with product image recognition technology — delivering a convenient and seamless shopping experience. The chart below sets forth our major type of smart retail cabinets and the principal components thereof:



BUSINESS

Our smart retail cabinet is primarily composed of an industrial control computer, dual product-recognition cameras, sensing electronic lock, 4G communication module and QR Code/NFC third-party face recognition screen. When purchasing through the smart retail cabinet, consumers can either scan the QR code on the cabinet via their mobile phone or use face recognition/NFC tap to complete identity verification and prepayment authorization to open the door. Once the door is opened, the industrial control computer activates the dual product-recognition cameras to capture localized video clips during the item selection process. After selecting products, consumers could simply close the door and leave. The recorded video is then uploaded via the 4G communication module to the cloud for product-recognition, which generates the transaction order, completes settlement, and simultaneously sends the result to the consumer.

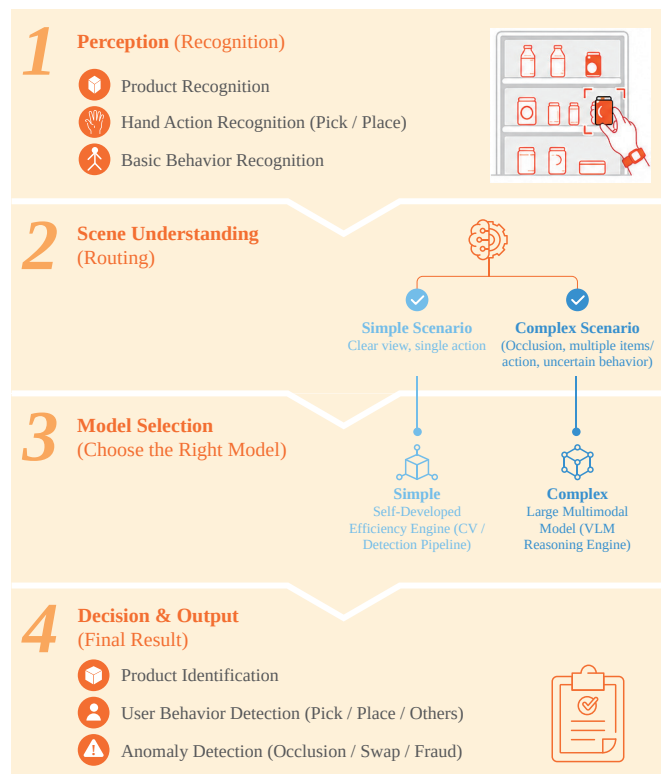


Recognition Mechanism

Our order recognition and settlement system leverages a collaborative architecture between lightweight terminal devices, namely the recognition camera and the industrial control computer, and the cloud. The lightweight terminal devices are primarily responsible for capturing relevant data of the item-picking actions of the consumers solely, while the cloud-based system performs unified processing and analysis — including hand gesture tracking, shelf status recognition, and key action extraction — to accurately identify and match customer-picking behaviors. The system dynamically allocates computational resources based on varying shopping scenarios: in routine cases, our proprietary models are prioritized to ensure rapid response; in complex situations such as product occlusion or stacking, higher-performance models, including third-party general large models, are invoked to enhance recognition accuracy and stability. On this basis, the system continuously improves its adaptability through ongoing training and iteration using hundreds of millions of order records that do not contain any personally identifiable information, achieving performance enhancements without necessitating additional hardware investment. Furthermore, our recognition algorithms undergo continuous optimization, resulting in a customer feedback rate due to recognition inaccuracies of less than six instances per 10,000 orders.

BUSINESS

Smart Retail Cabinet Recognition Workflow



Our IoT Platform

Our vast network is supported by our self-developed Nebula IoT platform. This IoT platform supports high-concurrency access at the million-device level and currently provides real-time, fine-grained remote control for over 180,000 smart retail cabinets. The platform implements a full-lifecycle digital management system — covering automated quality inspection before shipment, intelligent health checks during installation, and closed-loop operational management including anomaly monitoring, alerts, and automated work-order dispatch — to ensure each cabinet’s stable and sustainable operation. According to Frost & Sullivan, such scale of management and level of operational control are the most extensive and highly refined in the industry. Deeply integrated with our directly-operated business processes and leveraging our long-term large-scale operational data and experience, the platform captures precise, real-time shopping data, that do not contain any personally identifiable information, for every cabinet, including the information of shopping duration, item pick/place, door-lock time, temperature changes, etc. Multidimensional analysis of these data feeds back into continuous device and platform iteration, forming a positive cycle of “technology enabling operations — operations accumulating data — data driving technology.”

Acquisition of Smart Retail Cabinets

We mainly procure smart retail cabinets and their components from suppliers in China to support the expansion of our smart retail cabinet network. During the Track Record Period, we also acquired certain smart retail cabinets through finance lease arrangements. In selecting smart retail cabinets suppliers, we mainly consider factors such as their production capacity, technological competence, pricing competitiveness, financial conditions, industry experience and management system credentials. To ensure suppliers meet our quality standards, we require them to submit reference samples for cabinet performance and reliability testing and collaborate with suppliers whose reference samples pass our stringent tests. For each batch of smart retail cabinets procured, we provide detailed specification requirements and technological information to our suppliers. We typically confirm acceptance of a batch of smart retail cabinets only after careful inspection and trial operations to ensure that the supplies conform to our requirements and perform satisfactorily. Smart retail cabinets suppliers are typically required to provide quality warranty and assurance for their products and assist in the routine maintenance of smart retail cabinets supplied by them.

BUSINESS

OUR PRODUCTS AND SALES

We offer a diverse portfolio of products, primarily including beverages and packaged food, to consumers through our smart retail cabinets. Powered by our proprietary algorithms, we are able to tailor precise product assortments to various retail scenarios and rapidly introduce new products. This algorithm-driven approach ensures objectivity in our operational decision-making, thereby consistently optimizing the overall sales performance of our POS network.

Our Product Offering

We primarily offered the following types of products during the Track Record Period:

Product Type	Sales Price Range (RMB/unit)	Average Selling Price (RMB)	Description
Beverages	1.1–16.3	5.2	Primarily include tea drinks, instant hot drinks, fruit-flavored drinks, coffee, carbonated drinks, drinking water, dairy drinks, sports/functional drinks, and plant protein drinks.
Snacks	1–33.9	3.7	Primarily include biscuits, pastries, candies, jelly/pudding, chocolate, nuts and roasted seeds, preserved fruits/dried fruits, meat snacks, seafood snacks.
Instant Foods	1.3–29.9	5.4	Primarily include sausages, eggs, canned food, instant noodles/rice and porridge.
Breakfast Foods . . .	1.6–10	6.0	Primarily include cakes, cereal and bread.
Others	1.9–188	37.8	Primarily include gum-based candy, daily necessities, confectionery, stationery, and various other products.

The following table sets forth a breakdown of our GMV by product type in absolute amount and as percentage of our total GMV for the years indicated:

Product Type	For the year ended December 31,					
	2023		2024		2025	
	Amount (RMB'000)	%	Amount (RMB'000)	%	Amount (RMB'000)	%
Beverages	917,165.1	63.3%	1,252,752.2	64.9%	1,566,777.2	66.9%
Snacks	247,622.8	17.1%	304,760.7	15.8%	342,498.6	14.6%
Instant Foods	191,017.6	13.2%	265,062.8	13.7%	327,373.5	14.0%
Breakfast Foods	88,373.2	6.1%	101,407.4	5.3%	100,003.9	4.3%
Others	5,335.0	0.4%	6,635.6	0.3%	4,448.2	0.2%
Total	1,449,513.6	100.0%	1,930,618.7	100.0%	2,341,101.4	100.0%

BUSINESS

Our Product Assortment

Unlike traditional operators that focus on major locations such as transportation hubs and schools with highly homogeneous product categories focusing on the demand of beverages, we operate across diverse light-traffic scenarios, covering consumer needs throughout different times of day including breakfast, snacks, and late-night work. As our applicable scenarios primarily serve relatively stable consumer groups with diverse needs and high demand for product updates, we offer a more diversified range of products and implement more frequent category of refreshments. During 2025, each of our cabinets carried an average of 48.4 SKUs with 7.3 new products introduced monthly, placing us among the leading levels in the industry, according to Frost & Sullivan. The following table sets forth details of our product SKUs and new SKU introductions during the Track Record Period:

	For the Year Ended December 31,		
	2023	2024	2025
Total Active SKUs	768	1,463	1,816
Number of newly introduced product	263	340	386
Average Monthly SKUs per Cabinet	43.7	45.7	48.4
Average Monthly New SKUs per Cabinet	5.9	7.0	7.3

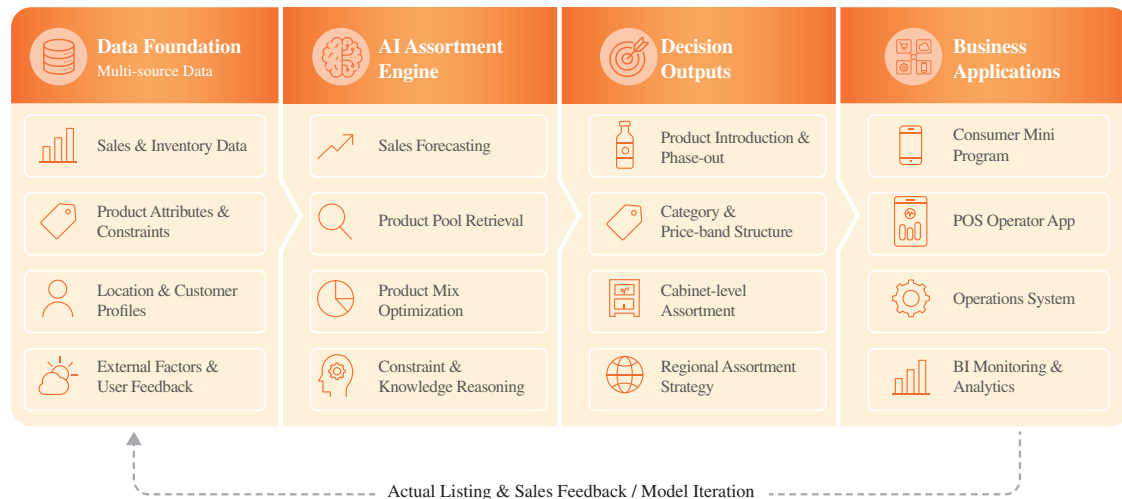
To address the rapidly-evolving and highly-localized consumer demands in light-traffic scenarios, unlike traditional operators that circumvent the niche and long-tail products, which are goods with a placement rate below 20%, due to low turnover and high management costs, we strategically incorporate a substantial proportion of these categories into our product offering. For the years ended December 31, 2023, 2024 and 2025, the number of niche and long-tail products we managed increased from 239 in 2023 to 1,163 in 2024 and further to 1,480 in 2025. During the same periods, transactions involving niche and long-tail products accounted for 1.5%, 14.7% and 20.0% of our total number of transactions in each year, respectively. The substantial increase from 2023 to 2024 was primarily driven by the launch of our FLOW Pilot agent system, which leverages its capabilities in collecting and analyzing massive datasets to accurately capture and predict site-specific consumer preferences. This enables us to dynamically tailor the optimal product assortments — including niche and long-tail items — from thousands of SKUs for each location, while facilitating rapid new product introduction. We remain committed to building a differentiated competitive barrier through the refined operation of niche and long-tail products.

Algorithms-Driven Product Assortment

We rely on algorithms and objective data to configure products in our smart retail cabinets. Link Pilot, as one of the agents in our FLOW Pilot agent system, collects historical sales data across all smart retail cabinets and SKUs, combined with scenarios and customer needs of different premises, product homogeneity and complementarity, external conditions, and user feedback, to accurately match products assortment to different POSs. The process is highly automated and requires minimal human intervention. For the fourth quarter of 2025, among approximately the daily average of 48 million automated decisions made by Link Pilot regarding product assortment and new product introduction, only approximately 2,000 instances required manual adjustments at the request of customers. The diagram below sets forth the autonomous decision-making process:

BUSINESS

Link Pilot Product Assortment Algorithm Architecture



This decision-making process is supported by Link Pilot, which ensures that product competition and replacement are driven entirely by consumer preferences, identifies the product assortment best aligned with consumer group needs, and flexibly adapts to variables such as weather, seasonality and taste preferences. As our data feedback loops accumulate and our intelligent agents iterate, our demand insights become increasingly precise and our decision-making becomes more intelligent.

Marketing and Consumer Interaction

To strengthen consumer engagement and increase exposure opportunities for brand partners' new and promoted products, on the basis of disclosing our third-party cooperation rules to consumers, we have developed a series of interactive consumer marketing campaigns supported by continuous A/B testing. Through repeated testing and iteration, we refine campaign mechanics, benefit structures, user journeys and product presentation formats to improve consumer conversion and shopping experience at our smart retail cabinets. Our marketing initiatives include paid coupon bundles, voice-based promotional reminders at cabinets, lottery campaigns for promoted products, and dedicated landing pages for new product launches. These campaigns not only enhance consumer interaction with our smart retail cabinets, but also provide brand partners with effective tools for product debut, consumer education and repeat purchase conversion.

Leveraging our large consumer base, extensive POS network and scenario-based consumption data, we also strategically cooperate with leading local lifestyle services platforms and brand partners to drive consumer traffic from online platforms to offline smart retail cabinet redemption. These collaborations create an online-to-offline closed loop of “online engagement + offline purchase/redemption,” enabling large-scale, precise and cost-effective customer acquisition, increasing transaction frequency per cabinet and enhancing regional market penetration.

BUSINESS

Our Pricing Policy

Our pricing strategy combines the principles of cost-plus model with competitive market-based pricing. Specifically, we set the retail prices at our smart retail cabinets based on procurement costs, while we continuously monitor the pricing of competitors and convenience stores. This approach allows us to dynamically adjust prices to maintain profitability while supporting our market share expansion.

BRAND PARTNERS COLLABORATION AND SERVICE

We have established long-term and stable partnerships with leading food and beverage brands in China. We place significant emphasis on our collaboration with brand partners, paying particular attention to their pricing policies and channel selection strategies. To safeguard brand integrity and maintain market order, we strictly prohibit unauthorized distribution and price distortion. Our strategic decision to refrain from wholesale business or franchise model directly supports this commitment and has been widely recognized by our brand partners.

Furthermore, our diverse service scenarios inherently require a high frequency of new product introductions to mitigate consumer fatigue, which strongly aligns with our brand partners’ needs for product testing and promotion. Building on this collaborative foundation, we offer value-added services driven by consumer insights to support brand partners in their marketing initiatives. These services empower brand partners to capture real-time market trends and refine their promotional strategies based on our actionable insights.

To illustrate, we have developed and launched the Shuying Platform (數盈平台), a digital analytics and collaboration platform that enables brand partners to track product sales performance across our POS network and derive actionable insights. Supported by granular analytics derived from actual transactions, it helps them promptly identify market trends and consumer preferences. This, in turn, facilitates the optimization of their product strategies and inventory management.

BUSINESS

Recognizing the value of our cooperation model and value-added services, an increasing number of brand partners have established long-term partnerships with us, positioning our POS network as a preferred channel for new product testing and promotion. This enables us to secure more favorable procurement pricing, thereby creating opportunities to expand our profit margins. During the Track Record Period, our gross profit margin achieved stable growth from 52.4% as of December 31, 2023 to 55.8% as of December 31, 2025. The table below sets forth the annual number of brand partners that have introduced new products and the annual number of new product introductions during the Track Record Period:

	For the Year Ended December 31,		
	2023	2024	2025
Number of brand partners introducing new products	158	228	230
Number of new products introduced	263	340	386

Notes:

1. “Number of brand partners introducing new products” refers to the number of brand partners that launched at least one new product to our network during the respective year; and
2. “Number of new products introduced” refers to the number of new products introduced during the respective year.

OUR POS DEVELOPMENT

In POS development, we systematically evaluate and identify potential locations, followed by commercial negotiations to initiate collaborations with site partners. Upon securing a site location, we arrange for the physical deployment, standardized installation, and activation of our smart retail cabinets. We assign dedicated client managers, operations supervisors, and replenishment personnel to execute standardized operational protocols. Through this integrated and granular directly-operated management framework, we provide consistent and high-quality retail services. This approach ensures operational continuity and optimal cabinet performance, even as our POS network expands at scale.

Our Sales Team

Our sales team plays an important role in our site development. Unlike other peers in the industry that rely on POS resources or bidding procedures, we ensure proactive growth in site development by establishing a sales team containing our own employees and outsourced personnel. During the Track Record Period, our sales team expanded rapidly from 1,039 as of December 31, 2023 to 1,798 as of December 31, 2025. We categorize our sales team into 11 regions, covering 72 cities, each equipped with four core functions: HRBP, training, risk control and sales management. We expect to expand to 12 more new cities and establish corresponding sales teams in 2026 to keep up with our business growth.

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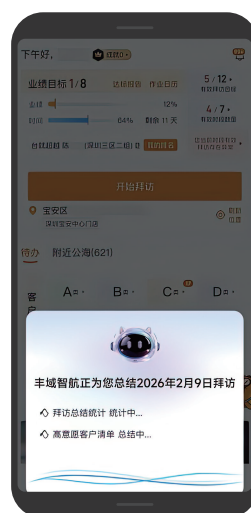
Our sales team has installed over 130,000 new POSs over the year of 2025, with an increase of approximately 61.7% from 80,931 as of December 31, 2023, demonstrating robust growth capabilities. This rapid growth is underpinned by our long-term team-building, constant technological investment, broad application of algorithms, and a highly agile digital training system. Such momentum establishes a solid foundation for our continued market expansion, deeper scenario penetration, and sustainable high growth.

Our Sales Agent

To empower our sales team during POS development, we synergize our self-developed client management system with our intelligent sales agent, Field Pilot. Through eight consecutive years of intensive field visits across 72 cities, we have accumulated extensive scenario-based information. As of December 31, 2025, we have collected over 2.0 million potential sales leads. Our sales agent then intelligently match leads with sales personnel based on their competencies and experience. Throughout the sales cycle, Field Pilot further enhances their execution by generating optimized visit routes, facilitating real-time algorithms-driven pitch-practicing, and providing intelligent operational diagnosis via comprehensive data dashboards. Ultimately, these integrated capabilities significantly boost client conversion rates, maintain high operational efficiency, and strictly control per-site acquisition costs during rapid expansion. The screenshots below set for the interfaces of the Field Pilot:



The optimized visit routes generated by Field Pilot



The intelligent operational diagnosis via comprehensive data dashboards of Field Pilot

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Our POS Distribution

We have identified and covered more than 100 distinct retail scenarios through our years of operation. The following table sets forth the distribution of our POSs by retail scenario as of the dates indicated:

	As of December 31,					
	2023		2024		2025	
	(Number of POSs)	(% of Total POSs)	(Number of POSs)	(% of Total POSs)	(Number of POSs)	(% of Total POSs)
Workspace	65,454	61.6%	79,781	57.9%	102,399	55.7%
Commercial venues	16,866	15.9%	23,205	16.8%	33,730	18.3%
Logistics and warehousing facilities	6,870	6.5%	14,021	10.2%	20,246	11.0%
Leisure and entertainment venues	8,462	8.0%	11,247	8.2%	16,106	8.8%
Public services and education	2,660	2.5%	4,145	3.0%	5,177	2.8%
Others	5,885	5.5%	5,488	4.0%	6,331	3.4%
Total	106,197	100.0%	137,887	100.0%	183,989	100.0%

Notes:

- (1) Workspace primarily include office areas, co-working spaces, factory premises, and specialized manufacturing workshops;
- (2) Commercial venues primarily include operating commercial spaces, such as hotels, apartments, beauty and hair salons, and 4S shops for automobile;
- (3) Logistics and warehousing facilities primarily include logistics transit hubs and warehouses;
- (4) Leisure and entertainment venues primarily include karaoke, board game cafes, and billiard halls;
- (5) Public services and education primarily include transportation centers, educational campuses and hospitals; and
- (6) Others refer to locations that cannot be classified into the aforementioned categories due to their specific nature, such as campgrounds, fishing venues.

The table below sets forth the distribution of our POS in China by city tier during the Track Record Period as of the dates indicated:

City Tier	As of December 31,					
	2023		2024		2025	
	(Number of POSs)	(% of Total POSs)	(Number of POSs)	(% of Total POSs)	(Number of POSs)	(% of Total POSs)
Tier one cities	23,114	21.8%	26,378	19.1%	33,559	18.2%
Tier two cities	80,573	75.9%	102,579	74.4%	135,536	73.7%
Tier three cities and other. .	2,510	2.4%	8,930	6.5%	14,894	8.1%
Total	106,197	100.0%	137,887	100.0%	183,989	100.0%

Notes:

1. During the Track Record Period, our POS network was primarily concentrated in tier two cities, driven by our 2024 expansion initiative majorly targeting tier two and tier three markets and the most significant increase of our city coverage in tier two cities.
2. As we continue to execute this geographic expansion strategy, we expect the number of our POSs in tier three cities to increase steadily over the next three years.

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Despite having established our POS network across a wide range of retail scenarios, penetration rates in many scenarios remain relatively low. As of December 31, 2025, we operated approximately 6,000 POSs within the hotel scenario, representing a coverage rate of only 1% of all the hotels in China. We believe similar growth potential exists across other scenarios. For instance, we operated less than 2,000 POSs in scenarios of charging stations, construction sites, logistics parks, gyms, hair and beauty salons, and commercial centers. Although we have achieved rapid expansion during the Track Record Period, our overall penetration remains relatively low. Driven by evolving consumption habits and increasing user acceptance, we expect conversion and penetration rates to continue to rise, creating significant tailwinds for future growth.

Collaboration with Site Partners

Unlike certain industry peers that primarily rely on franchise models, we have developed a fully directly-operated model through collaborations with site partners, that are either the operating entities of the sites where our smart retail cabinets are deployed or, more commonly, business representatives of such entities. Under this model, we supply smart retail cabinets, provide customer services at each site and collect sales revenue directly from end consumers. Our site partners are generally responsible for furnishing suitable premises for the installation and operation of our cabinets and bearing associated on-site costs such as utilities. The sites we serve are primarily operated by small-to-medium enterprises that leverage our services to offer retail convenience to their employees and visitors. Most site partners do not regard our collaboration as a primary revenue source. We make certain payments to cover site partners’ incidental costs, which are primarily structured as either a fixed amount or a floating percentage of GMV generated at the relevant site. During the Track Record Period, approximately 90% of our monthly payments to site partners were below RMB300. In certain cases, some site partners that consider hosting our cabinets as employee welfare provided by site operators require no payment from us.

To maintain consistently high service standards across a wide range of retail scenarios, our directly-operated model is supported by end-to-end service. We assign dedicated POS operators, customer service personnel, and operational managers to each site, equipping our site partners with comprehensive operational and technological support in an integrated online-to-offline service system. We have also self-developed the Yunhan Platform, which supports online contracting, billing reconciliation, transaction inquiries, and identity maintenance — enhancing transparency, efficiency, and compliance throughout our settlement processes with site partners. We typically formalize details of collaboration terms with our site partners either before deploying our cabinets or upon activation of their accounts on the Yunhan Platform.

The primary terms of our standard written agreement with site partners include:

- *Term.* Each agreement remains in effect until the contracted services are completed, with site costs settled on a monthly basis.
- *Termination.* Either party may terminate the agreement upon prior written notice, subject to completion of handover procedures. We may terminate immediately upon an uncured material breach by the counterparty.
- *Ownership and revenue.* Ownership of, operating rights over, and all revenue generated by the equipment remain vested exclusively in us. The site partner receives a fixed amount or a floating percentage of GMV for hosting our equipment.
- *Authority.* Where the site partner is a business representative of the operating entity of a site, such site partner represents and warrants that all requisite consents and authorizations to enter into the arrangements on behalf of the operating entity have been obtained.
- *Indemnification.* The counterparty is liable for liquidated damages in the event of any failure to maintain stable equipment placement. The counterparty must also indemnify us against any losses arising from its lack of authority to enter into the arrangements.

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Our sales team identifies prospective site partners through systematic daily offline screening and intensive site visits, establishing collaborations through a structured evaluation process. To ensure rigorous risk control and to verify the authority of each site partner or its representative, we conduct comprehensive multi-step verification procedures prior to establishing any collaboration. These procedures include: (i) on-site inspections to assess the suitability of the premises for equipment installation and operation; (ii) evaluation of site traffic volume, consumer demographics, and prevailing commercial conditions; (iii) verification of valid business licenses, requisite operating permits, and property rights or lease documentation; (iv) authentication of the business representative’s identity, job title and responsibilities and employment relationship with the operating entity; and (v) confirmation of site partner’s commitment for long-term collaboration and alignment on key commercial terms. As of December 31, 2025, we had approximately 138,000 active site partners spanning over 100 retail scenarios, with an average of 1.3 POS units per site partner. According to Frost & Sullivan, our collaboration model with site partners is customary in the industry.

MOVEMENT OF OUR POS NETWORK

The table below sets forth the movement of our POS over the Track Record Period:

	For the Year Ended December 31,		
	2023	2024	2025
Number of POSs at the beginning of the period	75,195	106,197	137,887
Number of POSs opened during the period	80,931	100,360	130,867
Number of POSs closed during the period	49,929	68,670	84,765
Number of POSs at the end of the period	106,197	137,887	183,989
Net increase in the number of POSs during the period	31,002	31,690	46,102

The movement of our POS network reflects our active portfolio optimization strategy in light-traffic scenarios. Given the fragmented nature of light-traffic locations, we continuously evaluate POS-level performance and site stability, open new POSs in attractive scenarios, and proactively terminate or adjust underperforming POSs to improve the overall efficiency and profitability of our network.

To better allocate our cabinet and operational resources, we proactively terminate cooperation with POSs where monthly GMV falls below our breakeven point of approximately RMB300 after significant sales declines. This low breakeven threshold reflects our low-cost cabinet deployment, dense operating network and algorithm-driven operational efficiency, and allows us to profitably serve a broad range of light-traffic scenarios. Over the Track Record Period, such proactive terminations accounted for approximately 61.3% of our total POS closures, representing the primary reason for closures. Such termination decisions are made to avoid inefficient allocation of cabinets, replenishment capacity and field operation resources.

Moreover, we primarily deploy our smart retail cabinets at premises of SMEs. Given their inherent vulnerability to macroeconomic fluctuations and a typical business lifecycle of only two to five years, SMEs frequently undergo reorganizations or downsizings. Consequently, these dynamics often cause sales volatility at certain POS locations, necessitating continuous adjustments to our operations. Over the Track Record Period, closures resulting from the relocation or cessation of the site partners’ business operation accounted for approximately 23.2% of our total POS closures. The remaining approximately 15.5% of the closures were attributable to other reasons, such as misalignments on the business terms.

Cabinets removed from underperforming POSs can generally be redeployed to other locations within our network, enabling us to preserve asset utilization while improving site-level productivity. Notably, following the termination of a POS cooperation, our cabinet

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achieves a nearly 99% reuse rate, enabling redeployment to premium POSs at minimal logistics costs. Furthermore, inventory from terminated POSs can be swiftly reallocated through our distributed network to other active POSs, essentially achieving near-zero waste while significantly mitigating costs and losses associated with idle assets.

Supported by a continuously expanding sales team, we acquire high-quality new POSs through efficient development while concurrently optimizing our POS portfolio and phasing out underperforming POSs through refined operations. As long as new POS additions consistently outpace removals, our overall network scale will continue to grow, enabling sustained business expansion. Our site network is not measured solely by the number of new POSs opened, but also by our ability to continuously screen, replace and optimize POSs based on site-level economics. This enables us to maintain net network expansion while allocating operating resources toward higher-quality sites.

OUR NETWORK-BASED OPERATING MODEL

To support our business model, which focuses on “capillary-level” light-traffic scenarios, we have built an operating model around three pillars: a distributed network, direct operations and algorithm-driven autonomous decision-making. We have developed a large-scale, high-density and interconnected distributed network to manage the complexity of operating our POSs. Managing a network of this size requires automated systems — the sheer volume and precision of decisions involved, covering inventory replenishment, product assortment, pricing, and logistics across hundreds of thousands of sites, is beyond what human planning alone can reliably deliver. Continuously improving our algorithms depends on high-quality, real-time data from across our network; strictly carrying out algorithm-generated instructions at each site requires end-to-end operational control. Both requirements make a fully directly-operated model essential. Together, our focus on light-traffic scenarios, our distributed network, algorithm-driven decision-making, and direct operations forms a self-reinforcing foundation that has helped us build competitive advantages and deliver profitable growth.

Our Directly-Operated Model

Unlike most competitors, which rely primarily on franchise models, we operate our entire network directly. Running smart retail cabinets comes with real challenges: they are hard to manage remotely, and on-site verification is difficult. In light-traffic scenarios, these challenges are amplified by a highly dispersed POS network, unpredictable consumer demand, strict fulfillment requirements, and high site turnover. Without direct operational control, maintaining consistent service quality and a reliable consumer experience across such a fragmented network would not be feasible. By keeping direct control over our POSs, our operational staff, and our operating procedures, we can apply uniform algorithmic rules, standardized processes, and consistent people management across the whole network. This end-to-end control is also essential to our algorithm-driven decision-making — it ensures that algorithm-based instructions are properly carried out and that high-quality operational data flows back into the system.

To achieve this, we have established a vertically-integrated management structure consisting of city-level operations managers and a dedicated team of POS operators with strong execution capabilities. This structure keeps our existing network running smoothly under algorithmic guidance and allows new POSs to be integrated seamlessly, while maintaining a consistently high standard of service for our site partners and consumers.

- **Operations Managers.** Our core operations management team is drawn mainly from leading express delivery and logistics companies in China, bringing deep expertise in warehousing, fulfillment, and online operations management. Supported by our systems and algorithms, our managers are primarily responsible for ensuring that POS operators carry out algorithm-generated tasks rigorously — covering recruitment, training, performance assessment, and operational quality control — and for feeding real-world operational insights back to help continuously improve our algorithm. This structure frees our managers from routine day-to-day planning and administrative work.

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- **POS Operators.** We manage our POSs through POS operators — personnel who carry out replenishment and other tasks based on algorithmic instructions. We use geofencing to dynamically define each operator’s service area, which forms our core operational service units. An operator’s main responsibilities involve completing tasks assigned through the Work Pilot system, including replenishment, inventory audits, stock redistribution, product layout, expired product management, network troubleshooting, equipment cleaning, and routine site maintenance. Through multi-channel recruitment, we have built a team of over 1,400 POS operators — the largest directly-operated network in the industry. We have established a comprehensive management framework covering recruitment, training, task planning, quality inspection, and incentive mechanisms, all supported by technology and AI tools to enable precise task dispatch and dynamic management of POS operators. This framework effectively addresses the challenges of managing a large, distributed, directly-operated network. During 2025, each POS operator managed an average of over 115 cabinets and completed 39 operational tasks per day, with an execution rate for algorithm-assigned tasks exceeding 90%.

Our Distributed Network

The light-traffic scenario is characterized by highly volatile demand and dispersed consumption patterns. The central operational challenge is getting inventory allocation right. Each site typically stocks around 48 SKUs, but demand for any given SKU can shift significantly depending on the time of day, the customer group, and the location. With limited cabinet space, getting stock levels right is critical — too much stock leads to slow turnover and shrinkage, while too little leads to shortages. A dispersed POS network, small order sizes, and low replenishment frequency add further complexity to the supply chain.

To address these challenges, we have drawn on our operational experience and technology capabilities to move beyond traditional chain. We have built a distributed, networked supply chain system in which each smart retail cabinet acts as a core node — serving not just as a point of sale, but also as a unit for data collection, temporary storage, and product movement. This allows products to be transferred directly between cabinets, creating an interconnected model. The system is powered by two proprietary AI agents: Opti Pilot, which handles supply chain decisions — including forecasting inventory needs at each node and transferring slow-moving items to optimize stock allocation; and Work Pilot, which makes dispatching decisions based on the planning of Opti Pilot, including generating network-wide replenishment, inward and outward transfers, and warehouse returns tasks, incorporating them into optimized routes.

Our operational data highlights the strategic importance of our network-based transshipment mechanism. To maintain overall sales volume, we keep a similar range of SKUs at each site. In 2025, our inventory cleared through transshipment in light-traffic scenarios accounted for approximately 22% of total sales. The impact is especially significant at locations with lower traffic volumes, which rely on more frequent transshipment to sustain profitability. In commercial terms, our ability to resolve stock turnover problems through this distributed network is a fundamental requirement for maintaining our current service levels and profitability in low-traffic settings. Importantly, most of these transfers are coordinated by our algorithms without adding significant operational burden. In 2025, for every 100 cabinets visited by POS operators for replenishment, our algorithm assigns an additional 55 transshipment tasks among those POSs — without generating additional routes.

This distributed, networked supply chain system gives us a core competitive advantage that is difficult for others to replicate. By managing inventory centrally across all POS units, we have significantly improved stock security at high-volume locations when demand fluctuates, while at the same time resolving turnover and shelf-life issues at lower-volume locations. Network-based product dispatching also makes our supply chain more resilient and flexible, which is critical to our niche product strategy and frequent product refresh approach.

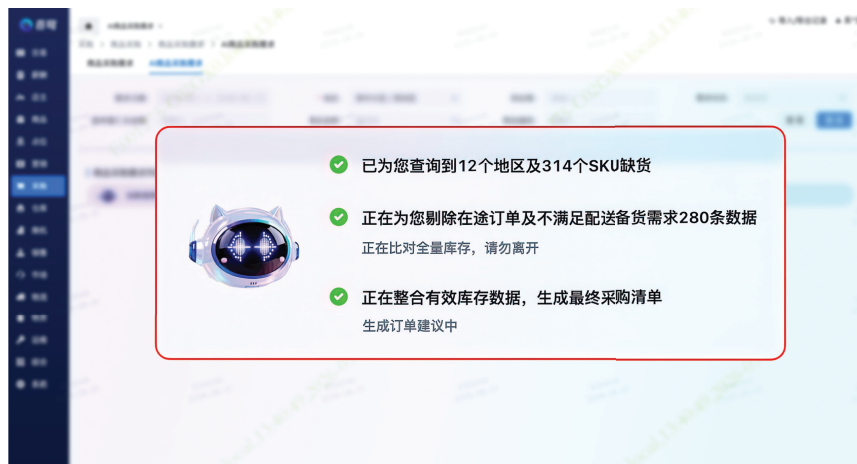
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in light-traffic scenarios. Through unified task planning, we can use our network density and the diversity of our locations to meaningfully cut delivery times and logistics costs. Finally, our algorithm-driven decision-making is built to improve over time — through continuous feedback loops and autonomous learning, the system gets smarter, protecting our long-term competitive position.

Our Management Automated by Algorithm-Driven Decision-Making

Our network-based operating model requires a large number of daily decisions across warehouses, smart retail cabinets, and POS operators. These decisions are interconnected. A warehouse manager cannot decide how much inventory to hold at a single warehouse in isolation — the right answer also depends on upstream inventory, downstream cabinet demand, seasonality, upcoming promotions, delivery lead times, product velocity, existing stock levels, and shifts in consumer demand. With over 800 front warehouses and more than 1,000 SKUs managed across the network, manual planning at this scale and level of interdependence would be difficult to carry out consistently and efficiently.

Opti Pilot, one of the core agents in our FLOW Pilot system, automates supply chain decision-making. It assesses inventory needs across warehouses, smart retail cabinets, and SKUs on a network-wide basis, taking into account upstream and downstream stock positions, expected demand, product shelf life, replenishment frequency, warehouse capacity, and logistics constraints. This prevents warehouse managers from making decisions that may look reasonable at a single-warehouse level but cause stockouts, overstocking, or inventory imbalances elsewhere in the network. By coordinating inventory allocation across the full supply chain, Opti Pilot improves replenishment accuracy, reduces unnecessary stock movement, and supports more stable inventory turnover.



The complexity is even greater at the POS operator level. We operate over 180,000 smart retail cabinets and work with more than 1,000 POS operators, each of whom must complete multiple tasks across different locations within limited working hours each day. In addition to replenishment, POS operators may need to conduct shelf-life checks, inventory audits, product layout, equipment checks and inter-cabinet transshipment. These tasks interact with one another. For example, where transshipment is required, the operator must first visit the cabinet from which products are transferred out before visiting the cabinet receiving those products. As the number of cabinets, SKUs and possible transshipment pairings increases, the number of possible task combinations becomes too large for manual planning to handle efficiently.

Work Pilot, another core agent of our FLOW Pilot system, converts these complex operating decisions into executable daily tasks for POS operators. It estimates the time required for each task, determines task priority, identifies which cabinets should be visited first, groups tasks into efficient execution sequences and plans routes based on location and traffic conditions. As a result, POS operators do not need to manually plan their daily routes or decide task priorities. They can follow the task list and route generated by Work Pilot and complete the required work at each cabinet step by step.

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The analysis of the Work Pilot regarding the sequence of the mission and route plan

The final result of the mission and the route plan

By automating these high-frequency daily decisions, Opti Pilot and Work Pilot improve decision quality and management efficiency while also reducing manual planning workload, labor costs and subjective human bias. During the Track Record Period, following the implementation of Opti Pilot and Work Pilot, we achieved rapid network expansion and SKU increase while maintaining stable inventory turnover. Daily tasks completed per POS operator increased from 32 in 2023 to 39 in 2025, representing an increase of approximately 22%, while the average number of terminal units managed per operator within their designated maintenance radius increased from 94 in 2023 to 115 in 2025, representing an increase of 22%.

Together, this network-based operating model combining a distributed network, direct operations and algorithm-driven autonomous decision-making relieves our management from the burden of intensive day-to-day planning and administrative work. As a result, the average number of units managed per operational personnel increased from 303 in 2023 to 390 in 2024, and further to 504 in 2025, representing a 66% growth in management span over the two-year period.

OUR CORE TECHNOLOGIES

Overview

We regard technological innovation as the fundamental driver of our scalable and sustainable growth. Through sustained investment in research and development, we built FLOW Pilot in 2024, our proprietary end-to-end agent system. While the majority of industry participants remain in the digitalization (1.0) or systemization (2.0) stages of technological development, we have advanced to the data intelligence (3.0) stage and are currently operating at the AI intelligence (4.0) stage, having transitioned our operations from human-led management to algorithm-driven decision making. See “Industry Overview — Technological Iteration of Smart Retail Cabinet Operation” for a description of the industry’s technological development stages.

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Technology Architecture

We have built a comprehensive, efficient, and intelligent technology architecture, with tightly integrated layers that work collaboratively across cabinet interaction, core decision-making, intelligent capability provisioning, technical support, and device connectivity, providing full-chain support for the efficient operation of unmanned retail services. The Terminal and End-User Layer serves as the primary interaction interface connecting consumers, operations personnel, sales staff, and site partners to our network through proprietary and third-party applications. The Decision-Making Layer is powered by FLOW Pilot, which comprises four specialized agents — Field Pilot, Link Pilot, Opti Pilot, and Work Pilot — that collectively govern site expansion, product assortment, inventory planning, and fulfillment execution. The Computing Infrastructure and IoT Layer, anchored by our self-developed Nebula IoT platform, provides real-time device connectivity, data exchange, and intelligent computing support across our entire network.

Terminal and End-User Layer

The terminal and end-user layer serves as the interaction entry point of our architecture and the key interface connecting all core participants in the retail ecosystem. It covers consumers, operations personnel (responsible for replenishment and equipment repair), business partners, and frontline sales staff, ensuring no critical role is omitted. To enhance interaction efficiency and convenience, we have deeply integrated WeChat and Alipay mini-programs, along with proprietary systems such as Feng-e Manager, creating real-time connectivity between multiple user roles and smart retail cabinets. This enables closed-loop management across cabinet operations, feedback collection, and service response, ensuring timely handling of needs and efficient execution of actions.

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AI Decision-Making Layer (FLOW Pilot)

The central decision-making hub of our architecture is the Intelligent Business Decision and Orchestration Layer, known as FLOW Pilot. Leveraging advanced artificial intelligence, this layer oversees end-to-end decision-making and task planning. It is supported by four interconnected agents that collaboratively cover key business scenarios, constructing a comprehensive business decision system.

- **Field Pilot** is our engine for site expansion, aggregating data in regional scenarios, site valuation, and partner qualifications to enable intelligent lead recommendations, site quality and risk assessments, and scenario-specific expansion strategies. This approach enhances market development efficiency and site quality, providing a data-validated foundation for network expansion.
- **Link Pilot** is our engine for product assortment, integrating cross-site demand sensing, transaction history, consumer feedback, and product correlations data. Utilizing operations research optimization and reinforcement learning algorithms, this agent supports network-wide product selection, demand insight, and differentiated assortment strategies. Through a “decision-execution-feedback” iterative loop, it continuously optimizes models to dynamically align product offering with site-specific demand, achieving site-level precision in product allocation.
- **Opti Pilot** is our engine for inventory planning, coordinating dynamic inventory allocation, stocking and outbound decisions, and upstream-downstream collaboration among regional warehouses, front warehouses, and smart retail cabinets. Its core objective is to achieve optimal inventory assortments across the entire network, improving turnover efficiency, reducing product shrinkage and capital tie-up, and ensuring the highly economical operation of the supply chain.
- **Work Pilot** is our engine for task dispatching, covering all fulfillment scenarios. Positioned as the core decision center above our Order Management System (“OMS”), Transportation Management System (“TMS”), and Warehouse Management System (“WMS”), it orchestrates task allocation, route planning, and closed-loop validation for operational tasks (such as replenishment, inventory audits, and redistribution). It also manages driver dispatching and route optimization for fulfillment from warehouses to sites. By optimizing end-to-end task execution and providing full-process visualization, it ensures that all fulfillment operations are controllable and traceable.

FLOW Pilot orchestrates the four agents through an end-to-end decision-making system. This closed-loop system significantly enhances automation and operational efficiency while strengthening cost control, providing the core technological empowerment for the large-scale, refined operation of our network.

Computing Infrastructure Layer

The AI and intelligent computing platform layer forms the technical backbone of our architecture, responsible for transforming underlying computing resources into business-level AI services. At this layer, we deploy core components such as a LLM (large language model) gateway, unified computing agent, heterogeneous computing scheduler, and vector database. We also integrate domain-specific fine-tuned models and a MLOps (machine learning operations) lifecycle management system to enable continuous model iteration, efficient deployment, and dynamic optimization of large-scale computing resources. This underpins our upper-layer business functions with stable and efficient intelligent computing support, ensuring that our AI capabilities are deeply embedded into major operational processes.

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IoT Layer (Nebula)

The edge IoT and connectivity layer provides the physical link and real-time data exchange between hardware cabinets and cloud systems. Leveraging our Nebula IoT platform, this layer enables unified management of all devices, offering remote control, AI recognition task scheduling, and intelligent maintenance monitoring. Through edge computing, it supports rapid data capture from cabinets — such as cabinet status and camera inputs — real-time recognition, and conversion into operational instructions. This underpins automated on-site retail operations, ensures efficient coordination between cabinets and cloud systems, and guarantees precise and stable execution of cloud-issued commands by all smart devices.

Intelligent Hardware Technologies

The Nebula IoT platform is our self-developed core IoT connectivity and operations platform, designed for key device assets such as smart retail cabinets. It currently supports large-scale access and unified management of over 180,000 devices. Built on a “physical asset foundation,” the platform provides secure, stable, and scalable end-to-end capabilities across device connectivity, data governance, asset management, business intelligence, and automated operations, ensuring high device availability and supporting sustained business growth.

At the connectivity level, our secure general-purpose connection layer enables dual-mode 4G/WiFi access and supports more than 19 mainstream industrial device models, achieving standardized access and unified governance across device types and network environments. This ensures stable online performance and reliable data transmission at scale. At the security level, we have established a multi-dimensional security framework based on unique device identifiers and strict multi-step authentication, ensuring trusted device identity, controlled communication channels, and managed access permissions, thereby reducing security risks during access, maintenance, and operations.

For asset management and observability, the platform includes real-time lifecycle monitoring for smart retail cabinets, covering key stages from onboarding and activation to operation, alerting, and deactivation. This enables unified device health management and issue diagnosis, improving fault detection and resolution efficiency. To support rapid business expansion and product iteration, we also provide a flexible device model assortment agent, enabling fast deployment and scalable replication of devices through configurable hardware abstraction and modeling capabilities, significantly shortening the rollout cycle for new device models and scenarios.

For recognition and dispatching, we built a centralized AI recognition orchestration hub that integrates multiple recognition algorithms and model capabilities, enabling unified access, assortment, and scheduling. It also supports scenario-based strategy selection and dynamic switching to enhance recognition stability and adaptability. Additionally, we developed intelligent automated operations and maintenance (“O&M”) capabilities, enabling full-process management — from issue detection and root-cause diagnosis to task dispatch, result feedback, and closed-loop review — through alerts, automated work orders, and workflow orchestration. This shortens response and repair time, improves device uptime and operational efficiency, and reduces total cost of ownership.

For data visualization, we developed an operation dashboard that aggregates and visualizes device performance, business metrics, and O&M process data across multiple dimensions. It provides monitoring and trend analysis of smart retail cabinet service levels, offering strong data support for operational strategy formulation, resource allocation, and continuous optimization.

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RESEARCH AND DEVELOPMENT

R&D team

As of December 31, 2025, we had a dedicated R&D team of 101 members, of whom 25% specialized in AI, algorithms, and data research. Most team members have been with us for more than three years and hold a bachelor’s degree or above. The R&D team is responsible for the design, development, maintenance, and optimization of our self-developed technologies and infrastructure, including core business systems such as our Nebula IoT platform and FLOW Pilot agent system. Our R&D expenses amounted to RMB56.1 million, RMB63.7 million, and RMB63.9 million in 2023, 2024, and 2025.

R&D Philosophy

We adhere to the vision of “technology makes life easier,” positioning R&D innovation as the core driver of business growth and efficiency enhancement. We continuously identify user pain points and business opportunities across all operational processes and integrate multidisciplinary R&D capabilities, including AI, large models, machine vision, IoT technologies, operations research algorithms, and software engineering, to develop targeted productized and engineered solutions. Through ongoing iteration and optimization, we enhance the experience of end-users.

R&D Process

We have established a standardized and refined R&D process. Unlike traditional IT teams that primarily respond passively to functional requests from business units, our team participates early in business goal-setting, strategy formulation, and planning discussions. By integrating product and technical perspectives into business decision-making, we enable more diversified and efficient execution of business strategies. Our product managers and even R&D testing personnel frequently visit frontline operation staff for on-site communication and research to identify value opportunities. This approach significantly enhances the certainty and efficiency with which R&D resources contribute to achieving actual business objectives.

R&D Collaboration

We apply AI coding extensively throughout our R&D process, enabling intelligent upgrades and significant efficiency gains across the entire development lifecycle. Currently, 40% of functional code is autonomously generated by AI, and this proportion continues to rise rapidly with technological advancement. Leveraging our self-developed product requirements document agent, R&D requirements are efficiently parsed and converted into standardized, programmable technical specifications. Through design-to-code technology, requirement prototypes are automatically transformed into high-fidelity, deployment-ready code, with interfaces and database structures generated simultaneously, significantly shortening development cycles. In front-end development, more than 90% of component creation and layout debugging is completed independently by AI, allowing developers to focus on interaction innovation and core breakthroughs. In back-end development, AI assists throughout the process in building robust and scalable code frameworks following domain-driven design principles and provides expert-level optimization suggestions for complex SQL (Structured Query Language) and system performance, comprehensively enhancing code quality and system stability.

We actively pursue collaboration with leading large-model teams and academic research institutions. We have partnered with The Chinese University of Hong Kong to establish the “Smart Retail Joint Laboratory.” Research activities focus on inventory management, product selection optimization, and large model applications, with all outcomes belonging to us. This collaboration strengthens our ability to explore frontier technologies while providing both academic and applied support for the continuous iteration of our core systems.

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DATA PRIVACY AND PROTECTION

We place strong emphasis on data privacy and security. To safeguard data and personal information from unauthorized access, disclosure, misuse, modification, damage or loss, we apply a suite of protective measures, including confidentiality provisions, role-based access control, data encryption and data desensitization.

We maintain a rigorous internal control framework governing data security and personal information protection, including *Information Security Policy*, *Data Asset Security Management System*, and *Personal Information Protection System*. In response to data security incidents, we have also established a *Data Security Incident Emergency Initiative* to ensure rapid response and business continuity. Specifically, we implement enhanced protection over sensitive research and development data through a combination of logical network segregation, graded access authorization and centralized approval and monitoring mechanisms. Core research data is maintained within a segregated research network isolated from general office networks and external connectivity, and any cross-network use is subject to formal application, security review and management approval. Access rights are granted strictly on the principle of necessity basis and are aligned with employees’ roles and responsibilities. To ensure data compliance and information security across our entire business operations, we have implemented comprehensive data protection measures covering users of our internal management platforms and our consumers.

We deploy multiple technologies to protect the data entrusted to us and maintain a dedicated privacy team responsible for ongoing review, monitoring and enhancement of our security practices. For example, sensitive data is stored and protected through encryption at rest and endpoint security controls, with restrictions on external storage devices and data export. Data transmission involving sensitive information is subject to controlled and auditable channels, and all access and usage activities are logged and periodically reviewed by designated information security personnel to identify any unauthorized or abnormal behavior. We also operate detailed approval workflows that record and monitor access to user data. We conduct routine internal audits of data-access authorizations to confirm that permissions remain strictly limited. For external interfaces, we apply firewalls to guard against potential attacks or unauthorized access. We also maintain geographically-distributed server backups to enhance data resilience and continuity. As a testament to our high standards, we have obtained ISO 27001 and ISO 27701 certifications, and we conduct annual filings under the MLPS (Multi-Level Protection Scheme) for our core information systems. In addition, as of the Latest Practicable Date, we have proactively conducted a personal information protection compliance audit, ensuring the effectiveness of personal information management systems. See “— Environment, Social and Governance — Information Security and Privacy Protection” for more details.

OUR INTELLECTUAL PROPERTY

We believe the protection of our trademarks, copyrights, domain names, trade names, trade secrets, patents and other proprietary rights is critical to our business. We rely on a combination of trademark, fair trade practice, copyright and trade secret protection laws and patent protection, as well as confidentiality procedures and contractual provisions to protect our intellectual property and our trademarks. We also enter into confidentiality agreements with all of our employees, as well as entering into non-competition agreements with our key R&D personnel and our management team. We rigorously control access to our proprietary technology and information. We have developed proprietary technology, including patented technology, in a range of areas, including smart retail hardware and IoT solutions, system management and user interface, and intelligent algorithms and logistics.

BUSINESS

As of December 31, 2025, we had nine issued patents and 50 pending patent applications in China. As of December 31, 2025, we owned 88 software registered copyrights and one domain name in China. As of December 31, 2025, we owned 32 registered trademarks and four trademarks in application in China. We actively defend our material intellectual property rights where possible. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any occasion of unauthorized use of our intellectual property rights by third parties which would have a material impact on our business or operation. We did not have any material disputes or any other pending material legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

OUR CUSTOMERS

The vast majority of our customers are individual consumers who visit our smart retail cabinets, to whom we offer retail products and with whom we settle transactions directly. Occasionally, our site partners may offer our products to their employees as staff benefits and settle with us directly, in which case these site partners are treated as our customers for settlement purposes. See “— Our POS Development — Collaboration with Site Partners.” We also generate revenue from the display of advertisements on the digital screens of our smart retail cabinets or provision of services.

In 2023, 2024 and 2025, the revenue attributable to our five largest customers for each year during the Track Record Period was RMB47.6 million, RMB40.2 million and RMB48.7 million, respectively, accounting for 3.9%, 2.4% and 2.4% of our total revenue for the corresponding year, respectively. The revenue attributable to our largest customer for each year during the Track Record Period was RMB39.7 million, RMB31.0 million and RMB26.4 million, respectively, accounting for 3.2%, 1.9% and 1.3% of our total revenue for the corresponding year, respectively.

For the year ended December 31, 2025

Customers	Products/ services sold	Business relationship since	Credit Term	Payment method	Sales amount (RMB'000)	Percentage of total revenue
Customer A ⁽¹⁾ . . .	Sales of goods	2018	Monthly payment within 30 days after receiving invoice	Bank transfer	26,354	1.3%
Customer B ⁽²⁾ . . .	Advertising and other services	2023	Monthly payment within 30 days after receiving invoice	Bank transfer	15,934	0.8%
Customer C ⁽³⁾ . . .	Advertising and other services	2020	Monthly payment within 30 days after receiving invoice	Bank transfer	2,942	0.1%
Customer D ⁽⁴⁾ . . .	Sales of goods	2024	Monthly payment within 30 days after receiving invoice	Bank transfer	1,836	0.1%
Customer E ⁽⁵⁾ . . .	Advertising and other services	2024	Monthly payment within 5 days after receiving invoice	Bank transfer	1,666	0.1%
Total					48,732	2.4%

BUSINESS

For the year ended December 31, 2024

<u>Customers</u>	<u>Products/ services sold</u>	<u>Business relationship since</u>	<u>Credit Term</u>	<u>Payment method</u>	<u>Sales amount</u>	<u>Percentage of total revenue</u>
					(RMB'000)	
Customer A	Sales of goods	2018	Monthly payment within 30 days after receiving invoice	Bank transfer	30,989	1.9%
Customer B	Advertising and other services	2023	Monthly payment within 30 days after receiving invoice	Bank transfer	5,657	0.3%
Customer C	Advertising and other services	2020	Monthly payment within 30 days after receiving invoice	Bank transfer	2,491	0.2%
Customer D	Sales of goods	2024	Monthly payment within 30 days after receiving invoice	Bank transfer	691	0.0%
Customer F ⁽⁶⁾	Advertising and other services	2021	Monthly payment within 30 days after receiving invoice	Bank transfer	400	0.0%
Total					40,228	2.4%

For the year ended December 31, 2023

<u>Customers</u>	<u>Products/ services sold</u>	<u>Business relationship since</u>	<u>Credit Term</u>	<u>Payment method</u>	<u>Sales amount</u>	<u>Percentage of total revenue</u>
					(RMB'000)	
Customer A	Sales of goods	2018	Monthly payment within 30 days after receiving invoice	Bank transfer	39,657	3.2%
Customer B	Advertising and other services	2023	Monthly payment within 30 days after receiving invoice	Bank transfer	3,741	0.3%
Customer C	Advertising and other services	2020	Monthly payment within 30 days after receiving invoice	Bank transfer	2,113	0.2%
Customer G ⁽⁷⁾	Advertising and other services	2023	Monthly payment within 30 days after receiving invoice	Bank transfer	1,212	0.1%
Customer F	Advertising and other services	2021	Monthly payment within 30 days after receiving invoice	Bank transfer	912	0.1%
Total					47,635	3.9%

BUSINESS

Notes:

- (1) Customer A is an investment holding company headquartered in Shenzhen, China, primarily engaged in cross-border logistics and freight and export and import business.
- (2) Customer B is a private Internet technology company headquartered in Shenzhen, China, providing communication and social media services.
- (3) Customer C is a public company headquartered in Shanghai, China, primarily engaged in the production and sales of food and beverage, investment, enterprise management and consulting.
- (4) Customer D is a private company headquartered in Shanghai, China, primarily engaged in technology development, consulting and transfer.
- (5) Customer E is a private company headquartered in Shanghai, China, focusing on digital advertisement technology.
- (6) Customer F is a private company headquartered in Zhejiang, China, focusing on the application of dynamic visual recognition technology in unmanned retail field.
- (7) Customer G is a private company headquartered in Wuhan, China, focusing on the development, production, sales and after-sale services of smart retail cabinets.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major customers. Except for Customer A, all of our five largest customers in each year during the Track Record Period are independent third parties and none of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest customers in each year during the Track Record Period.

BUSINESS

OUR SUPPLIERS

Our suppliers are primarily product suppliers. We have established partnership with major food and beverage companies in China and their distributors. In 2023, 2024 and 2025, the purchases attributable to our five largest suppliers for each year during the Track Record Period were RMB186.1 million, RMB236.0 million and RMB295.5 million, respectively, accounting for 31.5%, 31.1% and 33.3% of our total cost of revenue for the corresponding year, respectively. The purchases attributable to our largest supplier for each year during the Track Record Period were RMB56.0 million, RMB72.9 million and RMB105.7 million, respectively, accounting for 9.5%, 9.6% and 11.9% of our total cost of revenue for the corresponding year, respectively.

For the year ended December 31, 2025

Suppliers	Products/ services purchased	Business relationship since	Credit term	Payment method	Purchase amount (RMB'000)	Percentage of total cost of revenue
Supplier A ⁽¹⁾	Beverages and food	2024	Monthly payment within 30 days after receiving invoice	Bank transfer	105,660	11.9%
Supplier B ⁽²⁾	Beverages and food	2020	Full payment for the goods shall be prepaid upon placement of the purchase order	Bank transfer	61,398	6.9%
Supplier C ⁽³⁾	Beverages and food	2023	Monthly payment within 30 days after receiving invoice	Bank transfer	45,284	5.1%
Supplier D ⁽⁴⁾	Beverages and food	2020	Full payment for the goods shall be prepaid upon placement of the purchase order	Bank transfer	44,226	5.0%
Supplier E ⁽⁵⁾	Beverages and food	2018	Monthly payment within 30 days after receiving invoice	Bank transfer	38,900	4.4%
Total					295,468	33.3%

BUSINESS

For the year ended December 31, 2024

Suppliers	Products/ services purchased	Business relationship since	Credit term	Payment method	Purchase amount (RMB'000)	Percentage of total cost of revenue
Supplier F ⁽⁶⁾	Beverages and food	2019	Monthly payment within 45 days after receiving invoice	Bank transfer	72,857	9.6%
Supplier B	Beverages and food	2020	Full payment for the goods shall be prepaid upon placement of the purchase order	Bank transfer	62,455	8.2%
Supplier E	Beverages and food	2018	Monthly payment within 30 days after receiving invoice	Bank transfer	36,119	4.8%
Supplier G ⁽⁷⁾	Beverages and food	2019	Monthly payment within 45 days after receiving invoice	Bank transfer	33,370	4.4%
Supplier H ⁽⁸⁾	Beverages and food	2019	Monthly payment within 45 days after receiving invoice	Bank transfer	31,174	4.1%
Total					235,975	31.1%

For the year ended December 31, 2023

Suppliers	Products/ services purchased	Business relationship since	Credit term	Payment method	Purchase amount (RMB'000)	Percentage of total cost of revenue
Supplier B	Beverages and food	2020	Full payment for the goods shall be prepaid upon placement of the purchase order	Bank transfer	56,046	9.5%
Supplier F	Beverages and food	2019	Monthly payment within 45 days after receiving invoice	Bank transfer	50,355	8.5%
Supplier E	Beverages and food	2018	Monthly payment within 30 days after receiving invoice	Bank transfer	31,315	5.3%
Supplier I ⁽⁹⁾	Beverages and food	2019	Monthly payment within 45 days after receiving invoice	Bank transfer	25,889	4.4%
Supplier J ⁽¹⁰⁾	Beverages and food	2020	Monthly payment within 30 days after receiving invoice	Bank transfer	22,459	3.8%
Total					186,064	31.5%

BUSINESS

Notes:

- (1) Supplier A is a public company headquartered in Zhejiang, China, primarily engaged in the production and sales of beverage products.
- (2) Supplier B is a public company headquartered in Shanghai, China, primarily engaged in the production and sales of food and beverage, investment, enterprise management and consulting.
- (3) Supplier C is a private company headquartered in Beijing, China, primarily engaged in the production and sales of beverage products.
- (4) Supplier D is a company incorporated in the Cayman Islands with limited liability, primarily engaged the manufacturing and export of beverage products.
- (5) Supplier E is a Hong Kong-based company with limited liability, primarily engaged in the manufacturing, sales and distribution of beverage products.
- (6) Supplier F is a private company headquartered in Shanghai, China, primarily engaged in the sales of prepackaged food.
- (7) Supplier G is a private company headquartered in Anhui, China, primarily engaged in the sales of prepackaged food.
- (8) Supplier H is a private company headquartered in Shanghai, China, primarily engaged in the sales of food.
- (9) Supplier I is a private company headquartered in Shanghai, China, primarily engaged in the sales of food.
- (10) Supplier J is a Hong Kong-based company with limited liability, providing supply chain services, brand operation services and smart retail services.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major suppliers. All of our five largest suppliers in each year during the Track Record Period are independent third parties and none of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest suppliers in each year during the Track Record Period.

Salient Terms of the Materials Agreements with Suppliers

The salient terms of the materials agreements between suppliers and us are summarized as below:

- **Term.** The Merchandises Procurement Agreement (the “**Agreement**”) is effective from the date of execution and shall remain valid until the expiration date specified in the Agreement. Quality assurance terms or agreements remain valid until the expiration of the warranty period for all delivered products.
- **Delivery and Acceptance.** The supplier shall utilize dedicated vehicles that comply with food transportation requirements to deliver all products specified in the purchase order to the designated delivery location. In the event of failure to deliver or delay in delivery, the supplier shall bear liability for breach of contract. Upon delivery, our receiving personnel shall verify the quantity, shelf life, appearance, and other relevant attributes of the products within two business days.
- **Payment Terms.** Payment shall be made within the stipulated time frame following receipt of a valid VAT invoice.

BUSINESS

- ***Liability for Breach.*** In the event that the products delivered by the supplier fail to meet the prescribed quality standards, we shall be entitled to require the supplier to assume liability for quality-related breaches. Where such non-conforming products cause personal injury, property damage, or other losses to customers or other third parties, we shall be entitled to require the supplier to fully indemnify us for all losses incurred.
- ***Supplier Grading and Elimination.*** We conduct quantitative assessments and dynamic grading of suppliers based on core performance indicators, including order fulfillment rate, gross margin contribution, on-time delivery rate, product quality, and fee contribution. Suppliers are subject to a merit-based selection and elimination process based on such ratings.

Procurement

Procurement for Products

Regarding our procurement of new products, we follow a standardized process that is collaboratively completed by our product operations, procurement, supply chain and other departments. The process begins with category planning and product selection, followed by sampling submission and review. Products that pass the initial review are then evaluated at a New Product Meeting for a formal introduction decision. Upon approval, the products undergo quality inspection and filing, and subsequently product learning before being formally onboarded, ensuring that all introduced products meet market demand and quality control requirements.

Once a product has been confirmed for introduction, our inventory replenishment and procurement operations are executed entirely through our proprietary algorithm-powered intelligent decision system. Integrating key metrics including warehouse and in-transit inventory levels, forecasted daily sales, inventory turnover days, and minimum order quantities, our Opti Pilot system directly generates suggested order quantities for each procurement cycle.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, to the best of our knowledge, certain of our major customers were also our suppliers, and certain of our major suppliers were also our customers.

Customer C/Supplier B, one of our five largest customers in each year of the Track Record Period, was also one of our five largest suppliers in each year during the Track Record Period. We primarily provided Customer C with advertising and other services, while we procured beverages and food from it. In 2023, 2024 and 2025, Customer C/Supplier B contributed to (i) RMB2.1 million, RMB2.5 million and RMB2.9 million of our revenue, respectively, representing 0.2%, 0.2% and 0.1% of our total revenue in the same years; and (ii) RMB56.0 million, RMB62.5 million and RMB61.4 million of our purchase amounts, respectively, representing 9.5%, 8.2% and 6.9% of our total cost of revenue in the same years.

Supplier G, one of our five largest suppliers in 2024, was also our customer in 2024 and 2025. We procured beverages and food from Supplier G, while we provided it with advertising and other services. In 2023, 2024 and 2025, revenue from Supplier G amounted to nil, RMB0.2 million and RMB0.4 million, respectively, contributing to less than 0.1% of our total revenue in 2024 and 2025. Our purchases attributable to Supplier G, which were limited to 2024, amounted to RMB33.4 million, representing 4.4% of our total cost of revenue in that year.

BUSINESS

According to Frost & Sullivan, it is common in the smart retail cabinet operation industry for customers and suppliers to overlap. Our Directors confirmed that negotiations of the terms of our sales to and purchases from such overlapping customers and suppliers as both of our customers and suppliers were conducted on an individual basis and as a result, the sales and purchases were neither connected with nor conditional upon each other. All of our sales to and purchases from these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm’s-length basis.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics and Warehouse Management

We have established a comprehensive multi-tier logistics network comprising 43 regional warehouses, over 800 front warehouses, and our network of smart retail cabinets, supported by a fleet of over 400 delivery drivers. Central to our operations is Work Pilot, which integrates real-time data from our IoT platform, including inventory levels, demand forecasts, traffic conditions, and personnel availability, to optimize delivery routes, task assignments, and resource allocation, and to coordinate the movement of products from regional warehouses through front warehouses to our smart retail cabinets. Underpinning Work Pilot is our end-to-end intelligent logistics suite comprising an OMS, a TMS, and a driver-side application, all integrated with a WMS, enabling 24-hour fulfillment capabilities, on-demand replenishment, and full-process visualization of logistics orders. Through continuous algorithmic optimization, our warehousing and logistics expenses as a percentage of revenue decreased from 3.6% in 2023 to 3.0% in 2025.

Our inventory management system enables intelligent replenishment and intelligent inventory reallocation, and efficiently and effectively controls inventory loss risk. For intelligent replenishment, our system integrates multi-dimensional data inputs, including historical sales patterns, seasonal cycles, terminal storage capacity, and promotional activities, to generate precise demand forecasts. While maintaining product variety and new product introduction frequency that significantly exceed industry benchmarks, we have continuously reduced our stockout loss ratio over the past three years. For intelligent inventory reallocation, our system employs a distributed mesh topology to proactively identify slow-moving inventory or near-expiry products, and redistribute them to high-demand locations through proximity replenishment and transshipping, thereby maximizing inventory turnover efficiency. Combined with our operational cost early warning mechanisms, this approach enables us to continuously optimize inventory loss levels while enhancing operational compliance and profitability.

Equipment Operation and Maintenance Management

Our maintenance operations are underpinned by our proprietary Nebula (星雲) IoT platform, which provides full-chain operations and maintenance capabilities, including centralized remote monitoring, intelligent diagnosis, self-recovering, and work order management across our network of over 180,000 smart retail cabinets.

Before faults arise, the platform predicts hardware failure risks with 98% accuracy through real-time collection and analysis of equipment operating metrics. Where faults do occur, the platform first attempts automated resolution. For common faults such as software unresponsiveness and network instability, it conducts self-recovering, then issues repair commands and monitors self-recovering to completion without human intervention, achieving a self-recovering rate of up to 65%. When equipment anomalies are detected, the platform automatically generates optimal dispatch plans based on fault severity, technician location, and skill matching, reducing average maintenance response times to within two hours.

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To support rapid deployment, we maintain regional spare parts repositories in key cities, and our maintenance model integrates supplier teams with an in-house maintenance engineer team, with internal engineers handling 58% of repair orders as of December 31, 2025, resulting in a 30% reduction in labor costs and a 30% shortening of maintenance time. Beyond fault management, each smart retail cabinet is also tracked via a unique device identification code and GPS alert system, providing real-time location visibility across our dispersed network, with any unauthorized movement triggering an immediate alert and field response.

Supported by this comprehensive intelligent maintenance system, the average availability rate of our smart retail cabinets remains steadily around 98%, minimizing operational losses and ensuring continuous, reliable operation across our entire network.

CUSTOMER SERVICES SYSTEM

Unmanned retail requires prompt responses to consumers’ inquiries, complaints, and service requests at any time, promoting customer services as a critical component of the unmanned retail service loop. We have established a comprehensive, multi-channel customer service system through a combination of self-built capabilities and integration of external partners’ customer service resources, facilitating channels like hotlines, WeChat mini-program, and enterprise WeChat. We have developed nearly 200 standardized service procedures to ensure 24/7 responsiveness, with our 30-second call connection rate exceeding 95% in 2025. The deployment of AI-powered tools, including intelligent customer service chatbots, has significantly enhanced our service efficiency. As of December 31, 2025, our AI chatbot processes approximately 10,000 customer inquiries or requests per month.

We have established internal procedures for handling customer complaints, which include prompt acknowledgment of complaints, investigation of the underlying cause, and implementation of corrective measures where appropriate. During the track record period, we did not receive any material customer complaints that resulted in significant compensation payments or regulatory action, and no enhanced internal control measures were required to be implemented as a result of customer complaints.

QUALITY CONTROL

We place great emphasis on the quality of both the product provided through our smart retail cabinets and its operational performance. To ensure the high quality and safety of products sold to our consumers and site partners, we have implemented stringent screening procedures and monitoring mechanisms throughout our operations.

Product Quality Control

Our procurement and product department, comprising regional procurement teams and senior management, oversees a high-standard supplier management system to strictly control the sourcing of pre-packaged products. During the Track Record Period, we did not experience any material product liability claims or regulatory actions that would have a material adverse effect on our business.

- ***Supplier Screening and Onboarding.*** We verify all required licenses and permits, including business licenses, food production or operation permits, and tax registration certificates, before entering into procurement agreements with potential suppliers. For example, we require suppliers to provide third-party quality inspection reports issued within the last 12 months.
- ***Contractual Quality Assurance.*** Our standardized procurement agreements clearly define delivery and inspection standards. Suppliers are required to pay a quality bond to ensure compliance with our quality requirements.

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- ***Systematic Inventory and Shelf-Life Management.*** We implement strict shelf-life controls on products, setting minimum remaining shelf-life thresholds for warehouse intake based on the shelf life of different product categories. Our city operation teams also conduct routine on-site inspections, carrying out periodic audits of on-shelf inventory to prevent problematic products from being stocked in our smart retail cabinets.
- ***Product Liability and Complaint Handling.*** For customer complaints arising from near-expiry, expired, damaged, or quality-defective products, we have established a comprehensive, standardized handling mechanism.

Our platform automatically generates early warnings for near-expiry risks, enabling us to take swift action through inventory redistribution, promotional clearance, and other measures. Upon receiving a quality-related complaint, our customer service team follows an evidence-based claims settlement process, immediately locking the affected cabinets for a full inventory audit and, where necessary, initiating a batch-level product recall. We also maintain certain recourse mechanisms to hold suppliers accountable under our procurement agreements, ensuring comprehensive operational compliance and consumer safety.

Smart Retail Cabinet Quality Control and Maintenance

We ensure the reliability and longevity of our smart retail cabinets through a combination of professional technical support and real-time IoT monitoring.

- ***Equipment Selection and Admission Standards.*** For the selection and procurement of our smart retail cabinets, we generally maintain a minimum of three qualified suppliers to ensure pricing competitiveness and supply stability. We conduct rigorous reviews of each supplier’s qualifications to verify their legal and regulatory compliance situations. In addition, we have established comprehensive internal quality inspection standards to ensure the reliability and consistency of equipment delivered to our cabinet network.
- ***IoT-Driven Remote Monitoring.*** Leveraging our proprietary IoT management platform, our operation and maintenance engineers monitor critical operational metrics in real-time, including order volume, device online status, door-opening success rates, and transaction settlement times.
- ***Automated Malfunction Detection, Recovery and Dispatch.*** Our cabinets feature built-in diagnostic tools that automatically scan hardware and network connectivity. Upon identifying any malfunction, the system automatically conducts self-recovering, generates work orders and sends notifications to responsible personnel or manufacturers to ensure timely repair.

Refund Policy

We are committed to providing a high-quality shopping experience for our consumers and have established a comprehensive refund mechanism. Consumers who purchase products from our smart retail cabinets may submit a refund request to us through the customer service portal in our mini program under any of the following circumstances: (i) a discrepancy between the actual charge and the product retrieved; (ii) a discrepancy between the actual charge and the listed price; (iii) a quality defect in the products; or (iv) a charge incurred without the retrieval of products.

Our customer service team will process such refund requests in a timely manner upon receipt of the application and verification of the relevant transaction records and equipment monitoring data. During the Track Record Period, our total refund amounts were approximately RMB0.4 million, RMB0.5 million, and RMB0.6 million in 2023, 2024 and 2025, respectively. Such refund amounts accounted for an insignificant portion of our total revenue during the respective periods and did not have any material adverse impact on our overall business, financial position, or results of operations.

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SEASONALITY

Our business and results of operations are subject to seasonal and cyclical fluctuations, which are primarily driven by varying consumer demands across different scenarios, weather conditions, and holiday effects. For example, we typically experience higher sales volume during the summer months due to increased demand for cold drinks, while such demand tends to decrease in winter. In addition, our smart retail cabinets located in enclosed settings may see a decrease in sales during public holidays, while public spaces such as leisure and entertainment venues tend to experience peak sales during these periods.

We proactively adjust our product strategies and supply chain arrangements in response to such fluctuations, including planning in advance to increase brand diversity or introduce seasonal-appropriate categories to meet evolving consumer demand. Our algorithms strategically reduce overall inventory levels during off-peak seasons. Our operating cost structure also demonstrates significant resilience against such fluctuations. Our major operating costs are either volume-based on a per-unit basis or calculated as a proportion of sales, which limits the impact on our financial performance when overall sales fluctuate.

EMPLOYEES

As of December 31, 2025, we had a total of 821 full-time employees and all of them are based in China. The following table sets forth the numbers of our full-time employees categorized by function as of December 31, 2025:

Function	Number	Percentage (%)
Operational Support	365	44.5
Sales and Marketing	307	37.4
Research and Development	101	12.3
Administrative Management	48	5.8
Total	821	100.0

Attracting, retaining and motivating qualified employees are instrumental to our success. We recruit employees through recruitment channels such as online job boards, job fairs and recruitment events, employee referrals and recruitment agencies. We endeavor to motivate our employees by providing competitive salaries and comprehensive welfare packages.

We have established a labor union, which actively oversees our recruitment and provides our employees with various training programs to enhance professional skills and personal benefits. Furthermore, we have implemented a formal communication mechanism between the union and management through regular meetings, complemented by online and offline employee suggestion channels to ensure effective grievance redressal and feedback.

We believe that we have a good working relationship with our employees. During the Track Record Period, we did not experience any strikes, work stoppages, labor disputes or actions which had a material adverse effect on our business and operations.

Social Insurance and Housing Provident Funds

During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for some of our employees as required by the relevant PRC laws and regulations. As advised by our PRC Legal Advisor, pursuant to applicable PRC laws and regulations, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, pursuant to applicable

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PRC laws and regulations, if an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the relevant authority could order the employer to make the payment and deposit within a prescribed time limit and, failing which, an application may be made to a court in China for compulsory enforcement.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any plans or arrangements by the competent authorities to retroactively centralized collect social insurance and housing provident fund contributions for the Track Record Period, and we have obtained certificates of compliance in respect of social insurance and housing provident fund contributions covering the Track Record Period. As advised by our PRC Legal Advisor, based on the above circumstances and taking into account the current regulatory policies and the prevailing regulatory stance of the competent authorities in PRC, and in the absence of complaints from our employees or third parties or any regulatory notices or enforcement actions issued by the relevant authorities, the risk of us being subject to collection of historical shortfalls and material administrative penalties by the relevant competent human resources and social security authorities and housing provident fund authorities in PRC in relation to social insurance and housing provident fund contribution matters during the Track Record Period is remote. See “Risk Factors — Risk Relating to Legal, Compliance and Regulatory Matters — Failure to comply with the PRC Labor Contract Law, PRC Social Insurance Law, Regulation on the Administration of Housing Provident Funds, or other PRC labor-related regulations and rules may subject us to fines and other legal or administrative sanctions.”

COMPETITION

The smart retail cabinet operation industry in Chinese Mainland is fragmented and has witnessed rapid growth in the past few years. According to Frost & Sullivan, the size of the smart retail cabinet operation market in Chinese Mainland in terms of installed base increased from 91.4 thousand units in 2021 to 855.3 thousand units in 2025, with a CAGR of 74.9% during the period, and is expected to reach 3,506.6 thousand units by 2030, representing a CAGR of 32.6% from 2025 to 2030. In terms of GMV, the market size of smart retail cabinet operation increased from RMB2.0 billion in 2021 to RMB20.3 billion in 2025, with a CAGR of 78.5% during the period, and is expected to reach RMB68.9 billion in 2030, representing a CAGR of 27.7% from 2025 to 2030, according to Frost & Sullivan. In 2025, we ranked first in the smart retail cabinet operators, in terms of both the installed base of smart retail cabinets and GMV, according to the same source. See “Industry Overview” for more details.

Our major competitors include traditional vending machine operators, emerging smart retail cabinet operators, and beverage and packaged food brands that deploy their own self-operated smart retail cabinets. We believe our scale and density, strategic focus on light-traffic scenarios, algorithm-driven automated decision-making, directly-operated model, leading site development capabilities, efficient distributed network and experienced management team give us competitive advantages. See “— Our Strengths.”

PROPERTIES

As of the Latest Practicable Date, we did not own any property but had 59 leased properties which were material to our operations in China with an aggregate GFA of approximately 13,737.6 square meters, mainly used as office premises and warehouses. The leases generally have a term ranging from one year to five years. We will consider the renewal of the leases upon their expiry.

According to Chapter 5 of the Listing Rules and section 6(2) of the Companies (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 require a valuation report with respect to all our interests in land or buildings, for the reason that, as of the Latest Practicable Date, none of our properties has a carrying amount of 15% or more of our consolidated total assets.

BUSINESS

As of the Latest Practicable Date, among the aforementioned 59 leased properties, 13 of which had not been registered with the relevant PRC government authorities. Our PRC Legal Advisor has advised that the lack of registration does not affect the validity or enforceability of the lease agreements under PRC law. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. We will continue to make our best efforts to coordinate with our lessors to facilitate the registration of all unregistered lease agreements with the competent authorities and will continue to monitor compliance with applicable PRC property leasing laws and regulations. As of the Latest Practicable Date, among the aforementioned 59 leased properties, the lessors of nine leased properties used as our offices and warehouses had not provided copies of the real property title certificates or lessor’s authorization documents to us. If the lessors are not entitled to lease the properties to us and the owners of such properties decline to ratify the lease agreements between us and the lessors, we may not be able to enforce our rights to lease such properties under the respective lease agreements against the owners. Considering that (i) as of the Latest Practicable Date, we had not received any notices requiring us to cease our use or move out of such leased properties, and (ii) in accordance with the relevant provisions of the PRC Civil Code, if we are unable to use or accrue proceeds from the leased property due to any claim by a third person, we may request reduction of rent or refuse to pay rent, our Directors are of the view that such incidents will not have a material adverse impact on our continuous operation, financial condition and results of operations.

INSURANCE

As of the Latest Practicable Date, we maintained insurance policies relating to our business operations. In addition to the social insurance as required by relevant laws, we maintain employer’s liability insurance for our employees at the director level and above and for our field staff. We consider that the coverage from the insurance policies maintained by us is adequate for our present operations and is in line with the industry norm. See “Risk Factors — Risks Relating to Our Operation — We have limited insurance coverage, which could expose us to significant costs and business disruption.” During the Track Record Period and up to the Latest Practicable Date, we have not made, nor been the subject of, any material insurance claim.

LICENSES, PERMITS AND REGULATORY APPROVALS

As advised by our PRC Legal Advisor, as of the Latest Practicable Date, we had obtained all requisite licenses, permits and approvals from relevant government authorities that are material to our business operations in Chinese Mainland, primarily including Filings for Food Operation for Selling Pre-Packaged Food Only (食品經營僅銷售預包裝食品備案) for our Company and our subsidiaries. As of the Latest Practicable Date, such requisite licenses, permits and approvals remained in full effect, and no circumstances existed that would render their revocation or cancellation. As advised by our PRC Legal Advisor, there is no material legal impediment to renewing such requisite licenses, permits and approvals.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

According to our PRC Legal Advisor, as of the Latest Practicable Date, we were not a party to any actual or threatened legal or administrative proceedings which would have a material and adverse impact on our business, results of operations or financial condition, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial condition.

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Compliance

According to our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any incidents that led to fines, enforcement actions or other penalties that could have a material adverse effect on our business, financial condition or results of operations. Our Directors are of the view that, we had complied, in all material respects, with all relevant laws and regulations in the jurisdictions we operate in during the Track Record Period and up to the Latest Practicable Date.

ENVIRONMENT, SOCIAL AND GOVERNANCE

We believe that Environmental, Social and Governance (“ESG”) is essential to our sustainable development. In compliance with ESG-related policies, we have established a sound ESG management system, deeply integrated the concept of sustainable development into daily operations and strategic planning, proactively promoted ESG tasks, and continuously improved our sustainable development capabilities.

ESG Governance

We have established the *Environmental, Social and Governance System* and implemented a three-level ESG governance framework comprising the Board, the ESG Management Team and respective business departments. This framework ensures that the ESG philosophy is integrated throughout all levels of our strategic planning, daily operations, and business execution.

The Board serves as the highest-level decision-making and oversight body for our ESG matters. It bears overall responsibility for setting the ESG strategic direction and reviewing significant issues. Its main duties include: (i) setting ESG strategic objectives and development directions, as well as ensuring ESG considerations are integrated into major business decisions and long-term planning; (ii) identifying, assessing, and overseeing significant ESG-related risks and opportunities, while considering their potential impact in the context of material transactions or strategic changes; (iii) reviewing ESG progress and performance periodically and receiving ESG-related reports at least once annually; and (iv) reviewing and approving ESG-related policies and systems and overseeing the attainment of corresponding targets.

At the management level, the ESG Management Team, chaired by the financial director, is responsible for the overall coordination and implementation of ESG initiatives. The main responsibilities of the ESG Management Team include: (i) formulating and improving ESG-related management systems to ensure the effective implementation of the Board’s decisions; (ii) coordinating the integration and analysis of ESG data across departments and monitoring progress against key performance indicators (“KPIs”); (iii) identifying and assessing ESG risks in operational processes and organizing the development and implementation of risk response and improvement measures; and (iv) reporting ESG performance and improvement recommendations to the Board on a regular basis.

Functioning as ESG implementation units, the functional departments serve as the operational layer for ESG initiatives and are responsible for translating ESG requirements into concrete daily operations. Based on their respective business characteristics, each department develops corresponding operating procedures and standards, executes tasks assigned by the ESG Management Team, provides timely feedback on progress, and drives the continuous optimization and improvement of the ESG management system.

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ESG Risk Management

In the context of evolving consumption trends and accelerated technological innovation, we begin with our business fundamentals and consider regulatory guidance, [REDACTED] expectations, community concerns, and industry characteristics. We identify material ESG topics relevant to our company and integrate them into the entire chain of corporate governance, product design, supply chain management, and customer service.

Material ESG Issues	Potential Risks and Opportunities	Response Measures
Food Safety and Hygiene	- Compromised food safety could harm consumer health, damage brand reputation, and lead to legal liabilities. - Leveraging our digital operational capabilities to enhance food safety control can strengthen consumer trust.	- Establish stringent mechanisms for supplier onboarding and shelf-life management. - Utilize digital capabilities for batch registration and expiration-date alerts. - Enhance warehouse supervision and staff training to build a comprehensive end-to-end safeguard system.
Information Security and Privacy Protection	- Our core business involves scan-to-pay transactions, member information, and consumption records. Data breaches or cyber-attacks could compromise customer privacy and disrupt business operations. - Strengthening data security can increase customer trust, ensure operational stability, and position us as an industry benchmark for compliance and technology.	- Refine the information security-related policy framework and establish a clear, hierarchical management system with emergency response plans. - Deploy core systems on secure cloud platforms with measures such as encryption and anonymization. - We have obtained ISO 27001, ISO 27701, and Level 3 Cybersecurity Classification Protection certifications.

BUSINESS

Material ESG Issues	Potential Risks and Opportunities	Response Measures
Addressing Climate Change	- Our unmanned retail business relies on refrigeration, lighting, networking, and replenishment logistics, making equipment energy consumption a significant environmental issue. Extreme weather events may also cause equipment failure and operational disruption. - By improving energy efficiency and reducing consumption, we can lower operating costs. Meanwhile, developing low-carbon products and services allows us to lead green consumption trends and capture market opportunities.	- Establish an emergency response mechanism for extreme weather and build a green operations framework. - Apply digital technologies within our supply chain to optimize inventory and routing, thereby enhancing efficiency. - Implement IoT and AI solutions for intelligent temperature control and lighting at the cabinet level, conduct new energy pilots, and advance our low-carbon transition.
Responsible Supply Chain Management	Building a responsible and sustainable supply chain enhances operational resilience, optimizes costs, creates synergistic value, and generates opportunities for our business.	Implement rigorous supplier qualification reviews and monthly performance evaluations, requiring corrective action or contract termination for non-compliant suppliers.
Human Capital Development	Attracting, retaining, and motivating a diverse workforce drives innovation and enhances employee productivity and loyalty.	- Uphold fair employment practices and improve our diversity and anti-discrimination policies. - Develop a tiered and categorized training system. - Offer competitive compensation and benefits, provide multiple communication channels, and promote employee well-being and work-life balance.

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Material ESG Issues	Potential Risks and Opportunities	Response Measures
Business Ethics . .	Adhering to high ethical standards helps us earn the long-term trust of partners and investors, ensuring stable and compliant business growth.	- Establish systems such as the Anti-Bribery and Anti-Corruption Compliance Policy, which outlines our “Ten Prohibitions” principle. - Require employees and business partners to sign integrity agreements and conduct company-wide anti-corruption training. - Maintain independent whistleblowing channels and a related reward mechanism.

Green Operations

We deeply integrate the philosophy of green development into every critical stage of our end-to-end value chains. Within our supply chain, we leverage digital technologies such as big data analytics, AI, and the IoT to enhance efficiency across key areas including supply chain management, inventory replenishment, and logistics coordination. This continuously improves operational efficiency, reduces energy consumption, and advances our goals in energy conservation, emission reduction, and sustainable development. In our warehousing operations, our WMS enables service providers to manage warehousing processes entirely online. Through intelligent inventory forecasting and optimized stock replenishment, we have reduced the average product turnover cycle, cutting warehousing space requirements and energy usage. On the distribution front, our TMS facilitates dynamic route planning. It matches available transportation capacity with delivery requirements in real-time and continuously optimizes delivery routes. We maintain an optimal baseline vehicle loading rate under normal operating conditions, which scales up significantly during peak business periods and achieves maximum capacity utilization during extreme peak times, reflecting our overall high level of vehicle-loading utilization efficiency. We plan optimal no-return routes based on outlet distribution and traffic conditions, effectively reducing empty mileage and energy consumption while improving delivery efficiency. Simultaneously, we have fully adopted reusable plastic transfer containers across our transit network, replacing traditional cardboard boxes. Additionally, we centrally collect used product cartons and paper fillers and send them to certified recycling partners for resource recovery and closed-loop processing.

In cabinet operations, we utilize IoT and AI integration to enable scenario- and time-based remote temperature control and automatic brightness adjustment for smart retail cabinets. During low-traffic periods, compressors can enter a low-power or idle state, and LED lighting can be remotely deactivated during non-operational hours. These measures result in a substantial reduction in average daily energy consumption compared to conventional equipment, significantly lowering both operating costs and greenhouse gas emissions. Meanwhile, we are piloting a new-energy smart retail cabinet model. Each unit is equipped with integrated rooftop photovoltaic panels and a complementary energy storage system, designed to prioritize on-site consumption of self-generated electricity with surplus power stored for later use. This design limits the daily energy consumption per cabinet to a low level and ensures continuous autonomous operation over an extended period under extreme overcast or rainy conditions. We view this pilot as a promising pathway for our green operations strategy, with the potential to support broader low-carbon initiatives in the future.

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In office operations, we strive to minimize our environmental impact through behavioral initiatives and regular oversight. Reminder signs are posted at light and power switches to encourage the practices such as “lights off when leaving” and to enforce a power management responsibility system for individual workstations. Employees are encouraged to conserve water and promptly address any instances of waste or equipment leakage. Dedicated recycling bins for used batteries are provided in office areas to ensure proper collection and disposal of such waste. Additionally, reminders are placed near printing equipment to promote double-sided printing, enhancing the efficiency of our resource utilization.

In 2023, 2024 and 2025, our resource usage and waste data are set out in the table below:

	For the Year Ended December 31,		
	2023	2024	2025
Electricity Consumption			
(Thousands of kWh)	80,837.46	102,718.56	138,794.91
Water Consumption (Tons)	3,448	3,644	3,563
Waste			
Hazardous Waste (Kilogram) . . .	23	27	22
Non-Hazardous Waste - Office paper (Kilogram)	924	1,111	1,022
Non-Hazardous Waste - Packaging Paper (for Goods) (Kilogram)	N/A ⁽¹⁾	2,842,875	3,043,533

Note:

(1) Relevant data for the year is not available.

Information Security and Privacy Protection

In strict compliance with laws and regulations such as the *Cybersecurity Law of the People’s Republic of China* and the *Personal Information Protection Law*, we have established and enforce internal policies including the *Compilation of Information Security Management Systems*, the *Provisions on the Secure Use of Information Systems*, the *Personal Identifiable Information Management Procedures*, and the *Information Security Risk Management Procedures*. These policies define comprehensive process management requirements, including data classification, access control, backup of critical information, and encrypted transmission. We have established a clear, tiered information security responsibility and governance framework. The Information Security and Privacy Management Committee, chaired by the CTO and comprising the CEO and COO, is responsible for overseeing major emergency decisions and issuing directives. A dedicated task force operates under this committee to ensure the implementation and coordinated execution of these directives. Our core business systems are hosted on Tencent Cloud and are built upon its infrastructure, adhering to the “Cloud Shared Responsibility Model.” We extensively utilize Tencent Cloud’s security features, including VPC (Virtual Private Cloud) logical isolation, Web Application Firewalls, and distributed DDoS protection, to block external threats at the network perimeter. On premises, we maintain only essential access to equipment, while enforcing dual-factor physical access controls and undergo regular inspections. Together, these measures establish a comprehensive, multi-layered “cloud and edge” defense strategy.

In protecting personal information, we commit to collecting only the data necessary for our business operations and do so only with users’ explicit consent. We have established and maintained a security management system that spans the entire data lifecycle. By implementing key technical measures such as anonymization, de-identification, and encryption for both data in transit and at rest, we continuously enhance our data protection capabilities. Furthermore, we have formulated and enforced standardized procedures covering every stage of personal information handling, including collection, use, storage, and deletion — to ensure the security and regulatory compliance of all our data processing activities.

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To date, we have obtained Cybersecurity Level Protection (Level 3) certification and passed the corresponding evaluation for smart retail management system. We have also achieved ISO 27001 and ISO 27701 certifications for our information security and privacy management systems, with the former ISO 27001 covering information security management across the full development and operational lifecycle of our smart retail management software. In addition, as of the Latest Practicable Date, we have conducted a personal information protection compliance audit. All of our internally-developed business systems are included within the scope of the Level Protection assessment and consistently meet annual compliance standards. Furthermore, we conduct regular internal audits and third-party penetration tests on information security to ensure that our protective capabilities remain dynamically robust and leading amid rapid business iterations. In 2023, 2024, and 2025, we did not experience any incidents of customer privacy leakage, and our information security management system has operated stably and effectively.

Food Safety and Hygiene

We place the highest priority on food quality and safety. We strictly adhere to relevant laws and regulations, including the *Food Safety Law of the People's Republic of China*, and implement rigorous shelf-life and warehousing management protocols to ensure consumers enjoy a consistently fresh and safe food experience. During procurement, we enforce stringent standards for the remaining shelf-life of incoming goods and contractually bind our suppliers to these requirements. For shelf-life management, we have established a robust digital system that facilitates strict batch registration and ongoing expiration monitoring. This system enforces the first-in, first-out (“FIFO”) principle and automatically generates differentiated alerts based on each product’s specific shelf-life, prompting timely operational tasks. These integrated measures ensure all food is sold well within its expiry date, effectively preventing any expired products from reaching the market.

In daily warehousing operations, we have established clear standards and conduct regular supervision, inspections, and sanitation maintenance at both our central and front-end warehouses to ensure the storage environment consistently meets food safety requirements. Furthermore, we actively promote food safety awareness through training and ensures responsibility is clearly assigned at each operational level. This strengthens our front-line staff’s ability to monitor and control product quality details, thereby building a comprehensive food safety assurance system that spans the entire chain from procurement and warehousing to sales.

Customer Service and Consumer Rights Protection

Guided by a user-centric approach to problem-solving, we have established three core customer service channels: an exclusive WeChat Enterprise Account channel, a national 400 hotline, and a self-service center within our official WeChat mini-program. Utilizing digital tools and standardized processes, we ensure every business inquiry and customer feedback is handled with professionalism and efficiency. In protecting the legitimate rights and interests of all stakeholders, we continually strive to enhance the user experience at every touchpoint.

Exclusive WeChat Enterprise Account Channel	Provides “minute-level” responses for high-frequency business-to-business (“B2B”) scenarios such as product warranties, equipment maintenance, and fulfillment settlements. It utilizes a localized intelligent dispatch system to enhance resolution efficiency.
400 National Hotline . . .	Offers an accessible voice service for consumers, focusing on order disputes and food safety inquiries. It operates on a dual-track system, providing 24/7 support through both live agents and intelligent response.
Official WeChat Mini-Program Self-Service Center . .	Handles approximately 50% of routine inquiries. An AI chatbot provides instant answers to common questions like refund policies, while complaint data is analyzed to drive business improvements, shifting our service model from reactive to proactive.

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We have established procedures for handling general customer complaints as well as emergency response and prevention protocols for major incidents. These measures standardize the process for addressing consumer rights infringements in our unmanned retail business, such as those caused by shipping expired goods, damaged packaging, or spoiled products.

Supply Chain ESG Management

A stable, well-managed supply chain and consistent product quality are fundamental to our operations. We implement rigorous qualification reviews during the supplier onboarding process, focusing on verifying critical documents such as business licenses, brand authorizations, and third-party food safety test reports to safeguard food safety and quality from the outset. We conduct monthly performance evaluations of our suppliers, assessing key dimensions including product quality, delivery timeliness, and compliance to ensure a fair and impartial assessment process. For suppliers rated as C or D, our procurement team promptly engages with them to develop written corrective action plans, complete with clear timelines and designated responsible persons. We then track the implementation of these plans and conduct follow-up reviews. For partners that fail to improve or pose significant compliance risks, we terminate the cooperation in accordance with established procedures and provide detailed feedback to support their improvement efforts. Our supplier base primarily comprises established brands and mature distributors with reliable supply capabilities. In 2023, 2024, and 2025, we worked with 353, 423, and 431 suppliers, respectively. Looking ahead, we plan to progressively integrate ESG factors — such as environmental performance, labor rights, and business ethics — into our supplier selection and evaluation criteria. This initiative aims to guide our partners in adopting greener operational practices and to jointly foster a sustainable and resilient supply chain ecosystem.

Employee Management

We respect and uphold the right to equal employment opportunities for all candidates. In all stages, from recruitment and hiring to career development, our hiring and advancement decisions are based solely on merit and job-related criteria. We are committed to providing equal opportunities regardless of ethnicity, race, gender, religious belief, geographic origin, age, or physical condition. We are dedicated to fostering an open, fair, and inclusive workplace. We continually refine our diversity and anti-discrimination policies to ensure employees can advance in their careers based on their abilities and contributions within an equitable framework. For the years 2023, 2024, and 2025, our employee demographics categorized by gender, employment type, and job level are set out as follows:

	For the Year Ended December 31,		
	2023	2024	2025
By Gender			
Male	514	505	532
Female	278	267	289
By Employment Type			
Full-Time	792	772	821
Part-Time	—	—	—
By Job Level			
Senior Management	35	35	35
Middle Management	98	88	94
Junior/Frontline Staff	659	649	692
Total	792	772	821

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We are dedicated to establishing a tiered and targeted talent development framework, designed to provide clear and tailored growth pathways for employees at different career stages and with diverse strengths. We have developed an online learning platform and an internal trainer pool to offer a systematic curriculum covering corporate culture, management policies, job-specific skills, and business processes. Moreover, new employees quickly acclimate to their roles through standardized onboarding programs, while those in their professional development phase receive specialized skills training tailored by their respective departments to ensure their capabilities align closely with role requirements. For both current managers and high-potential employees identified as future leaders, we offer dedicated management and leadership development programs designed to strengthen strategic thinking and leadership competencies. Additionally, we have implemented an incentive program where employees can accumulate redeemable points for participating in training, engaging in self-directed learning, or serving as mentors. This system is designed to continuously foster a culture of learning and professional growth.

We have established a compensation structure that balances external market competitiveness with internal equity. Adhering to the principle of “pay is determined by position and adjusted with role changes,” we determine individual compensation based on a combination of role value, job performance, and personal capability. Regarding employee care and benefits, in addition to fulfilling our legal obligations, such as contributing to the statutory social insurance and housing fund and honoring all public holidays, we offer supplementary benefits including team activity allowances, festival/holiday benefits, regular health check-ups, and birthday celebrations. We also provide housing and transportation allowances, grant home-visit leave for employees on out-of-town assignments, and award additional paid leave to top performers as a form of recognition.

To foster open communication, we have established multiple channels through which employees are encouraged to share their opinions and suggestions at any time. These include CEO onboarding roundtables, executive 100-day forums, and dedicated staff feedback boxes, ensuring employee voices are heard effectively. In 2024, the overall score of our employee engagement and workplace climate survey reached 4.63 out of 5. Furthermore, we organize a variety of corporate cultural activities and staff interest groups to promote work-life balance and continuously strengthen employees’ sense of belonging, fulfillment, and well-being.

We prioritize employee health and workplace safety by strictly enforcing fire safety standards at all operational sites and conducting regular fire safety training and drills. These initiatives effectively raise safety awareness and enhance emergency preparedness among our staff. Throughout 2023, 2024, and 2025, we recorded zero work-related fatalities.

Business Ethics and Anti-corruption

In all our business activities, we consistently uphold the core values of integrity, honesty, fairness, and probity, adhering to the highest standards of business ethics. We have established and enforce internal policies including the *Code of Daily Conduct for Employees*, the *Whistleblowing and Incentive Policy for Reporting Violations*, and the *Anti-Bribery and Anti-Corruption Compliance Policy*. These policies clearly define our “Ten Prohibitions” as non-negotiable principles, reflecting our zero-tolerance stance toward illegal or unethical conduct such as commercial bribery, favoritism, fraud, money laundering, and unfair competition. We have implemented an anti-corruption governance framework that applies to our employees, suppliers, and business partners. All new employees are required to acknowledge receipt of and agree to abide by our anti-corruption policies upon joining, and business partners must sign an Integrity Agreement prior to formal contract execution. We conduct annual anti-corruption training for all employees. The training incorporates policy explanation, case studies, and scenario-based exercises designed to continually reinforce integrity awareness and adherence to ethical standards. We have established a multi-channel whistleblowing system centered on the “Mingjing” reporting platform and supported by the *Whistleblower Protection and Reward Policy*. Reports are independently received and investigated by the Internal Control and Supervision Department, which reports directly to the CEO. The system ensures strict confidentiality for whistleblowers and provides monetary rewards in accordance with the policy, encouraging active oversight from both internal and

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external stakeholders to further embed a culture of integrity and compliance. During the Track Record Period, we did not record any significant incidents involving commercial bribery or corruption.

Industry Standards and Intellectual Property Management

We strive to play an active role in the development of industry norms. In 2024, as the lead unit, we spearheaded the development and release of three industry association standards: *Technical Requirements for Dynamic Visual Recognition in Smart Retail Cabinets*, *Specifications for Privacy Protection of User Transaction Videos in Smart Retail Cabinets*, and *Technical Specifications for Smart Retail Dynamic Cabinets*. These standards effectively fill the gaps in industry benchmarks regarding recognition technology quality, user privacy protection capabilities, and hardware technical requirements for dynamic cabinets. Our efforts help promote industry self-regulation and enhance the level of digitalization within the sector.

In the area of intellectual property management, we have developed and implemented the *Intellectual Property Management System* and established an Intellectual Property Management Committee and working groups. This systematizes intellectual property management, effectively safeguards our intellectual property rights and interests, and lays a solid foundation for sustained innovation and business development.

Addressing Climate Change

Climate Change poses profound challenges to the global ecological environment and business operations. We proactively identify climate-related risks and opportunities and systematically advance our green and low-carbon transition. We implement energy management focused on our cabinet equipment and office operations. At the cabinet level, we utilize IoT and AI to enable intelligent temperature control, to intelligently reduce energy consumption. Meanwhile, we are collaborating with suppliers to develop energy-efficient cabinets. In daily office management, we encourage employees to adopt green commuting options and actively promote sustainability initiatives such as paperless operations and online meetings, effectively reducing energy consumption and carbon emissions in office operations.

Regarding climate-related physical risks, we have established an emergency response mechanism to address potential issues such as equipment failure and logistics disruptions caused by extreme weather. We also optimize cabinet site selection and ensure facilities are sheltered from wind and rain to maintain continuous and stable operations. In response to climate transition risks, we closely monitor carbon emission-related regulations and trends in carbon costs, assess potential impacts proactively, and refine our energy consumption structure and cost-control strategies.

In 2023, 2024, and 2025, our greenhouse gas emissions data are presented in the table below:

	For the Year Ended December 31,		
	2023	2024	2025
Greenhouse Gas Emissions (Scope 1 and Scope 2) (Tons of CO₂)	42,904.86	54,517.64	73,665.66
Greenhouse Gas Emission Scope 1 (Tons of CO ₂)	12.51	15.17	21.08
Greenhouse Gas Emission Scope 2 (Tons of CO ₂)	42,892.35	54,502.47	73,644.58

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Given the nature of our business operations, Scope 1 emissions refer to direct GHG emissions primarily from refrigerant leakage from smart retail cabinets, while Scope 2 emissions refer to indirect GHG emissions from purchased electricity, including daily office and smart retail cabinet electricity usage at our primary operational sites. We have begun implementing Scope 3 emission management measures, such as fully adopting plastic reusable boxes in place of cardboard ones and optimizing packaging waste management, in order to effectively reduce greenhouse gas emissions in relevant categories. Moving forward, we will initiate data collection and calculation for Scope 3 in a timely manner.

INTERNAL CONTROL AND RISK MANAGEMENT

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 continually review the implementation of our risk management and internal control policies and procedures to enhance their effectiveness and sufficiency.

Internal Control

Our Internal Control and Compliance Department is responsible for the day-to-day implementation of our internal control policies, and our management team reviews the effectiveness of our internal control system on a regular basis. We have established the following internal control measures, including (i) implementing a formal approval authority matrix governing strategic, operational, financial, and human resources matters, with segregation of duties enforced across key business processes; (ii) establishing a contract management policy covering drafting, legal and financial review, approval, execution, sealing, archiving, and retrieval of contracts, with standard-form templates as the default; (iii) maintaining documented policies and procedures across all major business and financial processes, including sales, procurement, inventory management, fixed asset management, human resources, and financial reporting; (iv) implementing information technology controls covering user access management, password controls, system development and change management, data security incident response, and software licensing management, with user operation logging enabled across key business systems; and (v) promulgating policies to ensure independence from our controlling shareholders in respect of personnel, assets, finances, organizational structure, and business operations, as well as a connected transactions management policy governing the identification, approval, and monitoring of connected transactions.

During the Track Record Period, our Directors did not identify any material internal control weaknesses or failures. Our Directors are of the view that we have adequate and effective internal control procedures.

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Risk Management

We have established a comprehensive risk management system designed to identify, assess, and respond to risks that may affect the achievement of our business objectives, providing reasonable assurance against material misstatement or loss. We have implemented the following risk management measures, including (i) promulgating a *Risk Management Policy* setting out the risk governance organizational structure, division of responsibilities, and standardized processes for risk information collection, identification, assessment, response, and reporting; (ii) establishing an independent internal audit department that reports directly to the Audit Committee of the Board, responsible for conducting risk-based audits and independent evaluations of our operations and financial reporting; (iii) establishing a *Crisis Event Management Policy* and emergency incident handling framework covering various categories of risk events, including regulatory, litigation, product, financial, and information security risks, with designated responsible persons at each operational level and a structured post-incident review and remediation process; and (iv) adopting a suite of integrity and financial crime compliance policies applicable to all employees, including anti-bribery and anti-corruption policies, anti-money laundering, anti-fraud and financial crime compliance policies, conflict of interest management policies, and a whistleblower and reward reporting system with an independent investigation mechanism reporting directly to the CEO, to prevent, detect, and remediate integrity-related risks across the organization.

OUR AWARDS AND RECOGNITIONS

The following table sets forth selected awards and recognitions we had received during the Track Record Period and as of the Latest Practicable Date:

Award/Recognition	Institution/Organization	Award Year
Certificate of Scientific and Technological Achievement Evaluation (科學技術成果評價證書)	China Academy of Information and Communications Technology	2025
Gazelle Enterprise (瞪羚企業) . . .	Shenzhen Gazelle and Unicorn Enterprise Evaluation Committee	2025
National High-Tech Enterprise (國家高新技術企業)	Shenzhen Science and Technology Innovation Commission, Finance Bureau of Shenzhen Municipality, Shenzhen Municipal Taxation Bureau	2023
Specialized, Refined, Distinctive and Innovative Small and Medium-sized Enterprise (專精特新中小企業)	Service Bureau for Small and Medium-sized Enterprises of Shenzhen Municipality	2023

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The Board consists of nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors. The Board is responsible for and has the general power over the management and operation of our business, including determining our business strategies and investment plans, implementing resolutions passed at our Shareholders’ general meetings, and exercising other powers, functions and duties as conferred by the Articles of Association. The following table sets forth the key information about our Directors as at the Latest Practicable Date.

Name	Age	Position	Responsibilities	Date of first appointment as a Director	Time of joining the Group
Mr. Shan Xinning (單新寧)	[38]	Chairman of the Board, executive Director and chief executive officer	Responsible for making key corporate decisions and overall management of our Group	September 24, 2021	November 2017
Mr. Yuan Shengbiao (袁升彪)	[46]	Executive Director and honorary chairman	Responsible for advising our Group on overall strategic planning and business management	June 15, 2018	December 2017
Mr. Zhu Tao (朱濤)	[41]	Executive Director and chief operation officer	Responsible for managing the Group’s product procurement and configuration, smart retail cabinets and logistics operations, as well as the data and algorithms that drive the overall operations	July 4, 2024	January 2022
Mr. Cai Liang (蔡亮)	[40]	Executive Director and chief technology officer	Responsible for the IT planning, systems development and technology management of the Group	May 26, 2026	November 2021
Ms. Zhao Yu (趙宇)	[40]	Executive Director (employee representative director)	Responsible for overall business planning and designing performance evaluation systems	September 24, 2021	November 2017
Ms. Guo Xindi (郭心笛)	[36]	Non-executive Director	Responsible for providing professional opinion and judgment to our Board	September 24, 2021	September 2021
Mr. Liu Xun (劉迅)	[58]	Independent non-executive Director	Providing independent opinion and judgment to the Board	May 26, 2026	May 2026

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Responsibilities	Date of first appointment as a Director	Time of joining the Group
Ms. Shi Yanting (石艷亭)	[39]	Independent non-executive Director	Providing independent opinion and judgment to the Board	May 26, 2026	May 2026
Mr. Xu Jianhuan (徐建歡)	[40]	Independent non-executive Director	Providing independent opinion and judgment to the Board	May 26, 2026	May 2026

Executive Directors

Mr. Shan Xinning (單新寧), aged [38], joined our Group in November 2017 and has served as the chief operating officer of our Company from November 2017 to August 2021 and as chief executive officer since August 2021. Mr. Shan has served as a Director of our Company since September 2021 and was re-designated as our executive Director since May 2026. He was appointed as the chairman of the Board of our Company on March 27, 2026. Mr. Shan is responsible for making key corporate decisions and overall management of our Group.

Mr. Shan has over 10 years of experience in logistics and technology-enabled retail. He worked at SF Express Co., Ltd. (順豐速運有限公司) as a marketing manager in the customer division from March 2013 to June 2015. He served as the general manager of Shenzhen Wanxi Technology Co., Ltd. (深圳萬熹科技有限公司) from August 2015 to September 2017. He served as the deputy director of strategic management at SF Holding Group (順豐控股集團) from September 2017 to November 2017.

Mr. Shan obtained a bachelor’s degree in economics from Tsinghua University (清華大學) in the PRC in July 2009 and a master’s degree in economics from the University of Illinois Urbana-Champaign in the United States in July 2011.

Mr. Yuan Shengbiao (袁升彪), aged [46], joined our Group in December 2017. Mr. Yuan has served as the chief executive officer of our Company from December 2017 to August 2021, the chairman of our Company from September 2021 to March 2026, Director since June 2018. He was re-designated as our executive Director and honorary chairman in May 2026. He is primarily responsible for advising our Group on overall strategic planning and business management.

Mr. Yuan has extensive experience in logistics, supply chain and e-commerce related businesses. From July 2005 to October 2013, Mr. Yuan worked at CEVA Logistics, where he served as the general manager of the Wuhan branch. He served as key account sales director at SF Express Group (順豐速運集團) from May 2014 to August 2015. From September 2015 to September 2017, he served as South China head of the open supply chain and logistics division of Amazon China. He served as the head of cross border e-commerce dept. at SF Holding Group from September 2017 to November 2017.

Mr. Yuan graduated from Xi’an University of Architecture and Technology (西安建築科技大學) in the PRC in July 2000.

Mr. Zhu Tao (朱濤), aged [41], joined our Group in January 2022. Mr. Zhu has served as our chief information officer from January 2022 to October 2023 and as our chief operation officer since November 2023. Mr. Zhu Tao has served as a Director of our Company since July 2024 and was re-designated as our executive Director since May 2026. He is primarily responsible for managing the Group’s product procurement and configuration, smart retail cabinets and logistics operations, as well as the data and algorithms that drive the overall operations.

Mr. Zhu has extensive experience in data science and platform commercialization. He worked at Walmart Global e-Commerce as a data science manager from May 2013 to December 2017. He served at Airbnb Inc., a company listed on the Nasdaq (stock symbol: ABNB), as head of data science and head of commercialization in the PRC from December 2017 to November 2021.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhu obtained a bachelor’s degree in engineering mechanics from Beihang University (北京航空航天大學) in the PRC in July 2007, a master’s degree in mechanical engineering from the University of South Carolina in the United States in May 2009 and a PhD in industrial engineering from the University of Illinois in the United States in May 2013.

Mr. Cai Liang (蔡亮), aged [40], joined our Group in November 2021 and has served as the chief technology officer of our Company since November 2021. Mr. Cai was appointed as our executive Director since May 2026. He is responsible for the IT planning, systems development and technology management of the Group.

Mr. Cai worked at Wuhan Baina Information Technology Co., Ltd. (武漢市百納資訊技術有限公司) from October 2014 to October 2016. He worked at Wuhan Qimi Network Technology Co., Ltd. (武漢市奇米網路科技有限公司) from October 2016 to April 2018. From April 2018 to April 2020, he served as the person in charge of the Technology Center of Wuhan Today Dream Trading Co., Ltd. (武漢今天夢想商貿有限公司). He worked at Shenzhen Kemai Technology Co., Ltd. (深圳市科脈技術股份有限公司) as quality management director from May 2020 to November 2021.

Mr. Cai obtained a bachelor’s degree in software engineering from Wuhan University of Technology (武漢理工大學) in the PRC on June 30, 2009.

Ms. Zhao Yu (趙宇), aged [40], joined our Group in November 2017. Ms. Zhao served as the operations management director from November 2017 to July 2020, and business planning director since August 2020. Ms. Zhao has served as a Director of our Company since September 2021 and was re-designated as our executive Director since May 2026. Ms. Zhao was elected as our employee representative director in May 2026. She is primarily responsible for overall business planning and designing performance evaluation systems.

Ms. Zhao worked at Foxconn Technology Group (富士康科技集團) from July 2008 to August 2011. She worked at Zhongxu Co., Ltd. (中旭股份有限公司) from August 2011 to July 2012. She also worked at S.F. Holding Co., Ltd. (順豐控股股份有限公司), a company listed on the Stock Exchange (stock code: 6936) and the Shenzhen Stock Exchange (stock code: 002352), successively as senior manager of market research and senior manager of product management from September 2012 to November 2017.

Ms. Zhao obtained a bachelor’s degree in transportation from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in the PRC in July 2008.

Non-executive Director

Ms. Guo Xindi (郭心笛), aged [36], joined our Group in September 2021. She has served as a Director of our Company since September 2021 and was re-designated as our non-executive Director since May 2026. She is primarily responsible for providing professional opinion and judgment to our Board.

Ms. Guo worked at CCTV News Content Co., Ltd in the marketing and sales department from June 2013 to January 2016. She served as an investment manager at EMC Fund from February 2016 to December 2018. Since January 2019, she has served as vice president of investments at SBVA CORP. (formerly known as SoftBank Ventures Asia).

Ms. Guo obtained a bachelor’s degree in communication from the University of Colorado in the United States in May 2011, and a master’s degree in communication from Georgetown University in the United States in May 2013.

Independent Non-executive Directors

Mr. Liu Xun (劉迅), aged [58], was appointed as an independent non-executive Director of our Company in May 2026. He is primarily responsible for providing independent opinion and judgment to the Board.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Liu served as the investment department manager at China Great Wall Financial Company (中國長城財務公司) from 1991 to 1997, where he led the research team in analysing and studying various industries and companies, building the investment research system, and preparing research and valuation reports. He has served as the chairperson of Shenzhen Xintongfang Private Securities Fund Management Co., Ltd. (深圳新同方私募證券基金管理有限公司) since December 1997, where he is responsible for overall investment strategy, product development and team management. He has served as a council member of the Gansu Xinghua Youth Education Assistance Foundation (甘肅興華青少年助學基金會) since 2012. He has also served as the executive director of Shenzhen Xintongfang Yangming Consulting Co., Ltd. (深圳新同方陽明諮詢有限公司) since August 2015, and as a director of NTF Asset Management Limited since January 2016. He also serves as an independent director of Runbei Aviation Technology Co., Ltd. (潤貝航空科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 001316) since August 2020.

Mr. Liu obtained a bachelor's degree in engineering (management information systems) from Tsinghua University in July 1991. He obtained the qualification certificate for practitioners of the China Securities Investment Fund Industry in May 2017.

Ms. Shi Yanting (石艷亭), aged [39], was appointed as an independent non-executive Director of our Company in May 2026. She is primarily responsible for providing independent opinion and judgment to the Board.

Ms. Shi previously worked as a senior accountant at Ernst & Young Hua Ming LLP (安永華明會計師事務所) in 2011. Ms. Shi successively served as the chief financial officer and the leading strategic investment officer of North American division at J. Queen New York, Inc. from June 2013 to June 2014. She served as a teaching assistant, research assistant and part-time lecturer in the Department of Accounting at the Stern School of Business of New York University from September 2019 to May 2022. She has served as an assistant professor (tenure-track) at HEC Paris since July 2022.

Ms. Shi obtained a bachelor's degree in accounting from Tsinghua University in July 2008, a master's degree in business administration from Tsinghua University in January 2015 and a doctoral degree in accounting from the Stern School of Business of New York University in the United States in May 2022. She became a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in July 2011, a CPA Australia member in March 2011, and obtained the Certified Management Accountant qualification issued by the Institute of Management Accountants in August 2016. She is also a member of the American Accounting Association, the Canadian Academic Accounting Association and the European Accounting Association, and serves as a reviewer for multiple academic journals.

Mr. Xu Jianhuan (徐建歡), aged [40], was appointed as an independent non-executive Director of our Company in May 2026. He is primarily responsible for providing independent opinion and judgment to the Board.

Mr. Xu has been serving at the School of Economics of Singapore Management University since July 2015, where he held the position of assistant professor until June 2024 and has served as an associate professor since July 2024. His research and teaching focus on economics-related fields, and he has been involved in academic development and research supervision within the institution.

Mr. Xu obtained a bachelor's degree in economics from Tsinghua University in July 2007 and a master's degree in economics from Tsinghua University in July 2009. He obtained a doctoral degree in economics from New York University in June 2015.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The senior management is comprised of five members who are responsible for our day-to-day management and operation. The following table sets forth the key information about our senior management as at the Latest Practicable Date.

Name	Age	Position	Responsibilities	Date of appointment as Senior Management	Time of joining the Group
Mr. Shan Xinning (單新寧)	[38]	Chairman of the Board, executive Director and chief executive officer	Responsible for making key corporate decisions and overall management of our Group	November 7, 2017	November 2017
Mr. Yuan Shengbiao (袁升彪)	[46]	Executive Director and honorary chairman	Responsible for advising our Group on overall strategic planning and business management	December 1, 2017	December 2017
Mr. Zhu Tao (朱濤)	[41]	Executive Director and chief operation officer	Responsible for managing the Group’s product procurement and configuration, smart retail cabinets and logistics operations, as well as the data and algorithms that drive the overall operations	January 7, 2022	January 2022
Mr. Cai Liang (蔡亮)	[40]	Executive Director and chief technology officer	Responsible for the IT planning, systems development and technology management of the Group	November 29, 2021	November 2021
Ms. Zhang Xiaoshuang (張小霜)	[43]	Financial director and secretary to the Board	Responsible for the overall financial management of our Group	January 1, 2021	January 2021

For the biographical details of Mr. Shan Xinning (單新寧), Mr. Yuan Shengbiao (袁升彪), Mr. Zhu Tao (朱濤) and Mr. Cai Liang (蔡亮), see “— Directors.”

Ms. Zhang Xiaoshuang (張小霜), aged [43], joined our Group in January 2021 and has served as financial director of our Company since January 2021. Ms. Zhang has served as secretary to the Board since March 2026. She is primarily responsible for the overall financial management of our Group.

Ms. Zhang has extensive experience in auditing, financial reporting and corporate finance. Ms. Zhang worked at Grant Thornton Certified Public Accountants (致同會計師事務所(特殊普通合夥)) (previously known as Jingdu Tianhua Certified Public Accountant (京都天華會計師事務所)) as a senior auditor from July 2007 to August 2010. She worked at Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)) as a senior auditor from December 2010 to August 2013. She served as consolidation reporting manager at Dynagreen Environmental Protection Group Co., Ltd. (綠色動力環保集團股份有限公司), a company listed on the Stock Exchange (stock code: 1330) and on the Shanghai Stock Exchange (stock code: 601330), from June 2014 to November 2016. Ms. Zhang served as the head of accounting department of Shenzhen SF Commercial Co., Ltd. (深圳市順豐商業有限公司) from November 2016 to December 2020.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Zhang obtained a bachelor’s degree in accounting and finance from Oxford Brookes University in the United Kingdom in September 2006.

GENERAL

As of the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries,

- (i) save as disclosed above, none of the Directors or members of the senior management has held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this document;
- (ii) none of the Directors or members of the senior management of the Company was related to any other Directors and members of the senior management;
- (iii) save as disclosed in “Substantial Shareholders” and “Appendix IV — Statutory and General Information” to this Document, none of the Directors or general manager of the Company held any interest in the Shares which would be required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance; and
- (iv) there was no additional matter with respect to the appointment of the Directors that needs to be brought to the attention of the Shareholders, and there was no additional information relating to the Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company’s business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

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 on May 28, 2026, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed that (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/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 of the Latest Practicable Date, and (iii) there are no other factors that may affect his/her independence at the time of his/her appointments.

JOINT COMPANY SECRETARIES

Ms. Zhang Xiaoshuang (張小霜), aged [43], was appointed as the joint company secretary of our Company on May 13, 2026 with effect upon the [REDACTED]. For the biographical details of Ms. Zhang, see “— Senior Management.”

DIRECTORS AND SENIOR MANAGEMENT

Ms. Kwok Yan Ting Jennis (郭恩廷) was appointed as the joint company secretary of our Company on May 13, 2026 with effect upon the [REDACTED]. Ms. Kwok has over 12 years of extensive experience in corporate governance, company secretarial practice and regulatory compliance. She is currently Senior Manager, Entity Solutions of Computershare Hong Kong Investor Services Limited. Ms. Kwok holds a degree of Bachelor of Business Administration from Hong Kong Shue Yan University. She is a fellow member of both The Hong Kong Chartered Governance Institute (the “HKCGI”) and The Chartered Governance Institute in the United Kingdom, and she is also a holder of the practitioner’s endorsement of HKCGI.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, our Company has formed four Board committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee consists of three Directors, namely Ms. Shi Yanting, Mr. Liu Xun and Mr. Xu Jianhuan, and with Ms. Shi Yanting currently serving as the chairperson. Ms. Shi Yanting has the appropriate professional experience as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, reviewing the Company’s financial information and its disclosure, and monitoring and evaluating internal and external audit work and internal controls.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Mr. Shan Xinning, Mr. Liu Xun and Ms. Shi Yanting, and with Mr. Shan Xinning currently serving as the chairperson. The primary duties of the Nomination Committee include, but are not limited to, developing standards and procedures for the election of our Directors and senior management of the Company, selecting and examining the qualifications of the candidates for our Directors and senior management of the Company, reviewing the structure, size and composition of the Board, assisting the Board in maintaining a board skills matrix and making recommendations on any proposed changes to our Board.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The Remuneration Committee consists of three Directors, namely Mr. Liu Xun, Ms. Shi Yanting and Mr. Xu Jianhuan, with Mr. Liu Xun currently serving as the chairperson. The primary duties of the Remuneration Committee include, but are not limited to, formulating evaluation standards for our Directors and senior management of the Company, implementation of measures in response to such evaluation, and formulating and reviewing the remuneration policies and plans for Directors and senior management of the Company.

Strategy Committee

We have established a Strategy Committee with written terms of reference. The Strategy Committee consists of five Directors, namely Mr. Shan Xinning, Mr. Yuan Shengbiao, Mr. Zhu Tao, Mr. Cai Liang and Mr. Liu Xun. Mr. Shan Xinning serves as the chairman of the Strategy Committee. The primary duties of the Strategy Committee include, but are not limited to, conducting research and making recommendations on our Company’s long-term development plans, business strategies and objectives, and major strategic investment and financing proposals.

DIRECTORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE CODE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the [REDACTED].

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have a separate chairman and chief executive and Mr. Shan, our chairman of the Board, executive Director and chief executive officer, currently performs these two roles. Mr. Shan has extensive experience in our industry. The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board will continue to review and consider splitting the roles of chairman and chief executive of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole. For further information relating to the Company’s corporate governance measures, please see the section headed “Relationship with our Controlling Shareholders — Corporate Governance Measures.”

BOARD DIVERSITY POLICY

We have adopted the board diversity policy which sets out the objective and approach for achieving and maintaining the diversity of the Board in order to enhance its effectiveness. In accordance with the board diversity policy, the Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to our Board having due regard to the benefits of diversity on the Board and also the specific needs of the Company without focusing on a single diversity aspect. Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in areas such as logistics, supply chain and e-commerce.

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. Our Board currently comprises three female Directors and six male Directors. We have also taken and will continue to take steps to promote and enhance gender diversity at all levels of the Company, including but without limitation at our Board and senior management levels. We will maintain a focus on gender diversity when recruiting staff at the mid to senior level so as to develop a pipeline of potential female successors to our Board. The Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by our nomination committee periodically to maintain gender diversity of our Board. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Upon the [REDACTED], the Nomination Committee will from time to time discuss and agree on expected goals to ensure board diversity, and review and, where necessary, update the board diversity policy to ensure that the policy remains effective. The Company will disclose the biographical details of each Director and report on the implementation of the board diversity policy (including whether we have achieved board diversity) in its annual corporate governance report.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS’ REMUNERATION AND REMUNERATION OF THE FIVE HIGHEST-PAID INDIVIDUALS

The Directors and senior management members who receive remuneration from the Company are paid in the forms of salaries and wages, share-based compensation expenses, pension costs, welfare, medical and other expenses. Our independent non-executive Directors receive compensation based on their responsibilities. The remuneration of the Directors and senior management members is determined with reference to the remuneration paid by comparable companies and the achievement of major operating indicators of the Company.

The aggregate amount of remuneration (including salaries and wages, share-based compensation expenses, pension costs, welfare, medical and other expenses) paid to the Directors for the year ended December 31, 2023, 2024 and 2025 amounted to RMB4.5 million, RMB10.8 million, and RMB11.5 million, respectively. The five highest paid individuals of our Group in the year ended December 31, 2023, 2024 and 2025 included two, three and three Directors, respectively. The aggregate amount of remuneration (including salaries and wages, share-based compensation expenses, pension costs, welfare, medical and other expenses) incurred by the five highest-paid individuals of the Group (excluding Directors) for the year ended December 31, 2023, 2024 and 2025 amounted to RMB7.2 million, RMB3.9 million and RMB3.9 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation, including estimated share-based compensation, to be accrued to our Directors for the year ending December 31, 2026 to be approximately RMB13.7 million. The actual remuneration of Directors in 2026 may be different from the expected remuneration.

We confirmed that during the Track Record Period, no remuneration was paid by the Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office in connection with the management positions of the Company or any subsidiary of the Company. During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by the Company or our subsidiary to our Directors or the five highest-paid individuals during the Track Record Period.

COMPLIANCE ADVISER

The Company has appointed Gram Capital Limited as our Compliance Adviser in compliance with Rule 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise the Company in certain circumstances including but not limited to: (i) before the publication of any regulatory announcement, circular or financial report; (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated; (iii) where the Company proposes to use the [REDACTED] from the [REDACTED] in a manner different from that detailed in this document; and (iv) where the Stock Exchange makes an inquiry to the Company in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the [REDACTED] and is expected to end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Shan controlled the voting rights of 43.28% of our total issued share capital, comprising (i) approximately 10.52% of our total issued share capital held by Mr. Shan directly; (ii) approximately 22.87% of our total issued share capital held by Shenzhen Chengshi and Chengyi Huitong in aggregate, whose general partner is Fengyizushi Investment, a company controlled by Mr. Shan; and (iii) approximately 9.89% of our total issued share capital, the voting rights of which have been proxied to Mr. Shan by Mr. Yuan pursuant to the Voting Proxy Agreement. See “History, Development and Corporate Structure — Voting Proxy Arrangement” for details.

Accordingly, immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Shan, through entities he controlled and the voting proxy arrangement, will control the voting rights of approximately [REDACTED]% of our total issued share capital. Therefore, Mr. Shan, together with his controlled entities, namely Shenzhen Chengshi, Chengyi Huitong and Fengyizushi Investment, will be our Controlling Shareholders upon [REDACTED]. See the section headed “Directors and Senior Management” for details of Mr. Shan.

COMPETITION

As of the Latest Practicable Date, none of our Controlling Shareholders or Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company’s business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we are able to carry out our business independently from our Controlling Shareholders and their respective close associates upon and after the [REDACTED].

Operational Independence

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We hold our own operational resources including but not limited to customers and suppliers, as well as all relevant licenses necessary to carry out our businesses. We have a team of senior management to operate the business independently from our Controlling Shareholders and their respective close associates. We also have access to third parties independently from, and not connected with, our Controlling Shareholders for sources of suppliers, customers and business partners. Based on the above, our Directors believe that we are operationally independent from our Controlling Shareholders and their respective close associates.

Management Independence

Our management and operational decisions are made by the Board in a collective manner. The Board comprises nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors.

Our Directors have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Controlling Shareholders and their respective close associates for the following reasons:

- (a) our daily management and operations are carried out by a senior management team. Save as disclosed above, all members of our senior management have no other relationship with the Controlling Shareholders and their respective close associates. They have substantial experience in the industry as further described in the section headed “Directors and Senior Management”, which will enable them to make business decisions that are in the best interests of our Group;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (b) our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;
- (c) each of our Directors is aware of his or her fiduciary duties as a director, which requires, among other things, that he or she acts for our Company’s best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests; and
- (d) where a Board meeting or Shareholders’ meeting is held to consider a proposed transaction in which our Directors or Controlling Shareholders or any of their respective close associates have a material interest, the relevant Directors or our Controlling Shareholders and their respective close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting;
- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. See “— Corporate Governance Measures” for further information.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

Financial Independence

We have a finance center independent from our Controlling Shareholders and their close associates. We have also established an independent financial system to make the decisions based on our own business needs. In addition, we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders and their respective close associates. During the Track Record Period and as of the Latest Practicable Date, we had received the Pre-[REDACTED] Investment from third party investors independently. For details of the Pre-[REDACTED] Investment, see “History, Development and Corporate Structure.” As of the Latest Practicable Date, there were no loans, advances and balances due to or from our Controlling Shareholders or their close associates, nor were there any pledges and guarantees provided by and to our Controlling Shareholders or their close associates.

Based on the above, our Directors believe that we have the ability to operate independently from our Controlling Shareholders and their close associates from a financial perspective and are able to maintain financial independence from our Controlling Shareholders and their close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Controlling Shareholders and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- (a) where a Shareholders’ meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective close associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (b) our Group has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if any transaction is proposed between our Group and our Controlling Shareholders and their respective associates, we will comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders' approval;
- (c) our Board consists of a balanced composition of executive Directors, non-executive Director and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and
- (e) we have appointed Gram Capital Limited as our Compliance Adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

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

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and the conversion of our Unlisted Shares to H Shares, assuming the [REDACTED] is not exercised, the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange 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 nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of Interest	As of the Latest Practicable Date		Immediately following the [REDACTED] (assuming the [REDACTED] is not exercised)	
		Number of Shares	Approximate Percentage of Shareholder in our Total Share Capital (%)	Number of H Shares ⁽¹⁾⁽²⁾	Approximate Percentage of Shareholder in our Total Share Capital ⁽²⁾ (%)
Mr. Shan	Beneficial interest	11,868,000	10.52	[REDACTED]	[REDACTED]
	Interest in controlled corporation ⁽³⁾	25,798,667	22.87	[REDACTED]	[REDACTED]
	Interest held through voting powers entrusted by other person ⁽⁴⁾	11,153,965	9.89	[REDACTED]	[REDACTED]
Fengyizushi Investment	Interest in controlled corporation ⁽³⁾	25,798,667	22.87	[REDACTED]	[REDACTED]
Ningbo Chengyi Juchuang Enterprise Management Partnership (寧波橙誼聚創企業管理合夥企業(有限合夥))	Interest in controlled corporation ⁽³⁾	13,332,000	11.82	[REDACTED]	[REDACTED]
Chengyi Huitong	Beneficial interest ⁽³⁾	13,332,000	11.82	[REDACTED]	[REDACTED]
Shenzhen Chengshi	Beneficial interest ⁽³⁾	12,466,667	11.05	[REDACTED]	[REDACTED]
Mr. Yuan Shengbiao (袁升彪)	Beneficial interest ⁽⁴⁾	11,153,965	9.89	[REDACTED]	[REDACTED]
Mr. Taizo Son	Interest in controlled corporation ⁽⁵⁾	26,400,000	23.40	[REDACTED]	[REDACTED]
SV Ample Life Limited	Beneficial interest ⁽⁵⁾	24,000,000	21.28	[REDACTED]	[REDACTED]
Hunan Caixin Financial Holding Group Co., Ltd. (湖南財信金融控股集團有限公司)	Interest in controlled corporation ⁽⁶⁾	9,950,618	8.82	[REDACTED]	[REDACTED]
Hunan Caixin Fund Management Co., Ltd. (湖南省財信產業基金管理有限公司)	Interest in controlled corporation ⁽⁶⁾	9,950,618	8.82	[REDACTED]	[REDACTED]
Hengyang Caixin Industry Investment Fund Partnership (Limited Partnership) (衡陽市財信產業投資基金合夥企業(有限合夥)) (“Hengyang Caixin”)	Beneficial interest ⁽⁶⁾	7,960,494	7.06	[REDACTED]	[REDACTED]
China International Capital Corporation Limited (中國國際金融股份有限公司)	Interest in controlled corporation ⁽⁷⁾	9,469,435	8.39	[REDACTED]	[REDACTED]
CICC Capital Operation Co., Ltd. (中金資本運營有限公司)	Interest in controlled corporation ⁽⁷⁾	9,469,435	8.39	[REDACTED]	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of [REDACTED] H Shares in issue immediately after completion of the [REDACTED] since all [REDACTED] Unlisted Shares will be converted into H Shares after receipt of the filing notice regarding H share “Full circulation” from the CSRC and [REDACTED] H Shares will be issued pursuant to the [REDACTED], assuming that the [REDACTED] is not exercised.
- (3) Fengyizushi Investment is the general partner of Shenzhen Chengshi and Chengyi Huitong and is owned by Mr. Shan as to 90%. Therefore, by virtue of the SFO, Mr. Shan and Fengyizushi Investment are deemed to be interested in the Shares held by Shenzhen Chengshi and Chengyi Huitong. As of the Latest Practicable Date, Fengyizushi Investment held approximately 0.0013% and 0.01% of the partnership interests in Shenzhen Chengshi and Chengyi Huitong, respectively. The largest limited partner of Chengyi Huitong is Ningbo Chengyi Juchuang Enterprise Management Partnership (寧波橙誼聚創企業管理合夥企業(有限合夥)) as to 39.97%, whose general partner is Fengyizushi Investment and none of its limited partner held more than one-third of the partnership interests. None of the other limited partners of Shenzhen Chengshi and Chengyi Huitong held more than one-third of the partnership interests in Shenzhen Chengshi or Chengyi Huitong. Therefore, by virtue of the SFO, Ningbo Chengyi Juchuang Enterprise Management Partnership (寧波橙誼聚創企業管理合夥企業(有限合夥)) is also deemed to be interested in the Shares held by Chengyi Huitong.
- (4) Pursuant to the voting proxy agreement between Mr. Shan and Mr. Yuan Shengbiao, Mr. Yuan Shengbiao has appointed Mr. Shan as his attorney and proxy to exercise the voting rights attached to the Shares held by him at the general meeting of our Company. Therefore, Mr. Shan is deemed to be interested in the Shares held by Mr. Yuan Shengbiao. See “History, Development and Corporate Structure — Voting Proxy Arrangement” for details.
- (5) As of the Latest Practicable Date, SV Ample Life Limited was owned by China Ventures Fund I Pte. Ltd. (“**CV Fund I**”) as to 75%. CV Fund I was wholly owned by China Ventures Fund I, L.P., whose partnership interests were held by SV GP I LTD. SV GP I LTD. was wholly owned by SV CHINA HOLDCO LTD., which was wholly owned by SBVA CORP. SBVA is ultimately controlled by Mr. Taizo Son. Save for the entities that Mr. Taizo Son directly or indirectly controls, SBVA has no other direct or indirect shareholder which holds more than 20% equity interest in it.

As of the Latest Practicable Date, the partnership interests of Tianjin Yuanzhu Ventures Investment Partnership (Limited Partnership) (天津遠矚創業投資合夥企業(有限合夥)) (“**Tianjin Yuanzhu**”) were held by Beijing Ruanya Xinchuang Private Equity Fund Management Co., Ltd. (北京軟亞信創私募基金管理有限公司) (“**Beijing Ruanya**”), being its general partner, as to 0.05%, and China Ventures Fund II PTE. LTD. (“**CV Fund II**”), being its largest limited partner, as to 90.87%. Beijing Ruanya was wholly owned by SBVA CORP. CV Fund II was wholly owned by China Ventures Fund II, L.P., whose interests were held by SV GP II LTD, being its general partner, which was wholly owned by SV CHINA HOLDCO LTD.
- (6) As of the Latest Practicable Date, the general partner of Hengyang Caixin is Hunan Caixin Fund Management Co., Ltd., which is wholly owned by Hunan Caixin Financial Holding Group Co., Ltd. Hunan Caixin Financial Holding Group Co., Ltd. is wholly owned by Hunan Provincial People’s Government (湖南省人民政府). As of the Latest Practicable Date, there are two limited partners, with its largest limited partner, being Hengyang Municipal Bureau of Finance (衡陽市財政局) as to 75.00%. Therefore, by virtue of the SFO, Hunan Caixin Fund Management Co., Ltd. and Hunan Caixin Financial Holding Group Co., Ltd. are deemed to be interested in the Shares held by Hengyang Caixin.

As of the Latest Practicable Date, the general partner of Hengyang Hongxiang is Hunan Caixin Hongxiang Venture Capital Co., Ltd. (湖南財信弘湘創業投資有限公司). Hunan Caixin Hongxiang Venture Capital Co., Ltd. is owned by Hunan Caixin Leading Investment Management Co., Ltd. (湖南省財信引領投資管理有限公司) as to 34.00%, which is wholly owned by Hunan Caixin Fund Management Co., Ltd. Therefore, by virtue of the SFO, Hunan Caixin Fund Management Co., Ltd. is deemed to be interested in the Shares held by Hengyang Hongxiang.
- (7) As of the Latest Practicable Date, the general partner of Zhongjin Culture is CICC Capital Operation Co., Ltd., which is wholly owned by China International Capital Corporation Limited, a company listed on the Stock Exchange (stock code: 3908) and on the Shanghai Stock Exchange (stock code: 601995). As of the Latest Practicable Date, there are seventeen limited partners in Zhongjin Culture, none of which holding 30% or more partnership interest in Zhongjin Culture. Therefore, by virtue of the SFO, CICC Capital Operation Co., Ltd. and China International Capital Corporation Limited are deemed to be interested in the Shares held by Zhongjin Culture.

As of the Latest Practicable Date, the general partner of Xiamen Jinchen Innovation Equity Investment Partnership (Limited Partnership) (廈門金辰創新股權投資合夥企業(有限合夥)) (“**Xiamen Jinchen**”) is CICC Capital Operation Co., Ltd. As of the Latest Practicable Date, there is one limited partner in Xiamen Jinchen, being Zhongjin Wangju Win-win (Xiamen) Consumer Industry Equity Investment Fund Partnership (Limited Partnership) (中金旺聚共贏(廈門)消費產業股權投資基金合夥企業(有限合夥)) (“**Zhongjin Wangju**”) as to 98.23%. The general partner of

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Zhongjin Wangju is CICC Capital Operation Co., Ltd. Therefore, by virtue of the SFO, CICC Capital Operation Co., Ltd., China International Capital Corporation Limited and Zhongjin Wangju are deemed to be interested in the Shares held by Xiamen Jinchun.

Save as disclosed above and the section headed “Appendix IV — Statutory and General Information — Further Information about our Directors, Senior Management and Substantial Shareholders”, our Directors are not aware of any person who will, immediately following completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of our Group.

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [REDACTED].

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the registered capital of our Company was RMB112,804,633, comprising 112,804,633 Unlisted Shares in issue of nominal value RMB1.00 each.

UPON THE COMPLETION OF THE [REDACTED]

Immediately following the completion of the [REDACTED] and the conversion of all [REDACTED] Unlisted Shares into H Shares, assuming that the [REDACTED] is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital (%)
H Share to be converted from Unlisted Shares . .	[REDACTED]	[REDACTED]
H Shares to be issued under the [REDACTED] . .	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00

Immediately following completion of the [REDACTED] and the conversion of all [REDACTED] Unlisted Shares into H Shares, assuming the [REDACTED] is fully exercised, the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate Percentage of the Total Share Capital (%)
H Share to be converted from Unlisted Shares . .	[REDACTED]	[REDACTED]
H Shares to be issued under the [REDACTED] . .	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00

RANKING

Upon completion of the [REDACTED], the Shares would have only one class of Shares. H Shares and Unlisted Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect or the Shenzhen — Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between investors of the PRC.

Unlisted Shares and H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of Shares.

SHARE CAPITAL

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

The Company has filed for a “full circulation” of all [REDACTED] Unlisted Shares into H Shares on a one-for-one basis, and submitted the application reports, authorization documents of the shareholders of Unlisted Shares for which an H-share “full circulation” are applied, explanation about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC.

Upon completion of the [REDACTED], if any of our Shares are not [REDACTED] or [REDACTED] on any stock exchange, the holders of our Unlisted Shares may convert their Shares into H Shares provided such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and have completed the required filing with the securities regulatory authorities of the State Council, including the CSRC. The [REDACTED] of such converted Shares on the Hong Kong Stock Exchange will also require the approval of the Hong Kong Stock Exchange.

Based on the procedures for the conversion of our Unlisted Shares into H Shares as disclosed in this section, we can apply for the [REDACTED] of all or any portion of our Unlisted Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of Shares for entry on the [REDACTED]. As any [REDACTED] of additional Shares after our initial [REDACTED] on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, it will not require such prior application for [REDACTED] at the time of our initial [REDACTED] in Hong Kong.

No class Shareholder voting is required for the [REDACTED] and [REDACTED] of the converted Shares on the Hong Kong Stock Exchange. Any application for [REDACTED] of the converted Shares on the Hong Kong Stock Exchange after our initial [REDACTED] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Unlisted Shares will be withdrawn from the Share register and we will re-register such Shares on our [REDACTED] maintained in Hong Kong and instruct the [REDACTED] to issue H Share certificates. Registration on our [REDACTED] will be on the condition that (a) our [REDACTED] lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the [REDACTED] of members and the due dispatch of H Share certificates and (b) the admission of the H Shares to [REDACTED] on the Hong Kong Stock Exchange will comply with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted Shares are re-registered on our [REDACTED], such Shares would not be [REDACTED] as H Shares. For further details, see “Risk Factors — Risks Relating to Our [REDACTED].”

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

Pursuant to the PRC Company Law, our Shares issued prior to the [REDACTED] shall not be transferred within one year from the [REDACTED].

Shares transferred by our Directors, and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons hold in our Company cannot be transferred within one year from the [REDACTED], nor within half a year after they leave their positions as Directors, or members of the senior management in our Company.

PRE-[REDACTED] EQUITY INCENTIVE PLAN

The Company adopted the Pre-[REDACTED] Equity Incentive Plan on October 12, 2021, with further amendments in February 7, 2024 and January 5, 2026. See “Appendix IV — Statutory and General Information — Pre-[REDACTED] Equity Incentive Plan” for details.

SHARE CAPITAL

GENERAL MANDATE TO ISSUE SHARES, SELL AND/OR TRANSFER TREASURY SHARES AND REPURCHASE MANDATE

Subject to the completion of the [REDACTED], pursuant to the Shareholders’ resolutions of the Company, our Directors have been granted general unconditional mandates to issue our Shares and sell and/or transfer our Shares out of treasury that are held as treasury shares and repurchase our Shares. See “Appendix IV — Statutory and General Information — Further Information about Our Company — Resolutions of our Shareholders” for further details.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-Share Listed Companies (《H股公司境內未上市股份申請「全流通」業務指引》) announced by the CSRC, the domestic shareholders of our Shares that are not listed on the overseas stock exchange shall handle share transfer registration business in accordance with the relevant business rules of the CSDC. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the CSDC of such shares involved in the application is completed.

SHAREHOLDERS’ GENERAL MEETING

See “Appendix III — Summary of Articles of Association” for details of circumstances under which our Shareholders’ general meeting is required.

FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with our consolidated financial statements included in the Accountant’s Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS.

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, and our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed “Risk Factors” and “Business.”

For the purposes of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our fiscal years ended December 31 of such years, respectively.

OVERVIEW

We are an AI-driven retail enterprise and the largest smart retail cabinet operator in China, both by number of cabinets installed and by total GMV in 2025, according to Frost & Sullivan. We operate an extensive network of smart retail cabinets that offer consumers a seamless grab-and-go shopping experience across a wide variety of products, mainly food and beverages. Powered by our algorithm-driven autonomous operations, which we continuously improve with extensive operational data, we have achieved scalable, networked operations spanning over 100 retail scenarios.

In 2019, we became the first operator in the industry to deploy smart retail cabinets at scale, according to Frost & Sullivan. As of December 31, 2025, we directly operated over 180,000 smart retail cabinets across 72 cities nationwide, serving more than 80 million cumulative end consumers. As smart retail cabinets achieve greater density and penetrate consumers’ daily routines at scale, they are progressively transitioning from a supplementary retail channel into an integral layer of offline retail infrastructure, unlocking vast market potential.

During the Track Record Period, we achieved revenue growth with improved cost efficiency and profitability. Revenue grew from RMB1,243.7 million in 2023 to RMB1,652.3 million in 2024 and further to RMB2,008.9 million in 2025, representing a CAGR of 27.1%. Our gross profit margin expanded from 52.4% in 2023 to 54.0% in 2024 and further to 55.8% in 2025. Our adjusted EBITDA (non-IFRS measure) was RMB56.5 million, RMB140.7 million, and RMB191.4 million in 2023, 2024, and 2025, respectively, and our adjusted net profit (non-IFRS measure) reached RMB118.6 million in 2025. We achieved positive operating cash flow in each period.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards issued by the IASB. The historical financial information has been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, which are carried at fair value. In preparing the historical financial information, we have consistently adopted all applicable new and amended IFRS Accounting Standards effective from the financial year beginning on or after January 1, 2025, throughout all the years presented.

The preparation of historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where

FINANCIAL INFORMATION

assumptions and estimates are significant to the historical financial information are disclosed in Note 4 to the Accountant’s Report set out in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial condition are influenced by various general factors that affect consumer demand and market conditions for our products and services, including macroeconomic trends, industry dynamics, and competitive landscape. Any negative change in these conditions may adversely impact our results of operations. In addition to these general factors, the following specific factors have a more direct impact on our results of operations:

Our Ability to Effectively Expand Our POS Network

The scale, density and quality of our POS network are key factors that affect our financial performance as they directly influence both our revenue growth and operating efficiency. During the Track Record Period, the number of cabinets in operation increased from 106,197 as of December 31, 2023 to 137,887 as of December 31, 2024, and further to 183,989 as of December 31, 2025, expanding our sales reach and supporting revenue growth. Such expansion also required us to incur significant POS development expenses and POS operation expenses for site development, cabinet deployment and related operational support. As we continue to expand our POS network, our ability to improve the efficiency of network expansion and manage the expense impact of continued deployment will be important to our overall operating performance.

Our collaboration with site partners is also an important factor affecting the expansion and optimization of our POS network, as the site partners provide the physical sites in which our cabinets are deployed. The scale, quality and stability of our collaboration with site partners directly affect the pace of cabinet deployment, the quality of locations secured and the coverage of retail scenarios, which in turn affect our sales reach, cabinet productivity and revenue contribution from our POS network. During the Track Record Period, our ability to secure and maintain suitable sites supported the continued expansion of our POS network. As our business continues to grow, our ability to attract and retain site partners and secure suitable locations on commercially reasonable terms will continue to affect the efficiency and quality of our POS network expansion, and in turn affect our revenue growth and results of operations.

Our Ability to Respond to Consumer Demand and Enhance Consumer Experience

The ability to provide diversified and attractive product offerings to cater to consumer demand is a key factor affecting our financial performance, as it directly influences consumer interest, purchase frequency and sales performance across our POS network. We leverage Link Pilot, a module of our FLOW Pilot system, to dynamically optimize product assortments for each smart retail cabinet based on transaction records, consumer interaction data and site-level demand patterns. In 2025, each of our smart retail cabinets maintained approximately 48.4 SKUs on average, with an average of approximately 7.3 new SKUs introduced each month. Our ability to maintain a broad, relevant and refreshed product selection across different retail scenarios affects consumer demand and revenue contribution from our POS network.

Consumer experience is also an important factor affecting our financial performance, as it directly influences consumer traffic, purchase frequency and overall sales performance. Our smart retail cabinets are designed to provide consumers with a seamless purchasing process, and we have established customer service and after-sales support procedures to handle consumer complaints and service requests through designated channels in a timely manner. The convenience, reliability and responsiveness of our services affect overall consumer satisfaction and repeat purchases, which in turn affect our revenue and results of operations.

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Our Ability to Establish and Sustain Partnerships with Brand Partners

Our relationships with brand partners directly influence our product assortment, procurement costs, and consumer experience. Maintaining stable supply chain to secure a broad and attractive product offering is important to sustaining consumer demand across our POS network, particularly given the diversity of retail scenarios in which we operate and the need to continuously refresh product offerings. Our rapidly-expanding network, growing consumer base, and diverse location portfolio make us an attractive distribution channel for brand partners. During the Track Record Period, the number of brand partners that introduced new products into our network increased from 158 in 2023 to 228 in 2024 and further to 230 in 2025, while the number of new products introduced into our network increased from 263 in 2023 to 340 in 2024 and further to 386 in 2025, reflecting brand partners’ growing confidence in our POS network as a preferred channel for new product launches.

Our relationships with brand partners also affect the growth and density of our POS network. Stable and deepened partnerships with brand partners enable us to maintain a broad and attractive product offering, enhance product freshness and support the continuous introduction of new products across our network. These factors improve the attractiveness of our cabinets to consumers and site partners, support the expansion and optimization of our POS network and enhance cabinet productivity. As a result, our relationships with brand partners affect our consumer demand, revenue growth and results of operations.

Our Ability to Effectively Manage Supply Chain and Improve Operating Leverage

Our financial performance depends in part on our ability to maintain a stable and cost-efficient supply chain. Our cost of revenue consists of cost of inventories sold and taxes and surcharges. Accordingly, our cost control depends in part on our ability to maintain stable supply relationships, optimize procurement, inventory planning and replenishment, and improve warehousing and logistics efficiency. We operate through a distributed supply chain architecture, which enhances our ability to respond to demand fluctuations across different locations and retail scenarios and supports supply chain stability and cost efficiency. As a result, the effectiveness of our supply chain management directly affects our margins and results of operations.

Our financial performance also depends in part on our ability to realize operating leverage as our business scales. Our operating expenses consist primarily of research and development expenses, selling and marketing expenses and general and administrative expenses, and POS operation expenses form a key component of our selling and marketing expenses. As our POS network expands and our revenue base grows, our ability to improve the efficiency of POS operations and other supporting functions directly affects our operating leverage and profitability. We expect the absolute amounts of our research and development expenses, selling and marketing expenses and general and administrative expenses to continue to increase as we grow our business, while their percentages of revenue are expected to decrease over time as we realize economies of scale.

Our Ability to Continuously Improve Our Technology

The continuous improvement and application of our proprietary technologies is an important factor affecting our financial performance, as it directly influences the quality of our services, consumer satisfaction and our cost efficiency. Our computer vision and order recognition system enables a seamless purchasing experience, while Link Pilot supports optimized product selection based on user transaction history and consumer interaction feedback, helping us maintain service reliability, enhance product offerings and improve overall consumer satisfaction, which in turn supports consumer retention and sales performance across our POS network. In addition, our proprietary technologies also improve cost efficiency. For example, Field Pilot supports more efficient and cost-effective POS network expansion, and our proprietary IoT platform enables remote monitoring, batch policy deployment, over-the-air firmware upgrades and predictive maintenance across our smart retail cabinet network. These capabilities help us optimize resource allocation, enhance operating efficiency and control operating costs as our business scales, and accordingly affect our revenue, profitability and results of operations.

FINANCIAL INFORMATION

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS

We have identified certain accounting policies that are significant to the preparation of our financial statements, including revenue recognition, share-based compensation expense and redemption liabilities. In the application of our accounting policies, our management is required to make judgments, estimates and assumptions that affect the application of accounting policies. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgments about the 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. For details, see Note 4 to the Accountant’s Report set out in Appendix I to this document.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>% of revenue</i>	<i>RMB</i>	<i>% of revenue</i>	<i>RMB</i>	<i>% of revenue</i>
	<i>(in thousands, except for percentages)</i>					
Revenue	1,243,680	100.0	1,652,349	100.0	2,008,941	100.0
Cost of revenue.	(591,490)	(47.6)	(759,439)	(46.0)	(888,459)	(44.2)
Gross profit	652,190	52.4	892,910	54.0	1,120,482	55.8
Research and development expenses	(56,065)	(4.5)	(63,740)	(3.9)	(63,915)	(3.2)
Selling and marketing expenses	(585,801)	(47.1)	(749,003)	(45.3)	(960,814)	(47.8)
General and administrative expenses	(24,719)	(2.0)	(37,213)	(2.3)	(46,506)	(2.3)
Net provision of impairment losses on financial assets	(134)	(0.0)	(3)	(0.0)	(40)	(0.0)
Other income and gains/(loss), net	294	0.0	5,010	0.3	1,603	0.1
Operating (loss)/profit	(14,235)	(1.1)	47,961	2.9	50,810	2.5
Finance costs	(14,330)	(1.2)	(14,680)	(0.9)	(10,845)	(0.5)
Finance income.	3,235	0.3	3,073	0.2	2,686	0.1
Finance costs, net	(11,095)	(0.9)	(11,607)	(0.7)	(8,159)	(0.4)
Changes in the carrying amount of redemption liabilities	(21,128)	(1.7)	(78,750)	(4.8)	(112,543)	(5.6)
Loss before income tax	(46,458)	(3.7)	(42,396)	(2.6)	(69,892)	(3.5)
Income tax credit	114,947	9.2	25,138	1.5	32,672	1.6
Profit/(loss) and total comprehensive income/(loss) for the year	68,489	5.5	(17,258)	(1.0)	(37,220)	(1.9)

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Non-IFRS Measures

We use adjusted EBITDA (non-IFRS measure) and adjusted net profit (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS, to supplement our consolidated financial statements which are presented under IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating the potential impact of certain items and provide useful information to [REDACTED] and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted EBITDA (non-IFRS measure) and adjusted net profit (non-IFRS measure) may not be comparable to similarly-titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted EBITDA (non-IFRS measure) as EBITDA (non-IFRS measure), being profit/loss for the year adjusted by income tax credit, finance costs, net, changes in the carrying amount of redemption liabilities, depreciation of property and equipment, depreciation of right-of-use assets and amortization of intangible assets, adjusted for (i) share-based compensation, which is non-cash in nature, (ii) [REDACTED] expenses in relation to the [REDACTED], and (iii) fair value losses on financial liabilities, which represent the difference between the subscription price and the fair value of the shares subscribed by specific Shareholders at the settlement date under fixed-price share subscriptions, which is non-cash in nature.

We define adjusted net profit (non-IFRS measure) as profit/loss for the year adjusted for (i) share-based compensation, (ii) [REDACTED] expenses in relation to the [REDACTED], (iii) fair value losses on financial liabilities, and (iv) changes in the carrying amount of redemption liabilities. The redemption liabilities were reclassified to equity after the termination of the shareholders’ special rights in June 2026.

The following table sets forth a reconciliation of our profit/loss for the year to adjusted EBITDA (non-IFRS measure) and adjusted net profit (non-IFRS measures) for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Profit/(loss) for the year	68,489	(17,258)	(37,220)
Adjusted by:			
Income tax credit	(114,947)	(25,138)	(32,672)
Finance costs, net	11,095	11,607	8,159
Changes in the carrying amount of redemption liabilities	21,128	78,750	112,543
Depreciation of property and equipment	44,120	46,001	46,745
Depreciation of right-of-use assets	14,119	29,252	48,617
Amortization of intangible assets	1,084	1,594	1,907
EBITDA (non-IFRS measure)	45,088	124,808	148,079
Add back:			
Share-based compensation	11,389	15,908	40,947
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Fair value losses on financial liabilities . .	—	—	603
Adjusted EBITDA (non-IFRS measure) . .	56,477	140,716	191,380

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	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Profit/(loss) for the year	68,489	(17,258)	(37,220)
Add back:			
Share-based compensation	11,389	15,908	40,947
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Fair value losses on financial liabilities . .	—	—	603
Changes in the carrying amount of redemption liabilities	21,128	78,750	112,543
Adjusted net profit for the year (non-IFRS measure)	101,006	77,400	118,624

Revenue

Our revenue primarily derives from (i) sales of goods from smart retail cabinets, and (ii) advertisements on the digital displays of our smart retail cabinets. The following table sets forth a breakdown of our revenue by business segments, in absolute amount and as percentages of the total revenue, for the years indicated.

	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>					
Sales of goods from smart retail cabinets	1,235,489	99.3	1,642,313	99.4	1,985,323	98.8
Advertising and other services . .	8,191	0.7	10,036	0.6	23,618	1.2
Total	1,243,680	100.0	1,652,349	100.0	2,008,941	100.0

During the Track Record Period, all of our revenue was generated in the PRC.

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Cost of Revenue

Our cost of revenue consists of (i) cost of inventories sold through our smart retail cabinets and (ii) taxes and surcharges. The following table sets forth a breakdown of our cost of revenue by nature, in absolute amounts and as percentages of the total cost of revenue, for the years indicated.

	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>						
Cost of inventories sold	587,522	99.3	751,111	98.9	876,790	98.7
Taxes and surcharges	3,968	0.7	8,328	1.1	11,669	1.3
Total	591,490	100.0	759,439	100.0	888,459	100.0

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by business segments, for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	<i>Gross profit</i>	<i>Gross profit margin</i>	<i>Gross profit</i>	<i>Gross profit margin</i>	<i>Gross profit</i>	<i>Gross profit margin</i>
<i>(RMB in thousands, except for percentages)</i>						
Sales of goods from smart retail cabinets	643,999	52.1%	882,874	53.8%	1,096,864	55.2%
Advertising and other services ⁽¹⁾	8,191	100.0%	10,036	100.0%	23,618	100.0%
Overall	652,190	52.4%	892,910	54.0%	1,120,482	55.8%

Note:

- (1) The gross profit margin of advertising and other services remained at 100.0% during the Track Record Period, mainly because such revenue was generated by leveraging our existing smart retail cabinet network, without requiring incremental direct costs specifically attributable to the provision of such services.

Research and Development Expenses

Our research and development expenses consist primarily of (i) employee benefit expenses incurred for our R&D personnel, (ii) share-based compensation, (iii) IT-related service fees incurred for the development of information technology systems and cloud services, and (iv) outsourcing research and development expenses. The following table sets forth a breakdown of our research and development expenses by nature, in absolute amounts and as percentages of the total research and development expenses, for the years indicated.

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	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>					
Employee benefit expenses	44,493	79.4	51,956	81.5	47,390	74.1
Share-based compensation	3,350	6.0	3,201	5.0	7,316	11.4
IT-related service fees	3,483	6.2	6,175	9.7	7,121	11.1
Outsourcing research and development expenses	3,615	6.4	1,284	2.0	571	0.9
Others ⁽¹⁾	1,124	2.0	1,124	1.8	1,517	2.4
Total	56,065	100.0	63,740	100.0	63,915	100.0

Note:

(1) Others mainly represent travelling expenses, office expenses, and depreciation.

Selling and Marketing Expenses

Our selling and marketing expenses consist primarily of (i) POS operation expenses incurred mainly for sites and labor to support the ongoing operations of our POS network, (ii) POS development expenses incurred mainly for labor to support the expansion of our POS network, (iii) employee benefit expenses incurred for our selling and marketing personnel, (iv) depreciation and amortization, mainly related to our smart retail cabinets, (v) warehousing and logistics expenses for the consumer goods to be sold through our smart retail cabinet, and (vi) share-based compensation. The following table sets forth a breakdown of our selling and marketing expenses by nature, in absolute amounts and as percentages of the total selling and marketing expenses, for the years indicated.

	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>					
POS operation expenses	238,444	40.7	331,973	44.3	423,210	44.0
POS development expenses . . .	110,475	18.9	113,537	15.2	170,181	17.7
Employee benefit expenses	107,483	18.3	138,879	18.5	147,722	15.4
Depreciation and amortization .	55,724	9.5	72,815	9.7	93,425	9.7
Warehousing and logistics expenses	44,396	7.6	54,996	7.3	61,094	6.4
Share-based compensation	6,848	1.2	9,009	1.2	19,366	2.0
Others ⁽¹⁾	22,431	3.8	27,794	3.7	45,816	4.8
Total	585,801	100.0	749,003	100.0	960,814	100.0

Note:

(1) Others mainly represent marketing and promotion expenses, payment platform service fees and office expenses.

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General and Administrative Expenses

Our general and administrative expenses consist primarily of (i) employee benefit expenses incurred for our general and administrative personnel, (ii) share-based compensation, (iii) depreciation and amortization of our property, plant and equipment and right-of-use assets, (iv) [REDACTED] expenses in relation to the [REDACTED], (v) office expenses, and (vi) professional service fees in relation to our Pre-[REDACTED] financing activities and daily operations. The following table sets forth a breakdown of our general and administrative expenses by nature, in absolute amounts and as percentages of the total general and administrative expenses, for the years indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Employee benefit expenses	15,238	61.6	22,931	61.6	21,083	45.3
Share-based compensation	1,191	4.8	3,698	9.9	14,265	30.7
Depreciation and amortization .	3,328	13.5	3,705	10.0	3,609	7.8
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Office expenses	1,415	5.7	1,540	4.1	1,397	3.0
Professional service fees	2,545	10.3	2,812	7.6	1,280	2.8
Others ⁽¹⁾	1,002	4.1	2,527	6.8	3,121	6.7
Total	24,719	100.0	37,213	100.0	46,506	100.0

Note:

(1) Others mainly represent business entertainment expenses and travelling expenses.

Net Provision of Impairment Losses on Financial Assets

Our net provision of impairment losses on financial assets represents expected credit losses on our trade receivables and other receivables and prepayments. We recorded net provision of impairment losses on financial assets of RMB134 thousand, RMB3 thousand and RMB40 thousand in 2023, 2024 and 2025, respectively.

Other Income and Gains/(Loss), Net

Our other income represents government grants. Our other gains/losses consist of (i) fair value losses on financial liabilities, (ii) income from loan to a shareholder, (iii) donations to third parties, (iv) gains or losses on disposal of property, plant and equipment, (v) gains or losses on termination of right-of-use assets, (vi) losses on disposal of intangible assets, and (vii) others. The following table sets forth the breakdown of our other income and gains/losses, net for the years indicated.

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	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Other income			
Government grants	2,265	2,111	1,805
	2,265	2,111	1,805
Other gains/(losses)			
Fair value losses on financial liabilities . .	—	—	(603)
Income from loan to a shareholder	—	4,809	—
Donations to third parties	(1,322)	—	—
(Losses)/Gains on disposal of property, plant and equipment	(788)	(355)	211
Gains/(Losses) on termination of right-of-use assets	15	(588)	152
Losses on disposal of intangible assets . .	—	(547)	—
Others	124	(420)	38
Subtotal	(1,971)	2,899	(202)
Total	294	5,010	1,603

Finance Costs, Net

Our finance income represents interest income on bank deposits. Our finance costs consist of (i) interest expenses on borrowings, (ii) interest expenses on lease liabilities, and (iii) interest expenses on installment payables for property, plant and equipment. The following table sets forth the breakdown of our finance cost, net for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Finance income			
Interest income on bank deposits	3,235	3,073	2,686
Finance costs			
Interest expenses on borrowings	(875)	(3,170)	(2,439)
Interest expenses on lease liabilities	(2,508)	(3,428)	(5,053)
Interest expenses on installment payables for property, plant and equipment	(10,947)	(8,082)	(3,353)
Subtotal	(14,330)	(14,680)	(10,845)
Finance costs, net	(11,095)	(11,607)	(8,159)

Changes in the Carrying Amount of Redemption Liabilities

We recorded changes in the carrying amount of redemption liabilities of RMB21.1 million, RMB78.8 million and RMB112.5 million in 2023, 2024 and 2025, respectively. Changes in the carrying amount of redemption liabilities mainly represented interest expenses charged on redemption liabilities recognized in respect of the preferential rights issued to

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Pre-[REDACTED] Investors. These redemption rights has been terminated in June 2026. See Note 26 to the Accountant’s Report in Appendix I to this document.

Taxation

In 2023, 2024 and 2025, we recorded income tax credit of RMB114.9 million, RMB25.1 million and RMB32.7 million, respectively, arising from tax losses available for deduction.

Under the EIT Law and Implementation Regulation of the EIT Law, the tax rate of PRC companies is 25%. Our Company has been qualified as a High and New Technology Enterprise since 2020 and has been subject to a preferential income tax rate of 15%. The qualification as a High and New Technology Enterprise was renewed in October 2023 and effective for three years, expiring in October 2026.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 21.6% from RMB1,652.3 million in 2024 to RMB2,008.9 million in 2025, primarily driven by the growth of sales of products from smart retail cabinets.

- *Sales of Products from Smart Retail Cabinets.* Our revenue from sales of products from smart retail cabinets increased by 20.9% from RMB1,642.3 million in 2024 to RMB1,985.3 million in 2025, primarily driven by the expansion of our POS network, with the number of smart retail cabinets increasing from 137,887 as of December 31, 2024 to 183,989 as of December 31, 2025, in line with the growth of our operations.
- *Advertising and Other Services.* Our revenue from advertising and other services increased by 135.3% from RMB10.0 million in 2024 to RMB23.6 million in 2025, primarily driven by the expansion of our POS network, which increased advertising exposure and boosted click-through rates on advertisements displayed through our smart retail cabinets.

Cost of Revenue

Our cost of revenue increased by 17.0% from RMB759.4 million in 2024 to RMB888.5 million in 2025, primarily attributable to the increase in cost of inventories sold from RMB751.1 million in 2024 to RMB876.8 million in 2025, which was generally in line with the growth of our sales of goods from smart retail cabinets.

Gross Profit and Gross Profit Margin

Our gross profit increased by 25.5% from RMB892.9 million in 2024 to RMB1,120.5 million in 2025. Our overall gross profit margin increased from 54.0% in 2024 to 55.8% in 2025.

- *Sales of Goods from Smart Retail Cabinets.* Our gross profit from sales of goods from smart retail cabinets increased from RMB882.9 million in 2024 to RMB1,096.9 million in 2025. The gross profit margin increased from 53.8% in 2024 to 55.2% in 2025, primarily due to economies of scale arising from the expansion of our POS network, which enhanced our bargaining power with suppliers.
- *Advertising and Other Services.* Our gross profit from advertising and other services increased significantly from RMB10.0 million in 2024 to RMB23.6 million in 2025, primarily driven by the expansion of our POS network. The gross profit margin of this business remained high at 100.0% as the generation of such revenue did not involve direct costs during the Track Record Period.

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Research and Development Expenses

Our research and development expenses remained relatively stable at RMB63.7 million in 2024 and RMB63.9 million in 2025, with the decrease in employee benefit expenses of RMB4.6 million, as improvements in R&D efficiency enabled us to optimize the organization of our R&D department, partially offset by the increase in share-based compensation of RMB4.1 million.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 28.3% from RMB749.0 million in 2024 to RMB960.8 million in 2025, primarily due to the increases in POS operation expenses of RMB91.2 million and POS development expenses of RMB56.6 million, driven by the expansion of our POS network, which resulted in higher expenses for sites and labor.

General and Administrative Expenses

Our general and administrative expenses increased by 25.0% from RMB37.2 million in 2024 to RMB46.5 million in 2025, primarily due to the increase in share-based compensation of RMB10.6 million.

Net Provision of Impairment Losses on Financial Assets

Our net provision of impairment losses on financial assets increased from RMB3 thousand in 2024 to RMB40 thousand in 2025, in relation to provisions made for certain receivables and deposits that were determined to be irrecoverable in 2025.

Other Income and Gains/(Loss), Net

Our other income and gains/(loss), net decreased from net gains of RMB5.0 million in 2024 to net gains of RMB1.6 million in 2025, primarily due to the recognition of income from loan to a shareholder of RMB4.8 million in 2024, representing gains entitled to us under a loan arrangement whereby the shareholder used the loan proceeds to acquire shares and agreed to remit to us the gains from any subsequent transfer of such shares.

Finance Costs, Net

Our finance costs, net decreased from RMB11.6 million in 2024 to RMB8.2 million in 2025, primarily due to a decrease in interest expenses on installment payables for property, plant and equipment of RMB4.7 million, reflecting declining interest rates and balance of installment payables for property, plant and equipment.

Changes in the Carrying Amount of Redemption Liabilities

Our changes in the carrying amount of redemption liabilities increased by 42.9% from RMB78.8 million in 2024 to RMB112.5 million in 2025, representing the increase in interest expenses on our redemption liabilities, primarily attributable to the recognition of new redemption liabilities and the increase in the expected redemption amounts.

Income Tax Credit

Our income tax credit increased from RMB25.1 million in 2024 to RMB32.7 million in 2025, respectively, primarily attributable to the increase in weighted average applicable tax rate applied to our accumulated tax losses available for deduction, as a smaller portion of such tax losses was attributable to our Company in 2025, which has been qualified as a High and New Technology Enterprise and entitled to a preferential income tax rate of 15%.

Loss and Total Comprehensive Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB17.3 million in 2024 to RMB37.2 million in 2025.

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Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 32.9% from RMB1,243.7 million in 2023 to RMB1,652.3 million in 2024, primarily driven by growth of our sales of goods from smart retail cabinets and advertising and other services.

- *Sales of Goods from Smart Retail Cabinets.* Our revenue from sales of goods from smart retail cabinets increased by 32.9% from RMB1,235.5 million in 2023 to RMB1,642.3 million in 2024, primarily driven by the expansion of our POS network, with the number of smart retail cabinets increasing from 106,197 as of December 31, 2023 to 137,887 as of December 31, 2024, in line with the growth of our operations.
- *Advertising and Other Services.* Our revenue from advertising and other services increased by 22.5% from RMB8.2 million in 2023 to RMB10.0 million in 2024, primarily driven by the expansion of our POS network, which increased advertising exposure and boosted click-through rates on advertisements displayed through our smart retail cabinets.

Cost of Revenue

Our cost of revenue increased by 28.4% from RMB591.5 million in 2023 to RMB759.4 million in 2024, primarily attributable to the increase in the cost of inventories sold from RMB587.5 million in 2023 to RMB751.1 million in 2024, which was generally in line with the growth of our sales of goods from smart retail cabinets.

Gross Profit and Gross Profit Margin

Our gross profit increased by 36.9% from RMB652.2 million in 2023 to RMB892.9 million in 2024 and our overall gross profit margin increased from 52.4% in 2023 to 54.0% in 2024:

- *Sales of Goods from Smart Retail Cabinets.* Our gross profit from sales of goods from smart retail cabinets increased from RMB644.0 million in 2023 to RMB882.9 million in 2024. The gross profit margin increased from 52.1% in 2023 to 53.8% in 2024, primarily due to economies of scale arising from the expansion of our POS network, which enhanced our bargaining power with suppliers.
- *Advertising and Other Services.* Our gross profit from advertising and other services increased from RMB8.2 million in 2023 to RMB10.0 million in 2024, primarily driven by the expansion of our POS network. The gross profit margin of this business remained high at 100.0% as the generation of such income did not involve direct costs during the Track Record Period.

Research and Development Expenses

Our research and development expenses increased by 13.7% from RMB56.1 million in 2023 to RMB63.7 million in 2024, primarily due to an increase of RMB7.5 million in employee benefit expenses, driven by our enhanced investments in new R&D projects.

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Selling and Marketing Expenses

Our selling and marketing expenses increased by 27.9% from RMB585.8 million in 2023 to RMB749.0 million in 2024, primarily due to (i) an increase in POS operation expenses of RMB93.5 million, driven by the expansion of our POS network, which resulted in higher expenses for sites and labor, and (ii) an increase in employee benefit expenses of RMB31.4 million to support our POS network expansion efforts.

General and Administrative Expenses

Our general and administrative expenses increased by 50.5% from RMB24.7 million in 2023 to RMB37.2 million in 2024, primarily due to the increase in employee benefit expenses of RMB7.7 million, driven by the increase in the number of general and administrative personnel.

Net Provision of Impairment Losses on Financial Assets

Our net provision of impairment losses on financial assets decreased from RMB134 thousand in 2023 to RMB3 thousand in 2024, primarily due to lease deposit losses occurred in 2023.

Other Income and Gains/(Loss), Net

Our other income and gains/(loss), net increased from RMB0.3 million in 2023 to RMB5.0 million in 2024, primarily because we recorded income from loan to a shareholder of RMB4.8 million in 2024, representing gains entitled to us under a loan arrangement whereby the shareholder used the loan proceeds to acquire shares and agreed to remit to us the gains from any subsequent transfer of such shares.

Finance Costs, Net

Our finance costs, net remained relatively stable at RMB11.1 million in 2023 and RMB11.6 million in 2024.

Changes in the Carrying Amount of Redemption Liabilities

Our changes in the carrying amount of redemption liabilities increased by 272.7% from RMB21.1 million in 2023 to RMB78.8 million in 2024, representing the increase in interest expenses on our redemption liabilities, primarily attributable to the recognition of new redemption liabilities and the increase in the expected redemption amounts.

Income Tax Credit

Our income tax credit decreased from RMB114.9 million in 2023 to RMB25.1 million in 2024, primarily because we recognized deferred tax assets of RMB114.3 million in 2023 in connection with our accumulated losses as of December 31, 2023, while the deferred tax assets of RMB24.6 million recognized in 2024 were only related to tax losses incurred in 2024.

Profit/(Loss) and Total Comprehensive Income/(Loss) for the Year

As a result of the foregoing, we recorded net profit of RMB68.5 million in 2023, and net loss of RMB17.3 million in 2024.

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DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Non-current assets			
Property, plant and equipment	173,972	140,633	174,373
Right-of-use assets	51,364	126,557	143,666
Intangible assets	4,829	6,594	5,264
Other receivables and prepayments	3,568	7,525	7,871
Deferred tax assets	114,949	140,188	172,860
Total non-current assets	348,682	421,497	504,034
Current assets			
Inventories	79,505	104,557	115,280
Trade receivables	5,742	4,379	5,157
Other receivables and prepayments	33,957	74,003	65,640
Restricted cash	28	85	28
Cash and cash equivalents	261,953	329,457	394,745
Total current assets	381,185	512,481	580,850
Total assets	729,867	933,978	1,084,884
Equity			
Paid-in capital	99,951	109,105	112,805
Capital reserve	796,380	822,013	854,853
Treasury stock	(5,625)	(40,412)	(61,158)
Share-based compensation reserve	46,832	62,740	103,687
Other reserves	(449,862)	(549,862)	(572,931)
Accumulated losses	(718,892)	(736,150)	(773,370)
Total deficit	(231,216)	(332,566)	(336,114)
Non-current liabilities			
Lease liabilities	18,880	53,454	49,775
Redemption liabilities	530,763	709,513	845,125
Other payables and accrued charges	53,105	26,359	22,829
Total non-current liabilities	602,748	789,326	917,729
Current liabilities			
Lease liabilities	20,263	39,787	46,869
Borrowings	52,800	85,898	62,000
Trade payables	96,340	121,256	113,695
Other payables and accrued charges	188,930	230,177	280,628
Income tax liabilities	2	100	77
Total current liabilities	358,335	477,218	503,269
Total liabilities	961,083	1,266,544	1,420,998
Total deficit and liabilities	729,867	933,978	1,084,884
Net current assets	22,850	35,263	77,581

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Property, Plant and Equipment

Our property, plant and equipment consist of smart retail cabinets, transportation equipment, and computers and office equipment. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Smart retail cabinets	171,878	138,686	172,482
Transportation equipment	191	194	101
Computers and office equipment	1,903	1,753	1,790
Total	173,972	140,633	174,373

Our property, plant and equipment decreased from RMB174.0 million as of December 31, 2023 to RMB140.6 million as of December 31, 2024, primarily due to the depreciation of our smart retail cabinets. The balance increased to RMB174.4 million as of December 31, 2025, primarily due to an increase in smart retail cabinets, driven by the purchase of additional smart retail cabinets and the recategorization of certain smart retail cabinets from right-of-use assets to property, plant and equipment upon the expiry of the relevant lease terms.

Right-of-Use Assets

Our right-of-use assets consist of smart retail cabinets, leased properties and warehouses for our operations. The smart retail cabinets are obtained through finance leases, which were recognized as right-of-use assets during the respective lease terms. The following table sets forth a breakdown of our right-of-use assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Smart retail cabinets	43,782	115,044	131,935
Properties	7,582	11,513	10,440
Warehouse	—	—	1,291
Total	51,364	126,557	143,666

Our right-of-use assets increased from RMB51.4 million as of December 31, 2023 to RMB126.6 million as of December 31, 2024 and further to RMB143.7 million as of December 31, 2025, primarily due to an increase of RMB71.3 million and RMB16.9 million in smart retail cabinets in 2024 and 2025, respectively through finance leases to support the expansion of our POS network.

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Inventories

Our inventories represent finished goods for sale through our smart retail cabinets. Our inventories increased from RMB79.5 million as of December 31, 2023 to RMB104.6 million as of December 31, 2024, and further to RMB115.3 million as of December 31, 2025, driven by our increased purchase of consumer goods in support of the expansion of POS network.

The following table sets forth our inventory turnover days for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	43	44	45

Note:

- (1) Inventory turnover days are equal to the average of the beginning and ending inventory balances of a year divided by cost of revenue for that year and multiplied by the number of days for that year.

Our inventory turnover days kept relatively stable at 43, 44 and 45 days in 2023, 2024 and 2025, respectively.

As of April 30, 2026, approximately RMB115.3 million, or 100.0% of our inventories outstanding as of December 31, 2025, had been subsequently sold or utilized.

Trade Receivables

Our trade receivables represent receivables from customers in the ordinary course of business. The following table sets forth the breakdown of our trade receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade receivables due from sales of goods from smart retail cabinets	4,010	3,183	2,553
Trade receivables due from advertising and other services	1,732	1,196	2,604
Total	5,742	4,379	5,157

Our trade receivables decreased from RMB5.7 million as of December 31, 2023 to RMB4.4 million as of December 31, 2024, primarily due to our enhanced collection efforts and the timely settlement by our customer. Our trade receivables increased to RMB5.2 million as of December 31, 2025, in line with the growth of our revenue, primarily driven by the expansion of our POS network.

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The following table sets forth the aging analysis of our trade receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within 1 year	5,721	4,366	5,157
1 to 2 years	21	13	—
Total	5,742	4,379	5,157

The following table sets forth our trade receivables turnover days for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Trade receivables turnover days ⁽¹⁾	2	1	1

Note:

- (1) Trade receivables turnover days are equal to the average of the beginning and ending trade receivables balances of a year divided by revenue for that year and multiplied by the number of days for that year.

Our trade receivables turnover days were low throughout the Track Record Period, which is in line with industry practice according to Frost & Sullivan, reflecting the predominantly cash-on-delivery nature of our business.

As of April 30, 2026, approximately RMB4.9 million, or 95.4% of our trade receivables outstanding as of December 31, 2025, had been subsequently settled.

Other Receivables and Prepayments

Our other receivables comprise (i) loan to a shareholder, (ii) supplier rebates receivable, (iii) deposits paid to suppliers, and (iv) lease deposits. Our prepayments comprise (i) deductible VAT, (ii) prepayments for inventories, (iii) prepaid POS operations expenses, (iv) prepayment for software services, (v) prepayment for property, plant and equipment, (vi) prepayment for recruitment services, (vii) prepayment for logistics and warehousing services, (viii) prepayment for intangible assets, and (ix) prepaid [REDACTED] expenses. The following table sets forth the breakdown of our other receivables and prepayments as of the dates indicated.

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	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Other receivables			
Loan to a shareholder	—	39,309	—
Supplier rebates receivable ⁽¹⁾	23,107	10,263	25,349
Deposits paid to suppliers	4,271	5,798	5,425
Lease deposits	1,954	7,439	8,724
Others	402	327	631
	29,734	63,136	40,129
Less: impairment loss allowance	—	—	—
Total other receivables	29,734	63,136	40,129
Less: non-current portion	(1,954)	(7,438)	(7,396)
Total other receivables (current portion) . .	27,780	55,698	32,733
Prepayments			
Deductible VAT	348	3,218	17,608
Prepayments for inventories	2,248	1,197	3,785
Prepaid POS operations expenses	2,362	9,456	4,054
Prepayment for software services	533	1,577	1,426
Prepayment for property, plant and equipment	97	87	74
Prepayment for recruitment services	—	29	1,495
Prepayment for logistics and warehousing services	37	446	1,169
Prepayment for intangible assets	1,517	—	401
Prepaid [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	649	2,382	2,910
Total prepayments	7,791	18,392	33,382
Less: non-current portion	(1,614)	(87)	(475)
Total prepayments (current portion)	6,177	18,305	32,907
Total other receivables and prepayments (current portion)	33,957	74,003	65,640

Note:

- (1) Primarily represented rebates receivable from goods suppliers in connection with our procurement of their products.

Our other receivables and prepayments increased from RMB34.0 million as of December 31, 2023 to RMB74.0 million as of December 31, 2024, primarily due to an increase in the loan to a shareholder of RMB39.3 million. Our other receivables and prepayments decreased to RMB65.6 million as of December 31, 2025, primarily due to the full settlement of the loan to a shareholder. The loan bears no contractual interest and the shareholder used the loan proceeds to acquire our Shares. For details, see Note 18 to the Accountant’s Report included in Appendix I to this document.

FINANCIAL INFORMATION

Trade Payables

Our trade payables primarily arise from the purchase of consumer goods for sales through our smart retail cabinets. Our trade payables increased from RMB96.3 million as of December 31, 2023 to RMB121.3 million as of December 31, 2024, primarily driven by the growth of our operations and the corresponding increase in procurement of consumer goods. Our trade payables decreased to RMB113.7 million as of December 31, 2025, primarily due to our proactive settlement with suppliers.

The following table sets forth the aging analysis of trade payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Up to 3 months	96,057	121,239	113,689
3 to 6 months	207	17	6
Over 6 months	76	—	—
Total	96,340	121,256	113,695

The following table sets forth our trade payables turnover days for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Trade payables turnover days ⁽¹⁾	48	52	48

Note:

- (1) Trade payables turnover days are equal to the average of the beginning and ending trade payables balances of a year divided by cost of revenue for that year and multiplied by the number of days for that year.

Our trade payables turnover days increased from 48 days in 2023 to 52 days in 2024, primarily due to the extended credit terms granted by our suppliers, attributable to our long-term relationships with them and enhanced brand recognition. Trade payables turnover days decreased to 48 days in 2025, primarily due to our proactive settlement with suppliers.

As of April 30, 2026, approximately RMB113.7 million, or 100.0% of our trade payables outstanding as of December 31, 2025, had been subsequently settled.

FINANCIAL INFORMATION

Other Payables and Accrued Charges

Other payables and accrued charges primarily consist of (i) repurchase obligation liability, (ii) employee benefits payables, (iii) deposits payables, (iv) VAT and other tax payables, (v) installment payables for property, plant and equipment, (vi) accrued POSs development expenses, (vii) accrued POSs operation services, (viii) accrued for warehousing and transporting services, (ix) contract liabilities, and (x) accrued [REDACTED] expenses. The following table sets forth our other payables and accrued charges as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Repurchase obligation liability –			
restricted shares	6,575	41,365	66,379
Employee benefits payables	37,196	47,587	44,323
Deposits payables	4,868	11,689	16,029
VAT and other tax payables	5,058	4,863	10,169
Installment payables for property, plant and equipment	121,442	60,585	42,278
Accrued POSs development expenses	10,157	12,876	16,665
Accrued POSs operation services	45,203	62,989	85,780
Accrued warehousing and transporting services	4,359	6,538	7,497
Contract liabilities	583	412	1,695
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	6,594	7,632	10,572
Subtotal	242,035	256,536	303,457
Less: non-current portion	(53,105)	(26,359)	(22,829)
Total	188,930	230,177	280,628

Our other payables and accrued charges increased from RMB242.0 million as of December 31, 2023 to RMB256.5 million as of December 31, 2024, and further increased to RMB303.5 million as of December 31, 2025, primarily attributable to (i) the continuous increase in repurchase obligation liability of restricted shares, driven by the increased prepaid exercise price for our share-based compensation, and (ii) the consistent increase in accrued for POSs operation services, in relation to the expansion of our POS network. Our Directors confirm that we had no material defaults in payment of trade and non-trade payables during the Track Record Period and up to the date of this document.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary uses of cash are to fund our POS development and operations activities, and research and development activities. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with funds from cash generated from our operations, bank borrowings, and equity financing. After the [REDACTED], we believe that our liquidity requirements will continue to be satisfied with a combination of these sources and [REDACTED] from the [REDACTED]. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB262.0 million, RMB329.5 million and RMB394.7 million, respectively. We do not anticipate any material changes to the availability of financing to fund our operations in the future.

FINANCIAL INFORMATION

Cash Flows

The following table sets forth a summary of our cash flows for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash generated from operating activities	111,572	182,125	188,142
Net cash (used in)/generated from investing activities	(8,655)	(37,813)	688
Net cash used in financing activities	(7,140)	(76,808)	(123,542)
Net increase in cash and cash equivalents .	95,777	67,504	65,288
Cash and cash equivalents at the beginning of the year	166,176	261,953	329,457
Cash and cash equivalents at the end of the year	261,953	329,457	394,745

Net Cash Generated from Operating Activities

Net cash generated from operating activities was RMB188.1 million in 2025, primarily attributable to a loss before tax of RMB69.9 million, as adjusted for (i) certain non-cash items, primarily including (a) changes in the carrying amount of redemption liabilities of RMB112.5 million, (b) depreciation of right-of-use assets of RMB48.6 million, and (c) share-based payments expenses of RMB40.9 million; and (ii) changes in working capital, primarily including an increase in other payables and accrued charges of RMB44.8 million. These adjustments were partially offset by (i) an increase in other receivables and prepayments of RMB29.6 million, and (ii) an increase in inventories of RMB10.7 million.

Net cash generated from operating activities was RMB182.1 million in 2024, primarily attributable to a loss before tax of RMB42.4 million, as adjusted for (i) certain non-cash items, primarily including (a) changes in the carrying amount of redemption liabilities of RMB78.8 million, and (b) depreciation of property, plant and equipment of RMB46.0 million; and (ii) changes in working capital, primarily including an increase in other payables and accrued charges of RMB41.2 million and an increase in trade payables of RMB24.9 million. These adjustments were partially offset by an increase in inventories of RMB25.1 million.

Net cash generated from operating activities was RMB111.6 million in 2023, primarily attributable to a loss before tax of RMB46.5 million, as adjusted for (i) certain non-cash items, primarily including (a) depreciation of property, plant and equipment of RMB44.1 million, and (b) changes in the carrying amount of redemption liabilities of RMB21.1 million; and (ii) changes in working capital, primarily including an increase in other payables and accrued charges of RMB70.1 million. These adjustments were partially offset by an increase in inventories of RMB19.1 million.

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Net Cash (Used in)/Generated from Investing Activities

Net cash generated from investing activities was RMB0.7 million in 2025, primarily due to (i) repayments of loan to a shareholder of RMB39.3 million and (ii) proceeds from disposal of property, plant and equipment of RMB2.0 million, partially offset by (i) payments for property, plant and equipment of RMB39.6 million and (ii) payments for intangible assets of RMB1.0 million.

Net cash used in investing activities was RMB37.8 million in 2024, primarily due to (i) a loan to a shareholder of RMB80.0 million, (ii) payments for intangible assets of RMB2.7 million, and (iii) payments for property, plant and equipment of RMB2.5 million, partially offset by (i) repayments of loan to a shareholder of RMB45.5 million and (ii) proceeds from disposal of property, plant and equipment of RMB2.0 million.

Net cash used in investing activities was RMB8.7 million in 2023, primarily due to (i) payments for intangible assets of RMB6.3 million, and (ii) payments for property, plant and equipment of RMB16.5 million, partially offset by proceeds from disposal of property, plant and equipment of RMB14.1 million.

Net Cash Used in Financing Activities

Net cash used in financing activities was RMB123.5 million in 2025, primarily due to (i) repayments of borrowings of RMB127.8 million, (ii) payments for lease liabilities and lease deposit of RMB90.0 million, and (iii) installment payments for property, plant and equipment of RMB47.4 million, partially offset by (i) proceeds from borrowings of RMB104.0 million, and (ii) proceeds of capital injection from shareholders of RMB30.2 million.

Net cash used in financing activities was RMB76.8 million in 2024, primarily due to (i) installment payments for property, plant and equipment of RMB76.7 million, (ii) repayments of borrowings of RMB72.8 million, and (iii) payments for lease liabilities and lease deposit of RMB64.8 million, partially offset by (i) proceeds from borrowings of RMB105.8 million, and (ii) prepaid proceeds of exercise price of share award scheme of RMB36.8 million.

Net cash used in financing activities was RMB7.1 million in 2023, primarily due to (i) installment payments for property, plant and equipment of RMB71.7 million, (ii) payments for lease liabilities and lease deposit of RMB31.4 million, and (iii) repayments of borrowings of RMB25.2 million, partially offset by (i) proceeds from borrowings of RMB72.0 million, and (ii) proceeds of capital injection from shareholders of RMB50.0 million.

Working Capital Sufficiency

Our Directors are of the view that taking into account the financial resources available to us, including the estimated [REDACTED] from the [REDACTED] and the expected cash generated from operating activities, we have sufficient working capital for our current requirements and for the next 12 months from the date of this document.

FINANCIAL INFORMATION

Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Current assets				
Inventories	79,505	104,557	115,280	126,260
Trade receivables	5,742	4,379	5,157	7,579
Other receivables and prepayments	33,957	74,003	65,640	70,147
Restricted cash	28	85	28	28
Cash and cash equivalents . . .	261,953	329,457	394,745	305,398
Total current assets	381,185	512,481	580,850	509,412
Current liabilities				
Lease liabilities	20,263	39,787	46,869	46,843
Borrowings	52,800	85,898	62,000	32,000
Trade payables	96,340	121,256	113,695	105,416
Other payables and accrued charges	188,930	230,177	280,628	247,179
Income tax liabilities	2	100	77	–
Total current liabilities	358,335	477,218	503,269	431,438
Net current assets	22,850	35,263	77,581	77,974

Our net current assets increased from RMB77.6 million as of December 31, 2025 to RMB78.0 million as of April 30, 2026, primarily due to (i) a decrease in other payables and accrued charges from RMB280.6 million as of December 31, 2025 to RMB247.2 million as of April 30, 2026, (ii) a decrease in borrowings from RMB62.0 million as of December 31, 2025 to RMB32.0 million as of April 30, 2026, (iii) an increase in inventories from RMB115.3 million as of December 31, 2025 to RMB126.3 million as of April 30, 2026, (iv) a decrease in trade payables from RMB113.7 million as of December 31, 2025 to RMB105.4 million as of April 30, 2026, (v) an increase in other receivables and prepayments from RMB65.6 million as of December 31, 2025 to RMB70.1 million as of April 30, 2026, and (vi) an increase in trade receivables from RMB5.2 million as of December 31, 2025 to RMB7.6 million as of April 30, 2026, partially offset by a decrease in cash and cash equivalents from RMB394.7 million as of December 31, 2025 to RMB305.4 million as of April 30, 2026.

Our net current assets increased from RMB35.3 million as of December 31, 2024 to RMB77.6 million as of December 31, 2025, primarily due to (i) an increase in cash and cash equivalents from RMB329.5 million as of December 31, 2024 to RMB394.7 million as of December 31, 2025, and (ii) a decrease in borrowings from RMB85.9 million as of December 31, 2024 to RMB62.0 million as of December 31, 2025, partially offset by an increase in other payables and accrued charges from RMB230.2 million as of December 31, 2024 to RMB280.6 million as of December 31, 2025.

Our net current assets increased from RMB22.9 million as of December 31, 2023 to RMB35.3 million as of December 31, 2024, primarily due to (i) an increase in cash and cash equivalents from RMB262.0 million as of December 31, 2023 to RMB329.5 million as of December 31, 2024, partially offset by (ii) an increase in other payables and accrued charges from RMB188.9 million as of December 31, 2023 to RMB230.2 million as of December 31, 2024.

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INDEBTEDNESS

During the Track Record Period, we had indebtedness in the form of lease liabilities, borrowings, redemption liabilities, and installment payables for property, plant and equipment. The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>
Current				
Lease liabilities	20,263	39,787	46,869	46,843
Borrowings	52,800	85,898	62,000	32,000
Installment payables for property, plant and equipment	68,337	34,226	19,449	13,535
Subtotal	141,400	159,911	128,318	92,378
Non-current				
Lease liabilities	18,880	53,454	49,775	40,090
Redemption liabilities	530,763	709,513	845,125	864,393
Installment payables for property, plant and equipment	53,105	26,359	22,829	18,835
Subtotal	602,748	789,326	917,729	923,318
Total	744,148	949,237	1,046,047	1,015,696

Lease Liabilities

Our lease liabilities are primarily related to leased smart retail cabinets for our business operation, and leased properties as our office premises. Our lease liabilities increased from RMB39.1 million as of December 31, 2023 to RMB93.2 million as of December 31, 2024, and further to RMB96.6 million as of December 31, 2025, primarily due to the increase in leased smart retail cabinets to support our operation expansion. Our lease liabilities decreased to RMB86.9 million as of April 30, 2026, primarily due to lease payments made for cabinets under finance lease arrangements in the four months ended April 30, 2026.

Borrowings

Our borrowings represent bank loans. Our borrowings increased from RMB52.8 million as of December 31, 2023 to RMB85.9 million as of December 31, 2024, to support our operations. The amount decreased to RMB62.0 million as of December 31, 2025 and RMB32.0 million as of April 30, 2026, primarily due to repayments made by us. As of April 30, 2026, we had committed unutilized banking facilities of RMB98.0 million.

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Redemption Liabilities

Redemption liabilities represent the amortized costs of the preferential rights issued to our Pre-[REDACTED] Investors. We recorded redemption liabilities of RMB530.8 million, RMB709.5 million, RMB845.1 million and RMB864.4 million, respectively, as of December 31, 2023, 2024 and 2025, and April 30, 2026. For details, see “History, Development and Corporate Structure — Pre-[REDACTED] Investments.”

Installment Payables for Property, Plant and Equipment

Installment payables for property, plant and equipment represents amounts payable by us for property, plant and equipment purchased under installment payment arrangements. Our installment payables for property, plant and equipment decreased from RMB121.4 million as of December 31, 2023 to RMB60.6 million as of December 31, 2024, and further decreased to RMB42.3 million as of December 31, 2025 and RMB32.4 million as of April 30, 2026, primarily because we increased our use of finance leases, instead of installment purchase arrangements, for smart retail cabinets to support the expansion of our POS network, as well as we made installment payments during the periods.

Indebtedness Statement

Except as discussed above, as of April 30, 2026, which is the indebtedness statement date, we did not have any outstanding 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. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing.

Our Directors confirm that (i) there has not been any material adverse change in our indebtedness since April 30, 2026, and up to the Latest Practicable Date, and (ii) during the Track Record Period and up to the date of this document, we did not have any material default on our indebtedness or breach of covenant.

CAPITAL EXPENDITURE

Our capital expenditure primarily consists of expenditures for property, plant and equipment and right-of-use assets. In 2023, 2024 and 2025, our capital expenditures amounted to RMB116.6 million, RMB120.9 million and RMB151.0 million, respectively. We expect to finance our planned capital expenditure primarily with our existing cash as well as [REDACTED] from the [REDACTED]. See “Future Plans and Use of [REDACTED].” We may adjust our capital expenditure for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we did not have any capital commitments.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have material contingent liabilities or guarantee.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our material related party transactions, see Note 30 to the Accountant’s Report set out in Appendix I to this document.

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Our Directors are of the view that each of the material related party transactions set out in Note 30 to the Accountant’s Report set out in Appendix I to this document was conducted in the ordinary course of business on an arm’s-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our material related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates and for the years indicated.

	As of/For the Year Ended December 31,		
	2023	2024	2025
Revenue growth	N/A	32.9%	21.6%
Gross profit margin ⁽¹⁾	52.4%	54.0%	55.8%
Current ratio ⁽²⁾	1.1	1.1	1.2
Inventory turnover days ⁽³⁾	43	44	45

Notes:

- (1) Calculated by dividing gross profit by revenue for a specific year.
- (2) Calculated by dividing total current assets by total current liabilities as of the dates indicated.
- (3) See “— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Inventories” for details.

FINANCIAL RISK MANAGEMENT

Our activities expose us to a variety of financial risks, including market risk, which comprises foreign exchange risk and interest rate risk, credit risk and liquidity 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. We currently do not use any derivative financial instruments to hedge the risk exposure. See Note 3 to the Accountant’s Report set out in Appendix I to this document for details.

DIVIDEND

During the Track Record Period and up to the Latest Practicable Date, we did not declare or pay any dividend. The declaration and payment of any dividends in the future will be subject to the approval of our Shareholders in a shareholder’s meeting, our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. There is no assurance that dividends of any amount will be declared or distributed in any year. Currently, we do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the [REDACTED]. When distributing the after-tax profits of the current fiscal year, we shall allocate 10% of the profits to the statutory reserve fund. The allocation of the statutory reserve fund may cease once its cumulative balance exceeds 50% of our registered capital. If the statutory reserve fund is insufficient to cover the accumulated losses of previous years, we shall first apply the current year’s profits to cover such losses before making any allocation to the statutory reserve fund. After setting aside the statutory reserve fund from the after-tax profits, we may, by a resolution of the shareholders’ meeting, also allocate a discretionary reserve fund from the remaining after-tax profits. As a result, we may not have sufficient or any distributable profits to make dividend contributions to our Shareholders.

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED]. The estimated total [REDACTED] expenses (based on the mid-point of the [REDACTED] range and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK\$[REDACTED] million, accounting for approximately [REDACTED]% of our gross [REDACTED] from the [REDACTED]. The estimated total [REDACTED] expenses consist of (i) [REDACTED]-related expenses (including but not limited to commissions and fees) of approximately HK\$[REDACTED] million, and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED] million, which consist of fees and expenses of legal advisors and Reporting Accountant of approximately HK\$[REDACTED] million, and other fees and expenses of approximately HK\$[REDACTED] million. Approximately HK\$[REDACTED] million has been or is expected to be charged in profit or loss, and approximately HK\$[REDACTED] million of the estimated [REDACTED] expenses is directly attributable to the [REDACTED] of new Shares to the public and will be accounted for as a deduction from equity upon completion of the [REDACTED]. During the Track Record Period, we incurred [REDACTED] expenses of RMB[REDACTED] million (approximately HK\$[REDACTED] million). We expect to incur additional [REDACTED] expenses of approximately HK\$[REDACTED] million after the Track Record Period. This calculation is subject to adjustment based on the actual amount incurred or to be incurred. The [REDACTED] expenses above are the best estimate as of the Latest Practicable Date and are for reference only. The actual amount may differ from such an estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

[REDACTED]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, and up to the date of this document and there is no event since December 31, 2025, which would materially affect the information shown in our consolidated financial statements included in the Accountant’s Report set out in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, 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.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” for a detailed discussion of our future plans.

USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED]), we estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, after deducting [REDACTED] and other estimated expenses payable by us. We intend to use the [REDACTED] from [REDACTED] for the following purposes and in the amounts set out below:

- **Approximately [REDACTED]%, or approximately HK\$[REDACTED] million, will be allocated to the expansion of POS network.** We plan to further strengthen our market leadership and increase penetration across diverse scenarios. In particular:
 - Approximately [REDACTED]%, or approximately HK\$[REDACTED] million, will be allocated to investment in smart retail cabinets, including both direct purchases and payments under finance lease arrangements. This will allow us to expand and increase the density of our smart retail cabinet network, broaden our retail touchpoints, and enhance consumer accessibility to our products.
 - Approximately [REDACTED]%, or approximately HK\$[REDACTED] million, will be allocated to expand our sales team for POS development. We plan to recruit, train, and retain high-caliber sales personnel and implement a tiered incentive program closely linked to site expansion performance metrics.
 - Approximately [REDACTED]%, or approximately HK\$[REDACTED] million, will be allocated to brand building and market development. We plan to deploy targeted digital marketing campaigns to strengthen overall brand recognition and to obtain sales leads.
- **Approximately [REDACTED]%, or approximately HK\$[REDACTED] million, will be allocated to R&D activities to advance our FLOW Pilot technological integration.** We are advancing our technologies across the value chain by upgrading our FLOW Pilot agent system and enhancing hardware and IoT capabilities. In particular:
 - Approximately [REDACTED]%, or approximately HK\$[REDACTED] million, will be allocated to the continued development and enhancement of our FLOW Pilot agent system. We plan to invest in algorithm upgrades, data-driven optimization, and strategic partnerships with leading domestic large model teams to maintain our technological edge. We plan to further train and accelerate the iterative upgrades of our intelligent agents of the FLOW Pilot, covering various R&D expenses, including but not limited to model Token consumption costs and computational resource expenditures.
 - Approximately [REDACTED]%, or approximately HK\$[REDACTED] million, will be allocated to smart hardware and IoT platform optimization. We intend to enhance our smart retail cabinet hardware through energy-efficient design, improved edge computing, and AI-powered interactive features that generate real-time consumer insights to inform our merchandising decisions. We also plan to upgrade our proprietary IoT management platform with strengthened predictive maintenance capabilities, real-time data visualization, and enhanced network-wide device management to support the operational demands of our expanding footprint.

FUTURE PLANS AND USE OF [REDACTED]

- **Approximately [REDACTED]%, or approximately HK\$[REDACTED] million, will be allocated to global expansion.**
 - o We plan to pursue a disciplined, pilot-first approach to internationalization, initially targeting Hong Kong and Southeast Asia. We intend to replicate our proven domestic operating model in select gateway cities, and once the market is validated, systematically scale our overseas POS network.
- **Approximately [REDACTED]%, or approximately HK\$[REDACTED] million, will be allocated to strategic collaboration with brand partners.**
 - o We plan to further enhance our ecosystem and provide value-added services to our brand partners. We intend to provide continuous enhancement and functional iteration of our ‘Shuying’ platform to empower our brand partners with data insights, marketing strategies, new product promotion and tools to effectively engage stakeholders across their supply chains.
- **Approximately [REDACTED]%, or approximately HK\$[REDACTED] million, will be allocated to deployment of automation hardware, covering picking, sorting, transportation and logistics.**
 - o We intend to upgrade our warehouse and transportation network to strengthen operational efficiency and achieve greater economies of scale. This primarily consists of procurement of automated sorting robots for warehouses and autonomous vehicle for last mile delivery.
- **Approximately [REDACTED]%, or approximately HK\$[REDACTED] million, will be allocated to working capital and general corporate purposes.**

To the extent our [REDACTED] are either more or less than expected, we will adjust our allocation of the [REDACTED] for the above purposes on a pro rata basis.

If the [REDACTED] is fully exercised, we will receive additional [REDACTED] of approximately HK\$[REDACTED] million (based on the maximum [REDACTED] of HK\$[REDACTED] per [REDACTED]). In the event that the [REDACTED] is exercised, we intend to apply the additional [REDACTED] to the above purposes on a pro rata basis.

To the extent that our [REDACTED] are not sufficient to fund the purposes set out above, we will fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings.

If any part of our plan does not proceed as planned for reasons such as changes in government policies that would render any of our plans not viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate the [REDACTED] from the [REDACTED]. We will issue an appropriate announcement if there is any material change to the above proposed use of [REDACTED].

To the extent that the [REDACTED] of the [REDACTED] are not immediately used for the purposes described above, and to the extent permitted by the relevant laws and regulations, we will deposit the [REDACTED] in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under SFO or applicable laws and regulations in the other jurisdictions).

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANT’S REPORT

The following is the text of a report set out on pages I-1 to I-2, received from the Company’s reporting accountant, [PricewaterhouseCoopers], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of 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.

[DRAFT]

[Letterhead of PricewaterhouseCoopers]

ACCOUNTANT’S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN FENGYI TECHNOLOGY GROUP CO., LTD. AND ABCI CAPITAL LIMITED

Introduction

We report on the historical financial information of Shenzhen Fengyi Technology Group Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-3 to I-60, which comprises the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, the company statements of financial position as at 31 December 2023, 2024 and 2025, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 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-60 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “**Document**”) 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant’s 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 (“**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.

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ACCOUNTANT’S REPORT

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 accountant’s 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 accountant considers internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 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 purposes of the accountant’s report, a true and fair view of the financial position of the Company as at 31 December 2023, 2024 and 2025 and the consolidated financial position of the Group as at 31 December 2023, 2024 and 2025 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “LISTING RULES”) 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 27 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[Date]

APPENDIX I

ACCOUNTANT’S REPORT

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant’s report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standard Board (“**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	5	1,243,680	1,652,349	2,008,941
Cost of revenue	6	(591,490)	(759,439)	(888,459)
Gross profit		652,190	892,910	1,120,482
Research and development expenses . .	6	(56,065)	(63,740)	(63,915)
Selling and marketing expenses	6	(585,801)	(749,003)	(960,814)
General and administrative expenses . .	6	(24,719)	(37,213)	(46,506)
Net provision of impairment losses on financial assets		(134)	(3)	(40)
Other income and gains/(loss), net . . .	8	294	5,010	1,603
Operating (loss)/profit		(14,235)	47,961	50,810
Finance costs	9	(14,330)	(14,680)	(10,845)
Finance income	9	3,235	3,073	2,686
Finance costs, net		(11,095)	(11,607)	(8,159)
Changes in the carrying amount of redemption liabilities	26	(21,128)	(78,750)	(112,543)
Loss before income tax		(46,458)	(42,396)	(69,892)
Income tax credit	10	114,947	25,138	32,672
Profit/(loss) and total comprehensive income/(loss) for the year attributable to the owners of the Company		<u>68,489</u>	<u>(17,258)</u>	<u>(37,220)</u>
Earnings/(Losses) per share attributable to the owners of the Company				
– Basic and diluted earnings/(losses) per share (in RMB Yuan)	11	<u>0.82</u>	<u>(0.20)</u>	<u>(0.43)</u>

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ACCOUNTANT’S REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	12	173,972	140,633	174,373
Right-of-use assets	13	51,364	126,557	143,666
Intangible assets	14	4,829	6,594	5,264
Other receivables and prepayments . . .	18	3,568	7,525	7,871
Deferred tax assets	28	114,949	140,188	172,860
Total non-current assets		348,682	421,497	504,034
Current assets				
Inventories	16	79,505	104,557	115,280
Trade receivables	18	5,742	4,379	5,157
Other receivables and prepayments . . .	18	33,957	74,003	65,640
Restricted cash		28	85	28
Cash and cash equivalents	19	261,953	329,457	394,745
Total current assets		381,185	512,481	580,850
Total assets		729,867	933,978	1,084,884
EQUITY				
Paid-in capital	20	99,951	109,105	112,805
Capital reserve	20	796,380	822,013	854,853
Treasury stock	21	(5,625)	(40,412)	(61,158)
Share-based payments reserve	21	46,832	62,740	103,687
Other reserves	26	(449,862)	(549,862)	(572,931)
Accumulated losses		(718,892)	(736,150)	(773,370)
Total deficit		(231,216)	(332,566)	(336,114)
LIABILITIES				
Non-current liabilities				
Lease liabilities-non-current portion . .	25	18,880	53,454	49,775
Redemption liabilities	26	530,763	709,513	845,125
Other payables and accrued charges . .	24	53,105	26,359	22,829
Total non-current liabilities		602,748	789,326	917,729

APPENDIX I

ACCOUNTANT’S REPORT

	<i>Note</i>	As at 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities				
Lease liabilities	25	20,263	39,787	46,869
Borrowings	23	52,800	85,898	62,000
Trade payables	24	96,340	121,256	113,695
Other payables and accrued charges . .	24	188,930	230,177	280,628
Income tax liabilities		2	100	77
Total current liabilities		<u>358,335</u>	<u>477,218</u>	<u>503,269</u>
Total liabilities		<u>961,083</u>	<u>1,266,544</u>	<u>1,420,998</u>
Total deficit and liabilities		<u>729,867</u>	<u>933,978</u>	<u>1,084,884</u>
Net current assets		<u>22,850</u>	<u>35,263</u>	<u>77,581</u>

APPENDIX I

ACCOUNTANT’S REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	<i>Note</i>	2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
ASSETS				
Non-current assets				
Investments in subsidiaries	15	100,000	100,100	159,000
Property, plant and equipment	12	173,972	127,338	52,956
Right-of-use assets	13	51,288	85,606	71,151
Intangible assets	14	4,829	6,594	5,264
Trade receivables	18	–	10,150	76,950
Other receivables and prepayments . . .	18	3,568	113,801	157,535
Deferred tax assets	28	114,807	76,027	9,898
Total non-current assets		448,464	519,616	532,754
Current assets				
Inventories	16	79,411	50,166	–
Trade receivables	18	5,742	11,299	144,315
Other receivables and prepayments . . .	18	34,014	136,395	390,635
Restricted cash		28	85	28
Cash and cash equivalents	19	160,537	272,854	140,081
Total current assets		279,732	470,799	675,059
Total assets		728,196	990,415	1,207,813
EQUITY				
Paid-in capital	20	99,951	109,105	112,805
Capital reserve	20	796,380	822,013	854,853
Share-based payments reserve	21	46,832	60,076	90,311
Other reserves	26	(449,862)	(549,862)	(572,931)
Accumulated losses		(718,472)	(541,161)	(270,045)
Total (deficit)/equity		(225,171)	(99,829)	214,993
LIABILITIES				
Non-current liabilities				
Lease liabilities-non-current portion . .	25	18,864	34,378	20,409
Redemption liabilities	26	530,763	709,513	845,125
Other payables and accrued charges . .	24	53,105	24,839	6,732
Total non-current liabilities		602,732	768,730	872,266

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ACCOUNTANT’S REPORT

	<i>Note</i>	As at 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Current liabilities				
Lease liabilities	25	20,257	28,254	23,733
Borrowings	23	52,800	85,898	4,000
Trade payables	24	96,340	64,273	–
Other payables and accrued charges . .	24	181,238	143,089	92,821
Total current liabilities		350,635	321,514	120,554
Total liabilities		953,367	1,090,244	992,820
Total deficit and liabilities		728,196	990,415	1,207,813
Net current (liabilities)/assets		(70,903)	149,285	554,505

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ACCOUNTANT’S REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the Company						
		Paid-in capital	Capital reserve	Treasury stock	Share-based payments reserve	Other reserves	Accumulated losses	Total deficit
		(Note 20)	(Note 20)	(Note 21)	(Note 21)	(Note 26)		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note							
As at 1 January 2023		96,000	750,331	(5,625)	35,443	(299,862)	(787,381)	(211,094)
Comprehensive income								
– Profit for the year		–	–	–	–	–	68,489	68,489
Transactions with owners in their capacity as owners:								
– Capital injection from shareholders	20	3,951	46,049	–	–	–	–	50,000
– Recognition of redemption liabilities	26	–	–	–	–	(150,000)	–	(150,000)
– Share-based payments	22	–	–	–	11,389	–	–	11,389
As at 31 December 2023		99,951	796,380	(5,625)	46,832	(449,862)	(718,892)	(231,216)

		Attributable to owners of the Company						
		Paid-in capital	Capital reserve	Treasury stock	Share-based payments reserve	Other reserves	Accumulated losses	Total deficit
		(Note 20)	(Note 20)	(Note 21)	(Note 21)	(Note 26)		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note							
As at 1 January 2024		99,951	796,380	(5,625)	46,832	(449,862)	(718,892)	(231,216)
Comprehensive income								
– Loss for the year		–	–	–	–	–	(17,258)	(17,258)
Transactions with owners in their capacity as owners:								
– Capital injection from employee shareholding platform	20, 21	9,154	25,633	(34,787)	–	–	–	–
– Recognition of redemption liabilities	26	–	–	–	–	(100,000)	–	(100,000)
– Share-based payments	22	–	–	–	15,908	–	–	15,908
As at 31 December 2024		109,105	822,013	(40,412)	62,740	(549,862)	(736,150)	(332,566)

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ACCOUNTANT’S REPORT

		Attributable to owners of the Company						
		Paid-in capital (Note 20)	Capital reserve (Note 20)	Treasury stock (Note 21)	Share-based payments reserve (Note 21)	Other reserves (Note 26)	Accumulated losses	Total deficit
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note							
As at 1 January 2025.		109,105	822,013	(40,412)	62,740	(549,862)	(736,150)	(332,566)
Comprehensive income								
– Loss for the year.		–	–	–	–	–	(37,220)	(37,220)
Transactions with owners in their capacity as owners:								
– Capital injection from shareholders.	20	2,187	28,607	–	–	–	–	30,794
– Capital injection from employee shareholding platform.	20, 21	1,513	4,233	(5,746)	–	–	–	–
– Recognition of redemption liabilities.	26	–	–	–	–	(30,794)	–	(30,794)
– Impact of transfer of shares with special rights.	26	–	–	–	–	7,725	–	7,725
– Repurchase of own shares held as treasury stock.	21	–	–	(15,000)	–	–	–	(15,000)
– Share-based payments.	22	–	–	–	40,947	–	–	40,947
As at 31 December 2025.		112,805	854,853	(61,158)	103,687	(572,931)	(773,370)	(336,114)

APPENDIX I

ACCOUNTANT’S REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Note</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cash flows from operating activities				
Cash generated from operations	29(a)	108,337	179,055	185,479
Interest received		3,235	3,073	2,686
Income taxes paid		—	(3)	(23)
Net cash generated from operating activities		<u>111,572</u>	<u>182,125</u>	<u>188,142</u>
Cash flows from investing activities				
Payments for property, plant and equipment		(16,478)	(2,543)	(39,620)
Loan to a shareholder	18(b)(i)	—	(80,000)	—
Payments for intangible assets		(6,277)	(2,741)	(1,030)
Proceeds from disposal of property, plant and equipment		14,100	1,971	2,029
Repayments of loan to a shareholder	18(b)(i)	—	45,500	39,309
Net cash generated from/(used in) investing activities		<u>(8,655)</u>	<u>(37,813)</u>	<u>688</u>
Cash flows from financing activities				
Proceeds of capital injection from shareholders	20(a)(i)	50,000	—	30,191
Proceeds from borrowings	29(c)	72,000	105,801	104,000
Prepaid proceeds of exercise price of share award scheme		—	36,838	26,787
Repurchase of forfeited shares under the share award scheme		—	(2,049)	(1,773)
Repurchase equity of the Company		—	—	(15,000)
Installment payments for property, plant and equipment	29(c)	(71,696)	(76,678)	(47,421)
Payments for lease liabilities and lease deposit		(31,369)	(64,847)	(89,989)
Repayments of borrowings	29(c)	(25,200)	(72,800)	(127,800)
Interest paid on borrowings	29(c)	(875)	(3,073)	(2,537)
Net cash generated from/(used in) financing activities		<u>(7,140)</u>	<u>(76,808)</u>	<u>(123,542)</u>
Net increase /(decrease) in cash and cash equivalents		<u>95,777</u>	<u>67,504</u>	<u>65,288</u>
Cash and cash equivalents at beginning of the year		<u>166,176</u>	<u>261,953</u>	<u>329,457</u>
Cash and cash equivalents at end of the year	19	<u><u>261,953</u></u>	<u><u>329,457</u></u>	<u><u>394,745</u></u>

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Shenzhen Fengyi Technology Group Co., Ltd. (深圳市豐宜科技集團股份有限公司), formerly known as Shenzhen Fengyi Technology Company Limited (深圳市豐宜科技有限公司) was incorporated in the People’s Republic of China (the “PRC”) on 7 November 2017 as a limited liability company under the Company Law of the PRC and converted into a joint stock company with limited liability on 30 March 2026. The address of the Company’s registered office is Room 1401, Kangtai Group Building, No. 222 Kefa Road, Kejiyuan Community, Yuehai Subdistrict, Nanshan District, Shenzhen, Guangdong Province, the PRC.

The Company and its subsidiaries (collectively referred to as “the Group”) are principally engaged in the unmanned retail business (selling of goods from smart retail cabinets), advertising and others. The ultimate controlling party of the Group is Mr. Shan Xinning.

The major subsidiaries of the Company during the Track Record Period were disclosed in Note 15.

2 BASIS OF PREPARATION

The material accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(i) Compliance with IFRS Accounting Standards

The Historical Financial Information of the Group has been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board, including interpretations developed by the IFRS Interpretations Committee and its predecessor body, the Standing Interpretations Committee (‘IFRS Accounting Standards’). The Historical Financial Information has been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s 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 disclosed in Note 4.

In preparing the Historical Financial Information, the Group has consistently adopted all applicable new and amended IFRS Accounting Standards that became effective for the financial year beginning on or after 1 January 2025 throughout all the years presented.

(ii) Going concern

The Group incurred loss before income tax of approximately RMB46.5 million, RMB42.4 million and RMB69.9 million for the years ended 31 December 2023, 2024 and 2025, respectively, primarily attributable to changes in the carrying amount of the redemption liabilities recognised in profit or loss, amounting to RMB21.1 million, RMB78.8 million and RMB112.5 million for the corresponding years (Note 26). As at the same year-ends, the Group also reported total deficit of approximately RMB231.2 million, RMB332.6 million and RMB336.1 million, primarily attributable to redemption liabilities of RMB530.8 million, RMB709.5 million and RMB845.1 million arising from certain special rights (the “Special Rights”, as defined in Note 26) granted to certain shareholders under the Shareholders’ Agreement.

As further disclosed in Note 26(h), pursuant to the Shareholders’ Special Rights Termination Agreement entered into by all shareholders in April 2026 (the “Termination Agreement”), those special rights giving rise to the redemption liabilities have been unconditionally and irrevocably terminated prior to the date of this report, and the redemption liabilities have accordingly been derecognised in full.

Taking into account the Termination Agreement referred and the cash flow forecast prepared by management covering at least twelve months from 31 December 2025, the Directors consider that the Group has sufficient financial resources to meet its operational and working capital requirements during this period, and that it is appropriate to prepare the Historical Financial Information on a going concern basis.

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(iii) New standards and amendments not yet adopted

Standards, amendments and interpretations of IFRS Accounting Standards that have been issued but not yet effective and have not been early adopted by the Group during the Track Record Period, are as follows:

	Effective for annual periods beginning on or after
IFRS 9 and IFRS 7 (Amendment) ‘Classification and Measurement of Financial Instruments’	1 January 2026
IFRS 9 and IFRS 7 (Amendment) ‘Contracts Referencing Nature-dependent Electricity’	1 January 2026
Annual improvement to IFRS – Volume 11	1 January 2026
IFRS 18 ‘Presentation and Disclosure in Financial Statements’	1 January 2027
IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’	1 January 2027
IAS 21 (Amendment) ‘Translation to a Hyperinflationary Presentation Currency’	1 January 2027
Amendments to illustrative Examples on IFRS 7, IFRS 8, IAS 1, IAS 8, IAS 36 and IAS 37 ‘Presentation Currency Disclosures about Uncertainties in the financial statements’	1 January 2027
IFRS 10 (Amendment) and IAS 28 (Amendment) ‘Sale or contribution of Assets between an Investor and its Associate or Joint Venture’	To be determined

Except for new IFRS 18 mentioned below, the Group is commencing an assessment of the impact of these new or amended standards and interpretations, certain of which are relevant to the Group’s operations. According to the preliminary assessment made by the Group, no material impact on the financial performance and position of the Group in the current or future reporting period and on foreseeable future transactions is expected when they become effective.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 Presentation of Financial Statements. The new standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 Statement of Cash Flows are also made. IFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. 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 significant impact on the financial performance and position of the Group.

3 FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks: market risk (comprising foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance. Risk management is carried out by the senior management of the Group. The Group currently does not use any derivative financial instruments to hedge the risk exposure.

3.1 Financial risk

(a) Market risk

Foreign exchange risk

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the group entities’ functional currency. The Group’s functional currency is Renminbi (“RMB”). The Company and its subsidiaries were incorporated in Chinese Mainland and considered RMB as their functional currency.

As disclosed in Note 26, certain shares issued by the Company carry redemption rights pursuant to which the redemption amount payable to the relevant investors shall be the higher of (i) the original investment amount plus accrued and unpaid dividends compounded at an annual rate of 8%, and (ii) the fair value of the shares at the date of redemption. As a portion of the original investment was denominated in US dollars (“USD”), the Group was exposed to foreign currency risk to the extent that the redemption obligation, if exercised, would require settlement in USD. The redemption rights giving rise to the redemption liabilities have been irrevocably terminated upon the occurrence of the relevant trigger events in accordance with the terms of the Termination Agreement dated April 2026, details refer to Note 26. As a result of such termination, the Group is no longer exposed to foreign currency risk in respect of these instruments.

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Cash flow and fair value 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’s interest-bearing financial liabilities comprise bank borrowings, lease liabilities and redemption liabilities. The Group’s bank borrowings are short-term in nature. The Group’s lease liabilities are carried at fixed rates determined at the respective lease commencement dates and are measured at amortised cost. The redemption liabilities were measured at amortised cost using fixed effective interest rates; the redemption rights have been irrevocably terminated upon the occurrence of the relevant trigger events in accordance with the terms of the Termination Agreement dated April 2026, details refer to Note 26.

In view of the above, the directors consider the Group’s overall exposure to interest rate risk to be insignificant and accordingly no interest rate sensitivity analysis has been presented.

(b) Credit risk

Credit risk refers to the risk that the Group’s and the Company’s counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group’s and the Company’s credit risk exposures are primarily attributable to cash and cash equivalents, trade receivables and other receivables.

In determining the ECL for cash and cash equivalents, trade receivables and other receivables, the management of the Group and the Company have taken into account the historical default experience and forward-looking information, as appropriate. At the end of each reporting period, the carrying amount of the respective recognised financial assets of the Group and the Company as stated in the statements of financial position best represents the Group’s and the Company’s maximum exposure to credit risk which will cause a financial loss to the Group and Company and due to failure to discharge an obligation by the counterparties. The average loss rates for majority of the financial assets measured at amortised cost are assessed to be less than 1%.

Credit risk is managed on a collective basis as well as individual assessment on these financial assets based on historical settlement records and past experience.

Cash and cash equivalents

The Group expects that there is no significant credit risk associated with cash and cash equivalents since they are issued by reputable commercial banks. Management does not expect that there will be any significant losses from non-performance by these counterparties, therefore the expected credit loss is minimal.

Trade receivables

The Group’s revenue is divided into revenue from sales of goods from smart retail cabinets and revenue from advertising and other services. The Group conducts monthly reconciliations with its customers and collects payments accordingly, typically within a payment term of two months.

Management has assessed that trade debtors have not had a significant increase in credit risk since initial recognition and risk of default is insignificant.

The Group performs impairment assessment under ECL model on trade receivables with credit-impaired individually. The trade receivables that are not credit-impaired are grouped based on shared credit risk characteristics by reference to the ageing of outstanding balances. For each of the three years ended 31 December 2023, 2024 and 2025, the Group assessed the ECL are insignificant.

Other receivables

The Group and the Company assessed the loss allowances for other receivables on 12-month expected credit losses basis.

In determining the ECL for other receivables, the management of the Group and the Company have taken into account the forward-looking information as appropriate. There had been no significant increase in credit risk since initial recognition. The management of the Group and the Company have considered the consistently low historical default rate in connection with payments, management’s expectation on the timing for repayment from counterparties and concluded that credit risk inherent in the Group’s and the Company’s outstanding balances of other receivables is insignificant.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due, resulting from amount and nature mismatches of assets and liabilities.

The Group manages liquidity risk by maintaining adequate cash and cash equivalents, as well as financing facilities, by actively seeking additional debt and equity financing and by continuously monitoring forecast and actual cash flows.

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The table below analyses the Group’s financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are undiscounted contractual cash flows.

As at 31 December 2023						
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities	22,703	7,847	11,413	–	41,963	39,143
Borrowings	53,628	–	–	–	53,628	52,800
Trade payables	96,340	–	–	–	96,340	96,340
Other payables and accrued charges (excluding employee benefits payables, VAT and other tax payables and contract liabilities)	146,093	43,460	20,739	–	210,292	199,198
Total	318,764	51,307	32,152	–	402,223	387,481

As at 31 December 2024						
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities	42,799	55,005	–	–	97,804	93,241
Borrowings	87,633	–	–	–	87,633	85,898
Trade payables	121,256	–	–	–	121,256	121,256
Other payables and accrued charges (excluding employee benefits payables, VAT and other tax payables and contract liabilities)	177,315	27,378	–	–	204,693	203,674
Total	429,003	82,383	–	–	511,386	504,069

As at 31 December 2025						
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities	50,128	48,451	1,905	–	100,484	96,644
Borrowings	62,399	–	–	–	62,399	62,000
Trade payables	113,695	–	–	–	113,695	113,695
Other payables and accrued charges (excluding employee benefits payables, VAT and other tax payables and contract liabilities)	224,441	23,107	52	–	247,600	247,270
Total	450,663	71,558	1,957	–	524,178	519,609

Redemption liabilities are not included in the table above. The earliest possible redemption date is December 2027 (see Note 26). The redemption rights have been irrevocably terminated upon the occurrence of the relevant trigger events in accordance with the terms of the Termination Agreement dated 10 April 2026, details refer to Note 26.

3.2 Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders’ value in the long-term.

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In order to maintain or adjust the capital structure, the Group may issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the adjusted liability-to-asset ratio. The adjusted liability-to-asset ratio is calculated as total liabilities excluding redemption liabilities divided by total assets. As at 31 December 2023, 2024 and 2025, the adjusted liability-to-asset ratio of the Group is as follows:

	As at 31 December		
	2023	2024	2025
Adjusted liability-to-asset ratio	58.96%	59.64%	53.08%

3.3 Fair value estimation

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. When an active market exists, such as an authorised securities exchange, the market value is the best reflection of the fair values of financial instruments. For financial instruments where there is no active market, fair value is determined using valuation techniques.

Determination of fair value and fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchies. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The levels of the fair value hierarchy are as follows:

- (a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities (“**Level 1**”);
- (b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices) (“**Level 2**”); and
- (c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) (“**Level 3**”).

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets and financial liabilities measured at fair value

For the years ended 31 December 2024 and 2025, the Group holds one financial asset measured at fair value through profit or loss — the “Loan to a shareholder” (included within other receivables (Note 18(b)(i))) — which is classified as Level 3 in the fair value hierarchy.

For the years ended 31 December 2023, 2024 and 2025, there were no transfers among different levels of fair values measurement.

The following table presents the changes in level 3 instruments of loan to a shareholder for the three years ended 31 December 2023, 2024 and 2025.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	—	—	39,309
Additions	—	80,000	—
Income from loan to a shareholder (Note 8, Note 18(b)(i))	—	4,809	—
Repayments	—	(45,500)	(39,309)
At the end of the year	—	39,309	—

As disclosed in Note 18(b)(i), the loan is classified as a financial asset measured at fair value through profit or loss because its contractual cash flows include variable amounts contingent on the proceeds of future share transfers and do not represent solely payments of principal and interest. The fair value of the loan as at 31 December 2024 was determined by management based on the expected net cash proceeds from the anticipated transfer of the underlying shares acquired with the loan proceeds. The loan was fully settled in 2025 upon receipt of all outstanding repayments from Mr. Shan.

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Financial assets and financial liabilities measured at amortised cost

The Group’s financial assets and financial liabilities measured at amortised cost primarily include cash and cash equivalents, trade and other receivables (except for loan to a shareholder), borrowings, trade and other payables, lease liabilities, redemption liabilities. As of 31 December 2023, 2024 and 2025, the carrying amounts of the Group’s financial assets and financial liabilities are a reasonable approximation of their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group’s accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Taxation

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

(b) Recognition of share-based compensation expense

As disclosed in Note 22, certain restricted share units (“RSUs”) were granted to the Group’s directors, management and employees. In addition, the Group entered into certain one-off share-based payment transactions during the Track Record Period. These transactions resulted in the recognition of share-based payment expenses totalling RMB11,389,000, RMB15,908,000 and RMB40,947,000 for the years ended 31 December 2023, 2024 and 2025, respectively.

(i) Fair value of the underlying ordinary shares

The fair value of RSUs at the grant date was determined by reference to the fair value of the Company’s underlying ordinary shares on the dates of grant. The fair value of the ordinary shares was estimated by an independent third-party valuer using the discounted cash flow (“DCF”) method. The key assumptions applied in the DCF model include after-tax discount rate (weighted average cost of capital), terminal growth rate and discount for lack of control, as disclosed in Note 22(b). Changes in these assumptions could have a material impact on the fair value of the underlying shares and consequently on the amount of share-based payment expense recognised.

(ii) Estimation of [REDACTED] probability and expected vesting date

As the RSUs granted under the share award schemes are conditional on a qualifying [REDACTED], the Group has estimated the probability that the [REDACTED] condition will be satisfied and the most likely [REDACTED] date at each reporting period end for the purpose of determining the expense recognition period.

(c) Determination of redemption amount of the redemption liabilities

The redemption liabilities are initially measured at the present value of the redemption amount and subsequently measured at amortized cost. The redemption amount was determined by the higher of fair value and the principal plus interest, which is estimated using appropriate valuation techniques. Such valuations are based on certain assumptions about volatility, rate of return and discount rate, associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Details refer to Note 26.

5 REVENUE AND SEGMENT INFORMATION

(a) Description of segments and principal activities

The Group’s CODM has been identified as the executive directors of the Company. The CODM reviews the Group’s consolidated results when making decisions about allocating resources and assessing performance. The Group manages its business as a single operating segment, being the operation of a self-service retail network of smart retail cabinets and the provision of related advertising services. Accordingly, no separate segment information is presented.

During the Track Record Period, the Group operated exclusively in the PRC. All revenue was generated in the PRC and substantially all non-current assets were located in the PRC.

No single external customer contributed 10% or more of the Group’s total revenue during the Track Record Period.

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(b) Disaggregation of revenue from contracts with customers

The following table sets out the disaggregation of the Group’s revenue from contracts with customers by type of goods or services and by the timing of revenue recognition:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Sales of goods from smart retail cabinets			
Recognised at a point in time	1,235,489	1,642,313	1,985,323
Advertising and other services			
Recognised over time	8,191	10,036	23,618
	<u>1,243,680</u>	<u>1,652,349</u>	<u>2,008,941</u>

(c) Contract liabilities and unsatisfied performance obligations

Contract liabilities mainly represent consideration received from customers in advance of the Group’s performance. As at 31 December 2023, 2024 and 2025, contract liabilities amounted to RMB583,000, RMB412,000 and RMB1,695,000, respectively. As the amounts were immaterial, they have been presented within other payables and accrued charges (Note 24). Revenue of RMB332,000, RMB583,000 and RMB412,000 was recognised during the years ended 31 December 2023, 2024 and 2025, respectively, in respect of the opening contract liability balances. All unsatisfied performance obligations at each reporting date are expected to be recognised as revenue within one year.

Accounting policy of revenue recognition

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to customers, net of value-added tax (“VAT”), trade discounts and rebates. Revenue is recognised when the Group satisfies a performance obligation by transferring control of a promised good or service to a customer, either at a point in time or over time.

Where the Group has received consideration (or an amount is due) before transferring the related good or service, the amount is presented as a contract liability. Contract liabilities are recognised as revenue when the Group subsequently satisfies the related performance obligation.

As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component where the period between the transfer of the promised good or service and the customer’s payment is one year or less.

The Group’s revenue comprises the following streams:

(i) *Revenue from sales of goods from smart retail cabinets*

The Group operates a network of directly-operated smart retail cabinets in the PRC, through which a range of fast-moving consumer goods, principally food and beverages, are sold directly to end consumers.

Each sales transaction at a smart retail cabinet constitutes a single performance obligation, being the delivery of the selected product. Revenue is recognised at the point in time when the product is dispensed by the smart retail cabinet and retrieved by the customer, as this is the point at which the customer obtains control of the product. There is no material right of return, warranty obligation, or other post-delivery performance obligation associated with such sales.

Payment is generally collected at the point of sale via third-party electronic payment platforms (such as Alipay and WeChat Pay). For a small portion of smart retail cabinets deployed at premises of business customers under contracts, the business customer settles, on a monthly basis, the aggregate transaction amounts arising from purchases made by its employees, and a corresponding trade receivable is recognised for the consideration to which the Group is unconditionally entitled at the point of dispensing.

(ii) *Revenue from advertising and other services*

The Group provides display advertising services primarily through the display of customers’ advertisements on designated areas of the Group’s mobile application and WeChat mini program, both known as “Feng E Zushi” (the “**App Advertising**”). The Group enters into advertising service contracts with customers for a specified contract period. The service fee is charged primarily on the basis of cost per thousand impressions (“CPM”). Revenue is recognised over time using the output method based on the number of qualified impressions delivered, which directly corresponds to the value transferred to the customer. Revenue from other services is also recognised over time.

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(iii) Costs to obtain and fulfil contracts

Given the nature of the Group’s revenue transactions (predominantly individual point-of-sale transactions at smart retail cabinets and short-term advertising contracts), the Group does not incur material incremental costs to obtain contracts. Costs to fulfil contracts principally comprise the cost of inventories sold, which is recognised as cost of revenue when the related revenue is recognised. No contract fulfilment assets have been capitalised during the Track Record Period.

6 EXPENSES BY NATURE

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cost of inventories sold (i)	587,522	751,111	876,790
Points of sale (“POS”) operations expenses	238,444	331,973	423,210
POS development expenses	110,475	113,537	170,181
Employee benefit expenses excluding share-based compensation	167,214	213,766	216,195
Share-based compensation	11,389	15,908	40,947
Depreciation of property, plant and equipment (<i>Note 12</i>)	44,120	46,001	46,745
Depreciation of right-of-use assets (<i>Note 13</i>)	14,119	29,252	48,617
Amortization of intangible assets (<i>Note 14</i>)	1,084	1,594	1,907
Warehouse and short-term low-value leases expenses	30,733	38,323	40,570
Logistics and transportation expenses	13,663	16,673	20,524
Marketing expenses	4,283	6,821	16,694
IT-related service fee	3,483	6,175	7,121
Business entertainment expenses	2,549	3,436	3,668
Outsourcing research and development expenses	3,615	1,284	571
Office expenses	4,250	4,398	4,704
Consultancy and professional service fees	1,494	2,145	600
Travelling expenses	2,933	4,421	4,208
Bank and payment charges	4,181	5,369	11,985
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Taxes and surcharges (i)	3,968	8,328	11,669
Auditor’s remuneration	1,051	667	680
– Audit services	990	617	620
– Other services	61	50	60
Others	7,505	8,213	10,357
Total cost of revenue, research and development expenses, selling and marketing expenses, general and administrative expenses	1,258,075	1,609,395	1,959,694

(i) Costs of revenue consisted of cost of inventories sold and taxes and surcharges.

(ii) No research and development expenses were capitalized by the Group during the Track Record Period.

7 EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries and wages	149,757	184,485	179,358
Share-based compensation expenses (<i>Note 22</i>)	11,389	15,908	33,013
Pension costs – defined contribution plans	4,857	7,657	9,727
Welfare, medical and other expenses	12,600	21,624	27,110
	178,603	229,674	249,208

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2023, 2024 and 2025 include 2, 3 and 3 directors and supervisors, whose emoluments are

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reflected in the analysis shown in Note 30. The emoluments paid and payable to the remaining 3, 2 and 2 individuals collectively during the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries and wages	4,748	2,711	2,490
Share-based compensation expenses	2,400	1,083	1,253
Pension costs – defined contribution plans	51	48	67
Welfare, medical and other expenses	15	26	47
	<u>7,214</u>	<u>3,868</u>	<u>3,857</u>

The emoluments of these individuals fell within the following bands:

	Year ended 31 December		
	2023	2024	2025
Emolument bands (in HKD)			
Nil – HKD500,000	–	–	–
HKD500,001 – HKD1,000,000	–	–	–
HKD1,000,001 – HKD1,500,000	–	–	–
HKD1,500,001 – HKD2,000,000	1	1	1
HKD2,000,001 – HKD2,500,000	1	1	1
HKD2,500,001 – HKD3,000,000	–	–	–
HKD3,000,001 – HKD3,500,000	–	–	–
HKD3,500,001 – HKD4,000,000	–	–	–
HKD4,000,001 – HKD4,500,000	1	–	–
	<u>3</u>	<u>2</u>	<u>2</u>

8 OTHER INCOME AND GAINS/(LOSS), NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Government grants	2,265	2,111	1,805
	<u>2,265</u>	<u>2,111</u>	<u>1,805</u>
Other gains/(losses)			
Fair value losses on financial liabilities (<i>Note 20(a)(i)</i>)	–	–	(603)
Income from loan to a shareholder (<i>Note 18(b)(i)</i>)	–	4,809	–
Donations to third parties	(1,322)	–	–
(Losses)/Gains on disposal of property, plant and equipment	(788)	(355)	211
Gains/(Losses) on termination of right-of-use assets	15	(588)	152
Losses on disposal of intangible assets	–	(547)	–
Others	124	(420)	38
	<u>(1,971)</u>	<u>2,899</u>	<u>(202)</u>
	<u>294</u>	<u>5,010</u>	<u>1,603</u>

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9 FINANCE COSTS, NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finance income			
Interest income on bank deposits	3,235	3,073	2,686
Finance costs			
Interest expenses on borrowings	(875)	(3,170)	(2,439)
Interest expenses on lease liabilities (<i>Note 25</i>)	(2,508)	(3,428)	(5,053)
Interest expenses on installment payables for property, plant and equipment	(10,947)	(8,082)	(3,353)
	(14,330)	(14,680)	(10,845)
Finance costs, net	<u>(11,095)</u>	<u>(11,607)</u>	<u>(8,159)</u>

10 INCOME TAX CREDIT

(a) Income tax credit

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	2	101	–
Deferred income tax (<i>Note 28</i>)	(114,949)	(25,239)	(32,672)
	(114,947)	(25,138)	(32,672)

The Group’s principal applicable taxes and tax rates are as follows:

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25%, unless preferential tax rates were applicable.

The Company was eligible for a preferential income tax rate of 15% for a qualification of “High and New Technology Enterprise” since December 2020 and the deductible tax losses can be utilized in 10 years from the year of loss. In October 2023, the qualification of “High and New Technology Enterprise” was renewed and effective for three years from October 2023 to October 2026.

(b) Numerical reconciliation of income tax credit

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before income tax:	(46,458)	(42,396)	(69,892)
Tax calculated at the PRC statutory income tax rate (25%)	(11,615)	(10,599)	(17,473)
Tax effects of:			
Effects of different tax rates applicable to different group entities	4,590	(21,609)	(33,615)
Expense not deductible for tax purposes (i)	5,350	14,351	24,657
Super deduction for research and development expenses (ii)	(7,100)	(7,281)	(6,241)
Recognition of deferred income tax assets on previously unrecognized tax losses	(106,172)	–	–
	<u>(114,947)</u>	<u>(25,138)</u>	<u>(32,672)</u>

(i) Expenses not deductible for tax purposes mainly represented interest expenses on redemption liabilities, business entertainment expenses exceeding for certain limits and share-based

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compensation expenses incurred in the Company which are not deductible according to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC.

- (ii) Pursuant to relevant laws and regulations, the companies engaging in research and development activities are entitled to claim 200% tax deductible expenses when determining their taxable profits from 1 October 2022 to 31 December 2025.

11 EARNINGS PER SHARE

The weighted average number of ordinary shares has been retrospectively adjusted for the effect of the conversion of the Predecessor Company into a joint stock company (Note 33) as if the conversion had occurred at the beginning of the earliest year reported, with the assumption that the paid-in capital had been fully converted into ordinary shares at the same conversion ratio of 1:1 as upon transformation into joint stock company.

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the respective years.

	Year ended 31 December		
	2023	2024	2025
Profit/(Loss) attributable to owners of the Company (RMB'000)	68,489	(17,258)	(37,220)
Weighted average number of ordinary shares in issue (thousands)	83,197	86,618	87,430
Basic earnings/(losses) per share (in RMB Yuan)	0.82	(0.20)	(0.43)

(b) Diluted

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 31 December 2023, the Company considered the effects of two categories of dilutive potential ordinary shares: (i) Restricted Share Units (“RSUs”) granted under the share award schemes (Note 22), and (ii) shares with special rights which constitute redemption liabilities (Note 26).

The RSUs are contingently issuable shares, the issuance of which is conditional upon satisfaction of the [REDACTED] (“[REDACTED]”) vesting condition. As the [REDACTED] condition was not satisfied as of the end of each respective reporting period, these RSUs were excluded from the diluted earnings per share computation.

The shares with special rights were also excluded from the diluted earnings per share calculation, as their assumed conversion would have had an anti-dilutive effect as at 31 December 2023.

As the Group incurred losses for the years ended 31 December 2024 and 2025, the dilutive potential ordinary shares were not included in the calculation of diluted losses per share as the effect of their inclusion would be anti-dilutive.

Accordingly, diluted earnings/loss per share for the Track Record Period are the same as basic earnings/loss per share of the respective year.

Accounting policy of earning per share

- (i) Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, and
 - by the weighted average number of ordinary shares outstanding during the year/period, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.
- (ii) Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
 - the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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12 PROPERTY, PLANT AND EQUIPMENT

The Group

	Smart retail cabinets	Transportation equipment	Computers and office equipment	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023				
Cost	214,012	667	3,956	218,635
Accumulated depreciation	(65,915)	(238)	(2,050)	(68,203)
Closing net book amount	148,097	429	1,906	150,432
Year ended 31 December 2023				
Opening net book amount	148,097	429	1,906	150,432
Additions	81,494	99	955	82,548
Disposals	(14,789)	(5)	(94)	(14,888)
Depreciation	(42,924)	(332)	(864)	(44,120)
Closing net book amount	171,878	191	1,903	173,972
At 31 December 2023				
Cost	280,717	761	4,817	286,295
Accumulated depreciation	(108,839)	(570)	(2,914)	(112,323)
Closing net book amount	171,878	191	1,903	173,972
Year ended 31 December 2024				
Opening net book amount	171,878	191	1,903	173,972
Additions	8,794	179	1,016	9,989
Transfers from right-of-use assets	4,999	–	–	4,999
Disposals	(2,280)	(22)	(24)	(2,326)
Depreciation	(44,705)	(154)	(1,142)	(46,001)
Closing net book amount	138,686	194	1,753	140,633
At 31 December 2024				
Cost	292,230	918	5,809	298,957
Accumulated depreciation	(153,544)	(724)	(4,056)	(158,324)
Closing net book amount	138,686	194	1,753	140,633
Year ended 31 December 2025				
Opening net book amount	138,686	194	1,753	140,633
Additions	59,837	25	961	60,823
Transfers from right-of-use assets	21,480	–	–	21,480
Disposals	(1,781)	(3)	(34)	(1,818)
Depreciation	(45,740)	(115)	(890)	(46,745)
Closing net book amount	172,482	101	1,790	174,373
At 31 December 2025				
Cost	371,766	940	6,736	379,442
Accumulated depreciation	(199,284)	(839)	(4,946)	(205,069)
Closing net book amount	172,482	101	1,790	174,373

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Depreciation charges have been charged to the consolidated statements of comprehensive income:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Research and development expenses	271	327	235
Selling and marketing expenses	43,768	45,571	46,427
General and administrative expenses	81	103	83
	<u>44,120</u>	<u>46,001</u>	<u>46,745</u>

The Company

	Smart retail cabinets	Transportation equipment	Computers and office equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023				
Cost	214,012	667	3,956	218,635
Accumulated depreciation	(65,915)	(238)	(2,050)	(68,203)
Closing net book amount	<u>148,097</u>	<u>429</u>	<u>1,906</u>	<u>150,432</u>
Year ended 31 December 2023				
Opening net book amount	148,097	429	1,906	150,432
Additions	81,494	99	955	82,548
Disposals	(14,789)	(5)	(94)	(14,888)
Depreciation	(42,924)	(332)	(864)	(44,120)
Closing net book amount	<u>171,878</u>	<u>191</u>	<u>1,903</u>	<u>173,972</u>
At 31 December 2023				
Cost	280,717	761	4,817	286,295
Accumulated depreciation	(108,839)	(570)	(2,914)	(112,323)
Closing net book amount	<u>171,878</u>	<u>191</u>	<u>1,903</u>	<u>173,972</u>
Year ended 31 December 2024				
Opening net book amount	171,878	191	1,903	173,972
Additions	5,943	164	1,014	7,121
Transfers from right-of-use assets	4,999	—	—	4,999
Transfers to subsidiaries	(13,448)	(45)	—	(13,493)
Disposals	(2,024)	(21)	(24)	(2,069)
Depreciation	(41,920)	(130)	(1,142)	(43,192)
Closing net book amount	<u>125,428</u>	<u>159</u>	<u>1,751</u>	<u>127,338</u>
At 31 December 2024				
Cost	276,187	859	5,807	282,853
Accumulated depreciation	(150,759)	(700)	(4,056)	(155,515)
Closing net book amount	<u>125,428</u>	<u>159</u>	<u>1,751</u>	<u>127,338</u>

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	Smart retail cabinets	Transportation equipment	Computers and office equipment	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2025				
Opening net book amount	125,428	159	1,751	127,338
Additions	25,887	24	961	26,872
Transfers from right-of-use assets	5,505	–	–	5,505
Transfers to subsidiaries	(74,804)	(104)	–	(74,908)
Disposals	(1,064)	(2)	(34)	(1,100)
Depreciation	(29,784)	(77)	(890)	(30,751)
Closing net book amount	51,168	–	1,788	52,956
At 31 December 2025				
Cost	231,711	777	6,734	239,222
Accumulated depreciation	(180,543)	(777)	(4,946)	(186,266)
Closing net book amount	51,168	–	1,788	52,956

Accounting policy of property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the periods in which they are incurred.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives:

Transportation equipment	2 years
Computers and office equipment	3 years
Smart retail cabinets	5 years

Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amounts. These are included in the consolidated statements of comprehensive income.

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13 RIGHT-OF-USE ASSETS

The Group

	Properties	Warehouse	Smart retail cabinets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023				
Cost	2,448	–	42,065	44,513
Accumulated depreciation	(233)	–	(11,685)	(11,918)
Net book amount	2,215	–	30,380	32,595
Year ended 31 December 2023				
Opening net book amount	2,215	–	30,380	32,595
Additions	12,447	–	21,580	34,027
Termination and modification of leases	(1,139)	–	–	(1,139)
Depreciation	(5,941)	–	(8,178)	(14,119)
Closing net book amount	7,582	–	43,782	51,364
At 31 December 2023				
Cost	10,643	–	63,645	74,288
Accumulated depreciation	(3,061)	–	(19,863)	(22,924)
Net book amount	7,582	–	43,782	51,364
Year ended 31 December 2024				
Opening net book amount	7,582	–	43,782	51,364
Additions	11,905	–	98,996	110,901
Transfers to property, plant and equipment . .	–	–	(4,999)	(4,999)
Termination and modification of leases	(853)	–	(604)	(1,457)
Depreciation	(7,121)	–	(22,131)	(29,252)
Closing net book amount	11,513	–	115,044	126,557
At 31 December 2024				
Cost	17,026	–	157,038	174,064
Accumulated depreciation	(5,513)	–	(41,994)	(47,507)
Net book amount	11,513	–	115,044	126,557
Year ended 31 December 2025				
Opening net book amount	11,513	–	115,044	126,557
Additions	9,652	1,816	78,752	90,220
Transfers to property, plant and equipment . .	–	–	(21,480)	(21,480)
Termination and modification of leases	(2,936)	(78)	–	(3,014)
Depreciation	(7,789)	(447)	(40,381)	(48,617)
Closing net book amount	10,440	1,291	131,935	143,666
At 31 December 2025				
Cost	18,436	1,738	214,310	234,484
Accumulated depreciation	(7,996)	(447)	(82,375)	(90,818)
Net book amount	10,440	1,291	131,935	143,666

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Depreciation charges have been charged to consolidated statements of comprehensive income:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Selling and marketing expenses	11,956	27,094	46,589
General and administrative expenses	2,163	2,158	2,028
	<u>14,119</u>	<u>29,252</u>	<u>48,617</u>

The Company

	Properties	Warehouse	Smart retail cabinets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023				
Cost	2,448	–	42,065	44,513
Accumulated depreciation	(233)	–	(11,685)	(11,918)
Net book amount	<u>2,215</u>	<u>–</u>	<u>30,380</u>	<u>32,595</u>
Year ended 31 December 2023				
Opening net book amount	2,215	–	30,380	32,595
Additions	12,359	–	21,581	33,940
Termination and modification of leases	(1,139)	–	–	(1,139)
Depreciation	(5,929)	–	(8,179)	(14,108)
Closing net book amount	<u>7,506</u>	<u>–</u>	<u>43,782</u>	<u>51,288</u>
At 31 December 2023				
Cost	10,554	–	63,646	74,200
Accumulated depreciation	(3,048)	–	(19,864)	(22,912)
Net book amount	<u>7,506</u>	<u>–</u>	<u>43,782</u>	<u>51,288</u>
Year ended 31 December 2024				
Opening net book amount	7,506	–	43,782	51,288
Additions	9,586	–	56,569	66,155
Transfers to property, plant and equipment . .	–	–	(4,999)	(4,999)
Termination and modification of leases	(687)	–	(604)	(1,291)
Depreciation	(6,126)	–	(19,421)	(25,547)
Closing net book amount	<u>10,279</u>	<u>–</u>	<u>75,327</u>	<u>85,606</u>
At 31 December 2024				
Cost	19,453	–	114,612	134,065
Accumulated depreciation	(9,174)	–	(39,285)	(48,459)
Net book amount	<u>10,279</u>	<u>–</u>	<u>75,327</u>	<u>85,606</u>

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	Properties	Warehouse	Smart retail cabinets	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025				
Opening net book amount	10,279	–	75,327	85,606
Additions	2,341	128	24,014	26,483
Transfers to property, plant and equipment	–	–	(5,505)	(5,505)
Termination and modification of leases	(2,054)	(15)	–	(2,069)
Depreciation	(4,431)	(44)	(28,889)	(33,364)
Closing net book amount	6,135	69	64,947	71,151
At 31 December 2025				
Cost	11,167	113	133,121	144,401
Accumulated depreciation	(5,032)	(44)	(68,174)	(73,250)
Net book amount	6,135	69	64,947	71,151

Accounting policy of leases

(i) Lease of properties, warehouses and smart retail cabinets

The Group leases properties (principally offices), warehouses and smart retail cabinets. Lease terms are negotiated on an individual basis, with the following typical durations:

Properties	12 to 108 months
Warehouses	12 to 24 months
Smart retail cabinets	36 months

At the commencement date of each lease, the Group recognises a right-of-use asset and a corresponding lease liability, except for short-term leases (with a lease term of 12 months or less) and leases of low-value assets, for which lease payments are recognised as expenses on a straight-line basis over the lease term.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. The Group generally uses its interest rate implicit in the lease as the discount rate, which ranged from 3.5% to 12.8%, 3.1% to 6.8%, and 3.0% to 6.8% during the Track Record Period, respectively. Lease payments included in the measurement of the lease liability comprise fixed payments (including in-substance fixed payments) less any lease incentives receivable, and amounts expected to be payable under purchase options that the Group is reasonably certain to exercise.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. Where the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset is depreciated on a straight-line basis to the end of the useful life of the underlying asset; otherwise, it is depreciated on a straight-line basis to the earlier of the end of its useful life or the end of the lease term. The Group is reasonably certain to exercise the purchase options under its smart retail cabinet leases; accordingly, those right-of-use assets are depreciated over 5 years (consistent with the useful life applied to owned smart retail cabinets - see Note 12). Right-of-use assets relating to property and warehouse leases are depreciated over the shorter of the asset’s useful life and the lease term.

When the Group exercises a purchase option on a leased asset (principally smart retail cabinets), the right-of-use asset is derecognised and the asset is reclassified to property, plant and equipment at its then-carrying amount.

The Group has elected not to separate non-lease components from lease components for its property and smart retail cabinets leases, and instead accounts for each lease component and any associated non-lease components as a single lease component.

During the Track Record Period, the Group’s lease arrangements do not contain variable lease payments that depend on an index or a rate, residual value guarantees, or sale and leaseback transactions.

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14 INTANGIBLE ASSETS

The Group and the Company

	Software
	<i>RMB'000</i>
As at 1 January 2023	
Cost	6,620
Accumulated amortisation	(6,466)
Net book amount	154
Year ended 31 December 2023	
Opening net book amount	154
Additions	5,759
Amortisation	(1,084)
Closing net book amount	4,829
As at 31 December 2023	
Cost	10,526
Accumulated amortisation	(5,697)
Net book amount	4,829
Year ended 31 December 2024	
Opening net book amount	4,829
Additions	3,906
Disposals	(547)
Amortisation	(1,594)
Closing net book amount	6,594
As at 31 December 2024	
Cost	13,885
Accumulated amortisation	(7,291)
Net book amount	6,594
Year ended 31 December 2025	
Opening net book amount	6,594
Additions	577
Amortisation	(1,907)
Closing net book amount	5,264
As at 31 December 2025	
Cost	14,462
Accumulated amortisation	(9,198)
Net book amount	5,264

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Amortisation charges have been charged to the consolidated statements of comprehensive income:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
General and administrative expenses	1,084	1,444	1,498
Selling and marketing expenses	—	150	409
	<u>1,084</u>	<u>1,594</u>	<u>1,907</u>

15 INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Capital injection to subsidiaries	100,000	100,100	159,000

As at the date of this report and during the Track Record Period, the Company has direct interests in the following principal subsidiaries:

						Effective interest held				
Name of subsidiaries	Type of legal entity	Date of incorporation/ establishment	Place of incorporation/ establishment	Principal activities	Issued/registered capital	As at 31 December			As at the date of this report	Notes
						2023	2024	2025		
						%	%	%	%	
Directly held:										
Hengyang Zushi Supply Chain Co., Ltd.	Limited liability company	26 September 2023	The PRC	Supply Chain Management Services	RMB70,000,000	100%	100%	100%	100%	(ii)
Hengyang Fengyi Technology Co., Ltd.	Limited liability company	26 September 2023	The PRC	Retail and Related Services	RMB30,000,000	100%	100%	100%	100%	(ii)
Hengyang Zubing Food Technology Co., Ltd.	Limited liability company	18 December 2023	The PRC	Retail and Related Services	RMB100,000	100%	100%	100%	100%	(iii)
Wuhu Fengyi Technology Co., Ltd.	Limited liability company	14 February 2025	The PRC	Retail and Related Services	RMB23,900,000	N/A	N/A	100%	100%	(iv)
Xiamen Fengyi Zushi Technology Co., Ltd.	Limited liability company	16 September 2025	The PRC	Retail and Related Services	RMB20,000,000	N/A	N/A	100%	100%	(iv)
Wuhu Zuxin Technology Co., Ltd.	Limited liability company	19 November 2025	The PRC	Equipment Operating Lease	RMB15,000,000	N/A	N/A	100%	100%	(iv)

- (i) The statutory financial statements for the years ended 31 December 2023 and 2024 of the Company were audited by Yongxin Ruihe (Shenzhen) Certified Public Accountants LLP. The statutory financial statements for the years ended 31 December 2025 of the Company were audited by Shenzhen Hengrui Certified Public Accountants (General Partnership).
- (ii) No audited statutory financial statements were issued for the subsidiary for the year ended 31 December 2023 and 2025 as the subsidiary was not required to issue audited financial statements under the statutory requirement of the PRC. The statutory financial statements for the year ended 31 December 2024 were audited by PricewaterhouseCoopers ZhongTian LLP Shenzhen Branch.
- (iii) No audited statutory financial statements were issued for the subsidiary for the year ended 31 December 2023, 2024 and 2025 as the subsidiary was not required to issue audited financial statements under the statutory requirement of the PRC.
- (iv) No audited statutory financial statements were issued for the subsidiary for the year ended 31 December 2025 as the subsidiary was not required to issue audited financial statements under the statutory requirement of the PRC.

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16 INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finished goods	79,505	104,557	115,280

For the years ended 31 December 2023, 2024 and 2025, the cost of inventories recognized as expenses amounted to RMB587,522,000, RMB751,111,000 and RMB876,790,000, respectively.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finished goods	79,411	50,166	–

Accounting policy of inventories

Inventories comprise finished goods (principally food and beverage merchandise) held for resale through the Group’s smart retail cabinet network.

Inventories are carried at the lower of cost and net realizable value. Cost is calculated using weighted average method. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as cost of revenue in the period the write-down or loss occurs.

17 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at amortised cost			
– Trade receivables (<i>Note 18</i>)	5,742	4,379	5,157
– Other receivables (excluding loan to a shareholder) . .	29,734	23,827	40,129
– Restricted cash	28	85	28
– Cash and cash equivalents (<i>Note 19</i>)	261,953	329,457	394,745
	297,457	357,748	440,059
Financial assets at fair value through profit or loss			
– Other receivables – loan to a shareholder (<i>Note 18</i>) .	–	39,309	–
	297,457	397,057	440,059
Financial liabilities			
Financial liabilities at amortised cost			
– Lease liabilities (<i>Note 25</i>)	39,143	93,241	96,644
– Redemption liabilities (<i>Note 26</i>)	530,763	709,513	845,125
– Borrowings (<i>Note 23</i>)	52,800	85,898	62,000
– Trade payables (<i>Note 24</i>)	96,340	121,256	113,695
– Other payables and accrued charges (excluding employee benefits payables, VAT and other tax payables and contract liabilities)	146,093	177,315	224,441
	865,139	1,187,223	1,341,905

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18 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

The Group

(a) Trade receivables

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables due from sales of goods from smart retail cabinets	4,010	3,183	2,553
Trade receivables due from advertising and other services	1,732	1,196	2,604
	5,742	4,379	5,157
Less: impairment loss allowance	—	—	—
	5,742	4,379	5,157

The following is an ageing analysis of trade receivables presented based on the date of initial recognition:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	5,721	4,366	5,157
1 to 2 years	21	13	—
	5,742	4,379	5,157

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, details are disclosed in Note 3.1(b).

The Group’s trade receivables were denominated in RMB.

(b) Other receivables

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loan to a shareholder (i)	—	39,309	—
Supplier rebates receivable (ii)	23,107	10,263	25,349
Deposits paid to suppliers (iii)	4,271	5,798	5,425
Lease deposits	1,954	7,439	8,724
Others	402	327	631
	29,734	63,136	40,129
Less: impairment loss allowance	—	—	—
Total other receivables	29,734	63,136	40,129
Less: non-current portion	(1,954)	(7,438)	(7,396)
	27,780	55,698	32,733

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- (i) During the year ended 31 December 2024, the Company advanced a loan of RMB80,000,000 to Mr. Shan Xinning (“**Mr. Shan**”), a director and shareholder of the Company (Note 30), to partially fund his acquisition of 12,000,000 ordinary shares in the Company from Mingde (Note 26(a)). The loan bears no contractual interest. Pursuant to the loan agreement, to the extent that Mr. Shan subsequently transfers the acquired shares to third parties, he is required to remit to the Company the net gains attributable to the loan-funded portion of the acquisition consideration.

As the contractual cash flows include variable amounts contingent on the proceeds of future share transfers and do not represent solely payments of principal and interest, the loan is classified as a financial asset measured at fair value through profit or loss.

The Company received cash repayments of RMB45,500,000 and RMB39,309,000 in 2024 and 2025, respectively, and accordingly the loan was fully settled. An income from loan to a shareholder of RMB4,809,000 was recognised in profit or loss (Note 8) in 2024, reflecting the increase in expected cash inflows.

- (ii) Supplier rebates receivable represent amounts due from suppliers in respect of volume rebates, display fees, shelf placement fees and other incentive payments. These amounts do not represent consideration for distinct goods or services transferred to the suppliers, and are therefore accounted for as a reduction of the cost of purchases from the relevant suppliers.

(c) **Prepayments**

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deductible VAT	348	3,218	17,608
Prepayments for inventories	2,248	1,197	3,785
Prepaid POS operations expenses	2,362	9,456	4,054
Prepayment for software services	533	1,577	1,426
Prepayment for property, plant and equipment	97	87	74
Prepayment for recruitment services	–	29	1,495
Prepayment for logistics and warehousing services	37	446	1,169
Prepayment for intangible assets	1,517	–	401
Prepaid [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	649	2,382	2,910
	7,791	18,392	33,382
Less: non-current portion	(1,614)	(87)	(475)
	6,177	18,305	32,907

The Company

(a) **Trade receivables**

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables due from sales of goods from smart retail cabinets	4,010	2,931	2,142
Trade receivables due from advertising and other services	1,732	462	976
Trade receivables due from subsidiaries	–	18,056	218,147
	5,742	21,449	221,265
Less: non-current portion	–	(10,150)	(76,950)
	5,742	11,299	144,315

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(b) Other receivables

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Receivables from subsidiaries	141	186,426	489,431
Receivable for share subscription	–	34,787	40,533
Loan to a shareholder	–	4,809	–
Receivables from vendor rebates	23,107	–	–
Deposits paid to suppliers	4,227	5,315	3,565
Lease deposits	1,954	5,046	4,859
Others	402	242	257
	29,831	236,625	538,645
Less: non-current portion	(1,954)	(113,714)	(157,101)
	<u>27,877</u>	<u>122,911</u>	<u>381,544</u>

(c) Prepayments

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deductible VAT	331	561	84
Prepayments for inventories	2,248	–	–
Prepaid POS operations expenses	2,362	8,979	3,591
Prepayment for software services	533	1,577	1,414
Prepayment for property, plant and equipment	97	87	34
Prepayment for recruitment services	–	29	1,495
Prepayment for logistics and warehousing services	31	335	117
Prepayment for intangible assets	1,517	–	400
Prepaid [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	632	2,003	1,930
	7,751	13,571	9,525
Less: non-current portion	(1,614)	(87)	(434)
	<u>6,137</u>	<u>13,484</u>	<u>9,091</u>

Accounting policy of trade and other receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value.

Other receivables are recognised initially at fair value. Other receivables whose contractual cash flows are solely payments of principal and interest on the principal amount outstanding and which are held to collect those cash flows are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Other receivables that do not meet these criteria — for example, where the cash flows are variable amounts contingent on a referenced item — are subsequently measured at fair value through profit or loss (see Note 18(b)(i) for the loan to a shareholder).

See Note 3.1(b) for a description of the Group’s impairment policy for trade and other receivables.

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19 CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at banks	259,237	324,057	389,215
Cash deposited in third party payment platforms	2,716	5,400	5,530
	<u>261,953</u>	<u>329,457</u>	<u>394,745</u>

Cash and cash equivalents were denominated in RMB.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at banks	157,820	272,035	139,989
Cash deposited in third party payment platforms	2,717	819	92
	<u>160,537</u>	<u>272,854</u>	<u>140,081</u>

Cash and cash equivalents of the Company were denominated in RMB.

20 PAID-IN CAPITAL AND CAPITAL RESERVE

The Group and the Company

(a) Paid-in capital

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	96,000	99,951	109,105
Capital injection (i)	3,951	9,154	3,700
At the end of the year	<u>99,951</u>	<u>109,105</u>	<u>112,805</u>

(i) For the year ended 31 December 2023, details of the capital injection are shown below:

	Paid-in capital	Capital reserve	Total Capital Injection
	RMB'000	RMB'000	RMB'000
Shareholders:			
Hengyang Caixin Industry Investment Fund Partnership Enterprise (Limited Partnership)	3,161	36,839	40,000
Hengyang Hongxiang Industrial Investment Partnership (Limited Partnership)	790	9,210	10,000
	<u>3,951</u>	<u>46,049</u>	<u>50,000</u>

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For the year ended 31 December 2024, details of the capital injection are shown below:

	Paid-in capital	Capital reserve	Total Capital Injection
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Employee shareholding platform: Shenzhen Chengshi Consulting Management Partnership (Limited Partnership)	9,154	25,633	34,787

For the year ended 31 December 2025, details of the capital injection are shown below:

	Paid-in capital	Capital reserve	Total Capital Injection
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Employee shareholding platform: Shenzhen Chengshi Consulting Management Partnership (Limited Partnership)	1,513	4,233	5,746
Shareholders: Guangdong Yilian Yiteng Equity Investment Partnership Enterprise (Limited Partnership)	1,250	16,321	17,571
Xiamen Jinchen Innovation Equity Investment Partnership Enterprise (Limited Partnership)	548	7,431	7,979
CICC Capital Culture Consumer Industry Equity Investment Fund (Xiamen) Partnership (Limited Partnership)	389	4,855	5,244
Sub-total:	2,187	28,607	30,794
	3,700	32,840	36,540

In 2025, certain B+ investors (as defined in Note 26) subscribed for shares at a pre-agreed fixed price. Due to higher fair value of the Group’s shares at settlement date, a fair value difference of RMB603,000 was initially recognised as a financial liability, with corresponding loss recorded in profit or loss. Upon share issuance, this liability was reclassified to capital reserve.

Accordingly, total equity increased by RMB30,794,000, comprising RMB30,191,000 cash proceeds (reflected in proceeds of capital injection from shareholders in 2025) and RMB603,000 non-cash fair value difference which is presented in “Other income and gains/(loss), net” in the statement of comprehensive income.

(b) Capital reserve

Capital reserve of the Group and the Company represents the capital contribution premium over paid-in capital received from shareholders when injecting capital to the Group before the Company’s conversion into a joint stock company.

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	750,331	796,380	822,013
Capital injection ((a)(i))	46,049	25,633	32,840
At the end of the year	796,380	822,013	854,853

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21 TREASURY STOCK AND SHARE-BASED PAYMENTS RESERVE

The Group

	Treasury stock	Share-based payments reserve	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	(5,625)	35,443	29,818
Share-based payments (Notes 7, 22)	—	11,389	11,389
As at 31 December 2023	(5,625)	46,832	41,207
As at 1 January 2024	(5,625)	46,832	41,207
Capital injection from employee shareholding platform (ii)	(34,787)	—	(34,787)
Share-based payments (Notes 7, 22)	—	15,908	15,908
As at 31 December 2024	(40,412)	62,740	22,328
As at 1 January 2025	(40,412)	62,740	22,328
Repurchase of own shares held as treasury stock (i)	(15,000)	—	(15,000)
Capital injection from employee shareholding platform (ii)	(5,746)	—	(5,746)
Share-based payments (Notes 7, 22)	—	40,947	40,947
As at 31 December 2025	(61,158)	103,687	42,529

- (i) In December 2025, the Company repurchased 1,800,000 shares of its own shares from Mr. Shan Xinning at a total consideration of RMB15,000,000 for the purpose of subsequent share incentive plans. The consideration of RMB15,000,000 was recognized as treasury stock.
- (ii) Capital injections by the employee shareholding platform (Note 20) are recognised as paid-in capital (at par) and capital reserve against treasury stock in the consolidated financial statements, as the platform is a consolidated structured entity. The cash received represents the prepaid proceeds of exercise price of share award scheme and are recognised as a repurchase obligation liability (Note 24(b)(i)). Accordingly, these transactions have no net effect on total equity.

The Company

	Treasury stock	Share-based payments reserve	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	—	35,443	35,443
Share-based payments (Notes 7, 22)	—	11,389	11,389
As at 31 December 2023	—	46,832	46,832
As at 1 January 2024	—	46,832	46,832
Share-based payments (Notes 7, 22)	—	13,244	13,244
As at 31 December 2024	—	60,076	60,076
As at 1 January 2025	—	60,076	60,076
Share-based payments (Notes 7, 22)	—	30,235	30,235
As at 31 December 2025	—	90,311	90,311

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22 SHARE-BASED PAYMENTS

(a) Description of the arrangements

(i) *Share-based payment transactions with employees*

The Company established share award schemes (the “Schemes”) pursuant to which restricted share units are granted to eligible directors, management and employees of the Group. Ningbo Chengyi Huitong Enterprise Management Partnership (Limited Partnership) (寧波橙誼匯同企業管理合夥企業(有限合夥)) (“Chengyi Huitong”) and Shenzhen Chengshi Consulting Management Partnership (Limited Partnership) (深圳市橙實諮詢管理合夥企業(有限合夥)) (“Chengshi”) were incorporated in the PRC on 1 August 2018 and 11 September 2023, respectively, under the Partnership Enterprise Law of the PRC as vehicles to directly hold the Company’s shares on behalf of participating employees under the Schemes.

Pursuant to the Schemes, the Group has discretion to invite eligible employees to participate in the above limited partnerships by subscribing for partnership interests at a price determined by the Group. As the Schemes are designed by the Group for its benefit, and the Group has sole discretion in determining the participating employees and the terms of participation, the restricted shares of the Company held by the above limited partnerships are controlled by the Group for accounting purposes.

The general terms and conditions of the RSU grants under the Schemes are summarised below:

Feature	Terms
Grant dates and number of RSUs granted	2021: 13,647,541 RSUs (the “2021 Grant”) 2024: 10,892,903 RSUs in aggregate, granted in 2 tranches (the “2024 Grants”) 2025: 4,618,230 RSUs (the “2025 Grant”)
Eligible participants	Directors, management and employees of the Group
Exercise/subscription price . .	Ranges from RMB0.28 to RMB8.33 per unit of registered capital, depending on the date of grant
Vesting conditions	2021 Grant: the successful completion of a qualifying [REDACTED] of the Company and continuous employment through the vesting period 2024 and 2025 Grants: the successful completion of a qualifying [REDACTED], plus the completion of one year of continuous service following the [REDACTED] and continuous employment through the vesting period
Forfeiture	If an employee ceases to be employed by the Group prior to vesting, the awarded RSUs are forfeited. The Group shall repurchase the relevant partnership interest at the original subscription price paid by the grantee.
Settlement method	Equity-settled

Immediately-vested grant to directors (June 2021)

In June 2021, Chengyi Huitong entered into equity transfer agreements with Mr. Yuan Shengbiao and Mr. Shan Xinning, both directors of the Company, pursuant to which Chengyi Huitong transferred its equity interests in the Company to them at a total consideration of RMB1,875,000, which was below the fair value of the underlying shares at the transfer date of RMB37,318,000, and the difference was treated as compensation for their past services. The fair value of the underlying shares was determined by reference to the most recent external equity financing transaction of the Company. As the transfer was not subject to any further vesting or service conditions, the shares vested immediately on the date of grant. The resulting share-based payment expense of RMB35,443,000 was recognised in full in profit or loss in 2021 (i.e., prior to the Track Record Period).

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Immediately-vested grant to directors (June 2024)

In June 2024, Mingde transferred an aggregate of 12,000,000 ordinary shares of the Company to Mr. Shan Xinning, a director and shareholder of the Company, at a total consideration of RMB100,000,000 (Note 26). Of these shares, 2,400,000 shares were settled by Mr. Shan from his own funds. In connection with this portion, the Group granted Mr. Shan liquidation preference rights pursuant to separate agreements (Note 26), with no further vesting or service condition. The directors assessed that the grant was made in consideration for services rendered by Mr. Shan in his capacity as a director of the Company, including facilitating equity financing transactions and providing personal guarantees for the Group’s bank borrowings (Note 23). The fair value of the liquidation preference at the grant date, amounting to RMB890,000, was recognised as a share-based payment expense in profit or loss in 2024.

The remaining 9,600,000 shares were funded by a loan from the Company to Mr. Shan, the terms of which provide that the net economic gains arising from any subsequent transfer of these shares accrue to the Company (Note 18(b)).

(ii) Share-based payment transactions with shareholders

During the Track Record Period, the Group entered into the following equity transactions with shareholders in which the Group granted special rights (liquidation preferences) to the transferees in connection with certain share transfers.

Mr. Shan Xinning-to-Songhe transfer (2025)

In July 2025, Mr. Shan Xinning entered into an agreement with Shenzhen Songhe Zhilian No.10 Entrepreneurial Investment Partnership Enterprise (Limited Partnership) (“**Songhe**”) to transfer 4,668,000 shares in the Company to Songhe at a consideration of RMB38,900,000. The share transfer was completed in August 2025. The directors assessed that the excess of the fair value of the shares transferred (amounting to RMB46,834,000) over the consideration received (amounting to RMB38,900,000), being RMB7,934,000, represented a share-based payment for financing services rendered by Songhe to the Group. As the shares with the liquidation preference was transferred in 2025 without any further service or vesting conditions, the expense of RMB7,934,000 was recognised immediately in profit or loss in 2025.

(b) Fair value and movement of equity instruments granted

(i) Fair value of the underlying ordinary shares

The fair value of the RSUs at each grant date was determined by reference to the fair value of the Company’s underlying ordinary shares on the date of grant, less the exercise price payable by the grantee. The fair value of the Company’s ordinary shares was estimated by an independent third-party valuer using the discounted cash flow (“**DCF**”) method, which involves discounting forecast future cash flows to present value using an appropriate discount rate.

The key assumptions applied in the DCF model for the determination of the fair value of the underlying ordinary shares at the respective grant dates are as follows:

	Grant year		
	2021	2024	2025
Fair value of underlying ordinary shares (RMB per share)	3.33	10.45–12.51	15.04
Weighted average cost of capital	11.22%	9.60%–9.86%	9.86%
Discount for lack of control	12.88%	12.99%	13.14%
Terminal growth rate	3.00%	3.00%	2.00%

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(ii) Fair value and movement of the RSUs

The fair value of each RSU granted is determined as the fair value of the underlying ordinary share at the grant date, less the exercise price payable by the grantee. Set out below are the movements in the number and weighted average grant date fair value of outstanding RSUs during the Track Record Period:

	Number of RSUs	Weighted average grant date fair value (RMB per RSU)
At 1 January 2023	13,124,821	2.60
Granted	—	—
Forfeited	(337,620)	2.28
At 31 December 2023	12,787,201	2.61
At 1 January 2024	12,787,201	2.61
Granted	10,892,903	6.89
Forfeited	(933,427)	4.81
At 31 December 2024	22,746,677	4.57
At 1 January 2025	22,746,677	4.57
Granted	4,618,230	9.23
Forfeited	(1,566,240)	4.24
At 31 December 2025	25,798,667	5.43

As at 31 December 2023, 2024 and 2025, no RSUs were exercisable as the [REDACTED] vesting condition had not yet been satisfied.

(c) Modifications

(i) Repricing of Mr. Shan Xinning’s RSUs (2025)

As part of the Schemes, the Company granted 1,185,209 RSUs to Mr. Shan Xinning, a director and executive of the Company, in 2024 at an exercise price of RMB3.80 per unit of registered capital.

In July 2025, pursuant to a board resolution, the Company reduced the exercise price of the aforementioned RSUs from RMB3.80 to RMB1.04 per unit of registered capital.

The incremental fair value arising from the modification was measured as the difference between the fair value of the modified RSUs and the fair value of the original RSUs, both estimated at the modification date. The incremental fair value of RMB3,271,000 is being recognised as additional share-based payment expense over the remaining vesting period from the modification date to the estimated vesting date, in addition to the expense in respect of the original grant, which continues to be recognised over the original vesting period. The share-based payment expense recognised in respect of this modification for the year ended 31 December 2025 amounted to RMB564,000 and was included within general and administrative expenses.

(ii) Extension of vesting periods

During the Track Record Period, the Company modified the terms of certain tranches of RSUs under the Schemes by extending the vesting periods applicable to those tranches. As these modifications were not beneficial to the employees (i.e., they extended the period over which the employees are required to provide service), they did not give rise to any incremental fair value. The Group continues to recognise at least the expense that would have been recognised had the modifications not occurred, measured at the original grant date fair value and recognised over the original vesting period.

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(d) **Expenses arising from share-based payment transactions**

The share-based payment expenses recognised during the Track Record Period are summarised as below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share-based payment transactions with employees			
RSUs under the Schemes			
– Recognised in general and administrative expenses	1,191	2,808	6,331
– Recognised in selling and marketing expenses	6,848	9,010	19,366
– Recognised in research and development expenses	3,350	3,200	7,316
Sub-total RSUs under the Schemes	11,389	15,018	33,013
Immediately-vested grant to directors (June 2024)			
– Recognised in general and administrative expenses	–	890	–
Sub-total Share-based payment transactions with employees	11,389	15,908	33,013
Share-based payments to shareholders			
– Recognised in general and administrative expenses			
– Mr. Shan Xinning-to-Songhe (<i>Note 22(a)(ii)</i>)	–	–	7,934
Sub-total share-based payments to shareholders.	–	–	7,934
Total share-based payment expense.	11,389	15,908	40,947

Accounting policy of share-based payments

The Group operates equity-settled, share-based compensation arrangements under which the Group receives services from employees and other parties as consideration for equity instruments of the Group. The arrangements primarily comprise: (i) RSUs granted to directors, management and employees under the Schemes; and (ii) share-based payment transactions with shareholders in which the Group grants special rights (such as liquidation preferences) in connection with equity transactions (*Note 22(a)(ii)*).

The fair value of the services received in exchange for the equity instruments is recognised as an expense in the consolidated statements of comprehensive income, with a corresponding credit to equity (share-based payments reserve). The total amount to be expensed is determined by reference to the fair value of the equity instruments granted, including any market performance conditions and the impact of any non-vesting conditions, but excluding the impact of any service and non-market performance vesting conditions.

Non-market performance conditions and service conditions are included in the assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, which is the period during which all of the specified vesting conditions are to be satisfied. Where equity instruments vest immediately on the date of grant (i.e., no further vesting conditions exist), the share-based payment expense is recognised in full on that date.

Modifications

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value in the measurement of the amount recognised for services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. The incremental fair value is recognised over the period from the modification date to the end of the modified vesting period, in addition to any amount in respect of the original instrument, which continues to be recognised over the remainder of the original vesting period.

Where a modification reduces the fair value of the equity instruments or is otherwise not beneficial to the employee (for example, an extension of the vesting period), the Group does not take the decrease in fair value into account and continues to recognise at least the expense that would have been recognised had the modification not occurred.

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23 BORROWINGS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current.			
Bank borrowings, unsecured	–	–	62,000
Bank borrowings, secured (c)	52,800	85,898	–
	<u>52,800</u>	<u>85,898</u>	<u>62,000</u>

- (a) As at 31 December 2023, 2024 and 2025, all bank borrowings are denominated in RMB.
As at 31 December 2023, 2024 and 2025, the weighted average annual interest rate of borrowings was 3.96%, 3.75% and 2.36%, respectively.
- (b) The fair value of the bank borrowings approximates their carrying amounts, as the interest rates approximate market rates.
- (c) As at 31 December 2023 and 2024, the secured bank borrowings were guaranteed by Mr. Shan Xinning and Mr. Yuan Shengbiao, the Company’s related parties.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Bank borrowings, unsecured	–	–	4,000
Bank borrowings, secured	52,800	85,898	–
	<u>52,800</u>	<u>85,898</u>	<u>4,000</u>

24 TRADE, OTHER PAYABLES AND ACCRUED CHARGES

The Group

(a) Trade payables

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payables for inventories purchase	96,340	121,256	113,695

The credit period granted by suppliers mainly ranges from 30 - 90 days since invoice date. The following is an ageing analysis of trade payables presented based on initial recognition date:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Up to 3 months	96,057	121,239	113,689
3 to 6 months	207	17	6
Over 6 months	76	–	–
	<u>96,340</u>	<u>121,256</u>	<u>113,695</u>

The Group’s trade payables were denominated in RMB.

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(b) *Other payables and accrued liabilities*

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Repurchase obligation liability – restricted shares (i)	6,575	41,365	66,379
Employee benefits payables	37,196	47,587	44,323
Deposits payables	4,868	11,689	16,029
VAT and other tax payables	5,058	4,863	10,169
Installment payables for property, plant and equipment	121,442	60,585	42,278
Accrued POSs development expenses	10,157	12,876	16,665
Accrued POSs operation services	45,203	62,989	85,780
Accrued warehousing and transporting services	4,359	6,538	7,497
Contract liabilities	583	412	1,695
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	6,594	7,632	10,572
	242,035	256,536	303,457
Less: non-current portion	(53,105)	(26,359)	(22,829)
	188,930	230,177	280,628

- (i) Repurchase obligation liability – restricted shares represents the aggregate subscription price paid by employees for RSUs granted under the Schemes, for which the Group has a refund obligation (i.e., amounts refundable to employees upon forfeiture of the RSUs prior to vesting).

The Company

(a) *Trade payables*

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payables to subsidiaries	–	64,273	–
Payables for inventories purchase	96,340	–	–
	96,340	64,273	–

(b) *Other payables and accrued liabilities*

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payables to subsidiaries	–	4,758	10,516
Employee benefits payables	36,653	37,307	25,366
Deposits payables	4,868	6,237	6,702
VAT and other tax payables	5,058	4,336	7,682
Installment payables for property, plant and equipment	121,442	58,333	19,170
Accrued POSs development expenses	10,157	6,403	492
Accrued POSs operation services	44,760	39,448	20,516
Accrued warehousing and transporting services	4,350	3,522	–
Contract liabilities	583	148	335
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	6,472	7,436	6,704
	234,343	167,928	99,553
Less: non-current portion	(53,105)	(24,839)	(6,732)
	181,238	143,089	92,821

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25 LEASE LIABILITIES

The Group

(a) Amounts recognised in the consolidated statements of financial position related to leases

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Right-of-use assets (Note 13)			
Properties	7,582	11,513	10,440
Warehouse	–	–	1,291
Smart retail cabinets	43,782	115,044	131,935
	<u>51,364</u>	<u>126,557</u>	<u>143,666</u>
Lease liabilities			
Properties			
– Non-current	4,205	5,833	3,851
– Current	3,183	5,267	7,369
Smart retail cabinets			
– Non-current	14,675	47,621	45,924
– Current	17,080	34,520	39,500
	<u>39,143</u>	<u>93,241</u>	<u>96,644</u>

(b) Amounts recognised in the consolidated statements of comprehensive income related to leases

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charges of right-of-use assets (Note 13)	14,119	29,252	48,617
Short-term leases and leases of low-value assets	1,529	1,402	3,847
Interest expenses (included in finance cost) (Note 9)	2,508	3,428	5,053
	<u>18,156</u>	<u>34,082</u>	<u>57,517</u>

The Group leases various properties to operate its businesses and these lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid. No extension options are included in such property leases across the Group. The total cash outflow for repayment of leases liabilities is disclosed in Note 29(c).

For years ended 31 December 2023, 2024 and 2025, the cash outflow for short-term leases and low-value leases was RMB1,529,000, RMB1,402,000 and RMB3,847,000 respectively.

The Group leases certain offices and equipment under short-term lease agreements. As of 31 December 2023, 2024 and 2025, the future commitment relating to short-term leases were immaterial.

The cash flows of lease contracts that the Group has committed but has not yet commenced are nil, 1,674,000 and 3,197,000 as at 31 December 2023, 2024 and 2025.

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The Company

Amounts recognised in the statements of financial position

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Right-of-use assets (Note 13)			
Properties	7,506	10,279	6,135
Warehouse	–	–	69
Smart retail cabinets	43,782	75,327	64,947
	<u>51,288</u>	<u>85,606</u>	<u>71,151</u>
Lease liabilities			
Properties			
– Non-current	4,182	5,719	3,484
– Current	3,184	4,238	3,079
Smart retail cabinets			
– Non-current	14,682	28,659	16,925
– Current	17,073	24,016	20,654
	<u>39,121</u>	<u>62,632</u>	<u>44,142</u>

26 REDEMPTION LIABILITIES

The Group and The Company

(a) Overview

Since the date of incorporation, the Company has completed Series A, Series B and Series B+ rounds of equity financing (collectively, the “**Preferred Financing Rounds**”) by issuing ordinary shares to certain financial investors (the “**Financial Investors**”). Concurrently with each issuance, the Company entered into separate agreements granting the Financial Investors certain Special Rights, including redemption rights, liquidation preferences and anti-dilution rights.

In addition, Shenzhen Mingde Holding Development Co., Ltd. (“**Mingde**”) originally held 24,000,000 ordinary shares in the Company without any Special Rights. Certain of these shares were subsequently transferred to new shareholders who were granted liquidation preference (but not redemption rights) pursuant to separate agreements executed upon transfer, as follows:

- In 2023, 12,000,000 shares were transferred from Mingde to new shareholders;
- In 2024, 12,000,000 shares were transferred from Mingde to Mr. Shan Xinning. In 2025, 10,800,000 shares were further transferred from Mr. Shan Xinning to other shareholders.

The new shareholders who received ordinary shares originally held by Mingde are collectively referred to as the “Series M Investors.”

(b) Issuance history

The following table summarises the equity financing rounds giving rise to redemption liabilities:

Series	Year of issuance	Shares issued/ transferred	Consideration (RMB'000)	Key Special Rights
A	2021	36,000,000	300,000	Redemption, liquidation preference, anti-dilution
B	2023	3,950,618	50,000	Redemption, liquidation preference, anti-dilution
B+	2025	2,187,348	30,794	Redemption, liquidation preference, anti-dilution
M (from Mingde)	2023–2025	24,000,000 (in aggregate)	200,000	Liquidation preference only

The Special Rights held by the Financial Investors (Series A to B+) and the liquidation preference held by the Series M Investors are collectively referred to as the “Special Rights.”

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(c) *Key terms of the Special Rights*

(i) *Redemption rights (Series A to B+ only)*

The Series A to B+ Financial Investors have the right to require the Company, Mr. Yuan Shengbiao, Mr. Shan Xinning or the employee shareholding platform (collectively, the “**Guarantors**”) to redeem their equity interests if the Company fails to complete a qualifying [REDACTED] by 31 December 2027. The Guarantors are required to settle the redemption within three months after receiving the Financial Investors’ written notice (or such longer period as approved by the Financial Investors).

In addition, redemption may be triggered if: (a) the Guarantors materially breach the transaction documents and fail to cure within 30 days; (b) government orders significantly and adversely affect the Group’s operations; (c) the founding shareholders resign or cease to provide full-time services; (d) any other investor exercises its redemption rights; or (e) the Company fails to establish Hengyang Fengyi and Hengyang Zushi in Hunan Province and commence relevant business by 31 December 2024.

The redemption price per share is the higher of: (i) 100% of the original investment principal, plus accrued and unpaid dividends, plus interest at a compound annual rate of return of 8% from the date of investment, less any dividends previously received; or (ii) the fair value of the shares held by the Financial Investors at the time of the Company’s repurchase.

If the Guarantors’ available funds are insufficient to satisfy all redemption requests, payments shall be made in the following order of priority: first to Series B+ investors, then to Series B investors, and lastly to Series A investors.

(ii) *Liquidation preferences (Series A to B+ and Series M)*

In the event of any liquidation, dissolution or winding up of the Company, or upon a Deemed Liquidation Event, holders of shares with Special Rights are entitled to receive distributions prior to ordinary shareholders without Special Rights.

For Series A to B+ Financial Investors, the liquidation preference per share equals: 100% of the original investment principal, plus an annual rate of return of 8% accrued from the date of investment, plus all declared but unpaid dividends, less any dividends previously received.

For Series M Investors, the liquidation preference per share equals: 100% of the transfer price paid for such ordinary shares, plus an annual rate of return of 8% accrued from the relevant payment date, plus all declared but unpaid dividends, less any dividends previously received.

Distributions shall be made in the following order of priority: first to Series B+ investors, then to Series B investors, then to Series A investors, then to Series M investors, and lastly to ordinary shareholders. If available assets are insufficient to satisfy any tier in full, assets are distributed ratably among investors within that tier. A “Deemed Liquidation Event” includes any merger, consolidation, sale of substantially all assets, or change of control transaction resulting in existing shareholders owning less than 50% of the voting power of the surviving entity.

(iii) *Anti-dilution rights (Series A to B+ only)*

If, prior to a qualifying [REDACTED], the Company issues new shares at a price per unit of registered capital lower than the price paid by the Financial Investors (referred to as “**New Low Financing event**”), the Series A to B+ Financial Investors are entitled to anti-dilution protection on a broad weighted-average basis, through the issuance of additional shares with special rights by the Company or the transfer of shares from the founding shareholders at the lowest issue price permitted by law.

(d) *Accounting treatment*

The Group has issued shares with aforementioned special rights, which oblige the Group to deliver cash to holders upon exercise under circumstances outside its control (including failure to complete a qualifying [REDACTED] by the contractual deadline and the occurrence of a deemed liquidation event). In accordance with accounting policy, any contract containing an obligation for the Group to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability. Accordingly, the Group recognises this obligation as a financial liability (“**redemption liabilities**”) upon the issuance or transfer of the relevant shares, even if the obligation is conditional on the counterparty exercising its redemption right.

Initial recognition

The redemption liabilities are initially measured at the present value of the expected cash flows for settling the related obligations if these rights are exercised by the Investors.

A corresponding debit is recognised in other reserves within equity.

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Subsequent measurement

The redemption liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense accrued on the redemption liabilities and foreign exchange gains or losses arising from the remeasurement of USD-denominated redemption liabilities are recognised in profit or loss and presented as “changes in the carrying amount of redemption liabilities” in the consolidated statements of comprehensive income. These amounts are presented separately from finance costs as the directors consider this presentation provides more relevant information to users given the nature and magnitude of these obligations.

Whether the remeasurement of a financial liability arising from redemption feature can be recognized in equity depends on the substance of the arrangement. Where an investor is acting in their capacity as a shareholder, the remeasurement is recognized in equity. The investor’s agreement to adjust the redemption amount is a non-reciprocal transaction, which is regarded as a transaction where the investor is acting in their capacity as a shareholder. Therefore, the modification is in substance a shareholder capital contribution.

Derecognition

The redemption liabilities will be derecognised when the Group’s obligations are discharged, cancelled or have expired. Upon derecognition, the carrying amount of the financial liability is reclassified to equity when the contract expires without delivery.

Anti-dilution derivative

The anti-dilution rights represent a derivative financial instrument measured at fair value through profit or loss. As at 31 December 2023, 2024 and 2025, the fair value of the anti-dilution derivative was assessed to be close to nil, as the directors consider it remote that a New Low Financing event would occur given the trajectory of the Company’s equity value. The fair value measurement is categorised within Level 3 of the fair value hierarchy. No separate carrying amount has been recognised in the consolidated statements of financial position.

(e) Movement schedule

The movements of the redemption liabilities issued are set out below:

	Series A	Series B	Series B+	Series M	Redemption liabilities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023					
Opening net book amount	359,635	–	–	–	359,635
Recognition of redemption liabilities	–	50,000	–	100,000	150,000
Changes in the carrying amount of redemption liabilities	19,214	712	–	1,202	21,128
Closing net book amount	378,849	50,712	–	101,202	530,763
Year ended 31 December 2024					
Opening net book amount	378,849	50,712	–	101,202	530,763
Recognition of redemption liabilities	–	–	–	100,000	100,000
Changes in the carrying amount of redemption liabilities	61,559	4,414	–	12,777	78,750
Closing net book amount	440,408	55,126	–	213,979	709,513
Year ended 31 December 2025					
Opening net book amount	440,408	55,126	–	213,979	709,513
Recognition of redemption liabilities	–	–	30,794	–	30,794
Changes in the carrying amount of redemption liabilities	84,466	7,011	4,970	16,096	112,543
Impact of transfer of shares with special rights (Note 26(g)(i))	–	–	–	(7,725)	(7,725)
Closing net book amount	524,874	62,137	35,764	222,350	845,125

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(f) Valuation Methodology for Redemption Liabilities

When estimating the fair value of redemption liabilities, management uses a probability-weighted scenario-based approach: first deriving the Group’s equity value via DCF model (adjusted for control and liquidity discounts), then allocating value to shares with special rights and ordinary shares across [REDACTED], liquidation and redemption scenarios using an equity allocation model consistent with shareholder agreement terms. Key assumptions are set as below:

	As at 31 December		
	2023	2024	2025
Weighted average cost of capital	9.50%	10.11%	10.00%
Discount for lack of control	13.14%	12.99%	13.14%
Terminal growth rate	3.00%	3.00%	2.00%

(g) Impact on equity

The following table reconciles the movements in “other reserves” arising from redemption liabilities:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Opening balance	(299,862)	(449,862)	(549,862)
Initial recognition of redemption liabilities (debit to other reserves)	(150,000)	(100,000)	(30,794)
Impact of transfer of shares with special rights (i)	—	—	7,725
Closing balance	(449,862)	(549,862)	(572,931)

- (i) In 2025, 10,800,000 shares with special rights were further transferred from Mr. Shan Xinning to other shareholders. The transfer resulted in a decrease in the carrying amount of the redemption liability, the decrease of the redemption liability is a non-reciprocal transaction, and is regarded as a transaction where the investor is acting in their capacity as a shareholder.

(h) Termination of Special Rights

In April 2026, the Series A, B and B+ Financial Investors, the Series M Investors, the Company, Mr. Shan Xinning, Mr. Yuan Shengbiao and the employee shareholding platforms entered into the Shareholders’ Special Rights Termination Agreement dated 10 April 2026 (the “**Termination Agreement**”). Under the Termination Agreement:

- the redemption rights held by the Series A, B and B+ Financial Investors will terminate, unconditionally and irrevocably, on the day immediately prior to the first filing of the Company’s [REDACTED] application with the Stock Exchange;
- the deemed-liquidation-event obligations held by all Series A, B, B+ and M holders will terminate, unconditionally and irrevocably, on the later of (i) 29 May 2026 and (ii) the date of first filing of the [REDACTED] application; and
- all other Special Rights (including liquidation preferences (other than upon a deemed-liquidation event) and anti-dilution rights) will terminate, unconditionally and irrevocably, upon completion of the [REDACTED] and the [REDACTED] of the Company’s shares on the Main Board of the Stock Exchange.

No party may unilaterally revoke or amend any of the above termination provisions without the prior written consent of all parties to the Termination Agreement.

As at the date of this report, the [REDACTED] application has been filed. Accordingly, the redemption rights and deemed-liquidation-event obligations have been terminated. The liquidation preferences and anti-dilution rights remain outstanding and will be terminated upon [REDACTED].

Had the redemption rights and deemed-liquidation-event obligations terminated at 31 December 2025, the carrying amount of the redemption liabilities of RMB845,125,000 would have been derecognised, with RMB845,125,000 credited to other reserves in accordance with the policy set out in Note 26(d). The Group would have moved from a net deficit of RMB336,114,000 to net assets of RMB509,011,000.

27 DIVIDENDS

No dividend has been declared or made by the Company or any of the companies comprising the Group in respect of Track Record Period and any period subsequent to 31 December 2025.

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28 DEFERRED TAX

The Group

(a) Deferred tax assets

	Lease liabilities	Installment payables for property, plant and equipment	Tax losses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	—	—	—	—	—
Recognized in the profit or loss	8,045	264	114,327	25	122,661
As at 31 December 2023	8,045	264	114,327	25	122,661
Recognized in the profit or loss	15,495	386	24,566	159	40,606
As at 31 December 2024	23,540	650	138,893	184	163,267
Recognized in the profit or loss	6,129	147	32,246	(131)	38,391
As at 31 December 2025	29,669	797	171,139	53	201,658

(b) Deferred tax liabilities

	Right-of-use assets
	RMB'000
As at 1 January 2023	—
Recognized in the profit or loss	7,712
As at 31 December 2023	7,712
Recognized in the profit or loss	15,367
As at 31 December 2024	23,079
Recognized in the profit or loss	5,719
As at 31 December 2025	28,798

(c) The following table sets forth the net balances of deferred tax assets and liabilities after offsetting:

	As at 31 December					
	2023		2024		2025	
	Offset amount	Balance after offsetting	Offset amount	Balance after offsetting	Offset amount	Balance after offsetting
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets . . .	(7,712)	114,949	(23,079)	140,188	(28,798)	172,860
Deferred tax liabilities .	7,712	—	23,079	—	28,798	—

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The Company

(a) Deferred tax assets

	Lease liabilities	Installment payables for property, plant and equipment	Tax losses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	—	—	—	—	—
Recognized in the profit or loss	8,043	264	114,168	25	122,500
As at 31 December 2023	8,043	264	114,168	25	122,500
Recognized in the profit or loss	5,306	372	(39,461)	151	(33,632)
As at 31 December 2024	13,349	636	74,707	176	88,868
Recognized in the profit or loss	(1,895)	70	(66,329)	(143)	(68,297)
As at 31 December 2025	11,454	706	8,378	33	20,571

(b) Deferred tax liabilities

	Right-of-use assets
	RMB'000
As at 1 January 2023	—
Recognized in the profit or loss	7,693
As at 31 December 2023	7,693
Recognized in the profit or loss	5,148
As at 31 December 2024	12,841
Recognized in the profit or loss	(2,168)
As at 31 December 2025	10,673

(c) The following table sets forth the net balances of deferred tax assets and liabilities after offsetting:

	As at 31 December					
	2023		2024		2025	
	Offset amount	Balance after offsetting	Offset amount	Balance after offsetting	Offset amount	Balance after offsetting
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets . . .	(7,693)	114,807	(12,841)	76,027	(10,673)	9,898
Deferred tax liabilities .	7,693	—	12,841	—	10,673	—

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Accounting policy of current and deferred income tax

Income tax comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income, or in other comprehensive income or in equity if it relates to items that are recognised in the same or a different period directly in other comprehensive income or in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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29 NOTE TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Cash generated from operations

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before income tax	(46,458)	(42,396)	(69,892)
Adjustments for:			
Depreciation of property, plant and equipment (Note 6)	44,120	46,001	46,745
Depreciation of right-of-use assets (Note 6)	14,119	29,252	48,617
Amortization of intangible assets (Note 6)	1,084	1,594	1,907
Share-based payments expenses (Note 22(d))	11,389	15,908	40,947
Fair value losses on financial liabilities (Note 8)	—	—	603
Income from loan to a shareholder (Note 8, Note 18(b)(i))	—	(4,809)	—
Net impairment losses on financial assets	134	3	40
Interest income on bank deposits (Note 9)	(3,235)	(3,073)	(2,686)
Losses/(Gains) on disposal of property, plant and equipment (Note 8)	788	355	(211)
(Gains)/Losses on termination of right-of-use assets (Note 8)	(15)	588	(152)
Losses on disposal of intangible assets (Note 8)	—	547	—
Finance costs (Note 9)	14,330	14,680	10,845
Changes in the carrying amount of redemption liabilities (Note 26)	21,128	78,750	112,543
	57,384	137,400	189,306
Changes in working capital:			
Restricted cash	—	(57)	57
Inventories	(19,074)	(25,052)	(10,723)
Trade receivables	14,429	1,360	(818)
Other receivables and prepayments	(6,540)	(726)	(29,606)
Trade payables	(7,968)	24,916	(7,561)
Other payables and accrued charges	70,106	41,214	44,824
Cash generated from operations	108,337	179,055	185,479

(b) Non-cash investing activities

Non-cash transactions are primarily related to the addition of right-of-use assets and lease liabilities described in Note 13 and Note 25, derecognition of redemption liabilities described in Note 26. Other than these mentioned, there were no other material non-cash investing and financing transactions during the Track Record Period.

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(c) Reconciliation of liabilities generated from financing activities

	Lease liabilities	Installment payables for property, plant and equipment	Borrowings	Redemption liabilities	Total
	<i>RMB'000</i>		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	33,803	114,225	6,000	359,635	513,663
Cash flows	(30,041)	(71,696)	45,925	–	(55,812)
Additions to property, plant and equipment acquired under installment payments	–	67,966	–	–	67,966
Addition of new leases (<i>Note 13</i>)	34,027	–	–	–	34,027
Termination and modification of leases (<i>Note 9</i>)	(1,154)	–	–	–	(1,154)
Interest accrued (<i>Note 9</i>)	2,508	10,947	875	–	14,330
Recognition of redemption liabilities (<i>Note 26</i>)	–	–	–	150,000	150,000
Changes in the carrying amount of redemption liabilities (<i>Note 26</i>)	–	–	–	21,128	21,128
As at 31 December 2023	39,143	121,442	52,800	530,763	744,148
Cash flows	(59,362)	(76,678)	29,928	–	(106,112)
Additions to property, plant and equipment acquired under installment payments	–	7,739	–	–	7,739
Addition of new leases (<i>Note 13</i>)	110,901	–	–	–	110,901
Termination and modification of leases (<i>Note 9</i>)	(869)	–	–	–	(869)
Interest accrued (<i>Note 9</i>)	3,428	8,082	3,170	–	14,680
Recognition of redemption liabilities (<i>Note 26</i>)	–	–	–	100,000	100,000
Changes in the carrying amount of redemption liabilities (<i>Note 26</i>)	–	–	–	78,750	78,750
As at 31 December 2024	93,241	60,585	85,898	709,513	949,237
Cash flows	(88,704)	(47,421)	(26,337)	–	(162,462)
Additions to property, plant and equipment acquired under installment payments	–	25,761	–	–	25,761
Addition of new leases (<i>Note 13</i>)	90,220	–	–	–	90,220
Termination and modification of leases (<i>Note 9</i>)	(3,166)	–	–	–	(3,166)
Interest accrued (<i>Note 9</i>)	5,053	3,353	2,439	–	10,845
Recognition of redemption liabilities (<i>Note 26</i>)	–	–	–	30,794	30,794
Changes in the carrying amount of redemption liabilities (<i>Note 26</i>)	–	–	–	112,543	112,543
Derecognition of redemption liabilities (<i>Note 26</i>)	–	–	–	(7,725)	(7,725)
As at 31 December 2025	96,644	42,278	62,000	845,125	1,046,047

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30 RELATED PARTY TRANSACTIONS

The following significant transactions were carried out between the Group and its related parties during the Track Record Period. In the opinion of the Directors of the Company, the related party transactions were carried out in the normal course of business and on terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

Save as disclosed in Note 20, 22 and 26 of this accountant’s report, the directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the Track Record Period:

Name of the related parties	Nature of the relationship
Mr. Shan Xinning (“ Mr. Shan ”)	Executive director, chief executive officer and controlling shareholder of the Company
Mr. Yuan Shengbiao (“ Mr. Yuan ”)	Executive director and shareholder of the Company
Shenzhen Mingde Holding Development Co., Ltd. (“ Mingde ”) and its subsidiaries	Former shareholder of the Company (ceased to be a related party on 4 July 2024 upon disposal of its entire shareholding in the Company) (i)

- (i) On 4 July 2024, Mingde disposed of the entire shareholding it held in the Company, resulting in Mingde and its subsidiaries ceasing to be related parties of the Company from that date. Accordingly, transactions between the Group and Mingde (and its subsidiaries) after 4 July 2024 are not presented as related party transactions.

(b) Significant transactions with related parties

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Sales of goods (i)			
Mingde and its subsidiaries	39,446	14,560	NA
Purchase of services (ii)			
Mingde and its subsidiaries	14,561	8,819	NA
Additions of right-of-use assets (iii)			
Mingde and its subsidiaries	2,588	6,999	NA
Depreciation and interest expenses borne by the Group as the lessee (iii)			
Mingde and its subsidiaries	724	1,314	NA
Loan to a shareholder (Note 18(b)(i))			
Mr. Shan	–	80,000	–

- (i) Sales of goods to Mingde and its subsidiaries comprised sales of fast-moving consumer goods through the Group’s sales of goods from smart retail cabinets. The pricing was determined with reference to the same pricing terms as those offered to independent third-party customers.
- (ii) Purchase of services from Mingde and its subsidiaries principally comprised POS operation services. The pricing was determined with reference to market rates for comparable services.
- (iii) The Group leased certain office premises and warehouses from Mingde and its subsidiaries. The lease terms were negotiated on an arm’s length basis with reference to prevailing market rental rates for comparable premises in the same location.
- (iv) For the years ended 31 December 2023, 2024 and 2025, Mr. Shan and Mr. Yuan provided guarantees as security for the Group’s short-term borrowings, details of which are set out in Note 23(c).

For the year ended 31 December 2024, transactions with Mingde and its subsidiaries represent amounts incurred during the period from 1 January 2024 to 4 July 2024 (the date on which Mingde ceased to be a related party).

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(c) Balances with related parties

		As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Trade in nature and included in:				
Trade receivables				
Mingde and its subsidiaries		4,010	NA	NA
Other receivables				
Mingde and its subsidiaries		2,515	NA	NA
Other payables				
Mingde and its subsidiaries		2,737	NA	NA
Lease liabilities				
Mingde and its subsidiaries		1,941	NA	NA

Non-trade in nature and included in:

Other receivables				
Mr. Shan		–	39,309	–

Trade receivables from, other payables to, and lease liabilities with Mingde and its subsidiaries were trade in nature, arising from the transactions described in Note 30(b) above. Other receivables from Mingde and its subsidiaries were trade in nature, primarily consisting of deposits paid for leasing properties. As Mingde ceased to be a related party on 4 July 2024, no related party balances with Mingde are presented as at 31 December 2024 and 2025.

Other receivables from Mr. Shan represent the outstanding balance of a non-trade loan advanced to partially fund his acquisition of ordinary shares in the Company. Details of the terms, fair value measurement and settlement are set out in Note 18(b)(i). The loan was fully settled as at 31 December 2025. The loan was unsecured and interest-free.

All related party balances are unsecured and are expected to be settled in cash. No guarantees have been given or received in respect of the above related party balances (other than the personal guarantees for bank borrowings disclosed in Note 30(b)).

(d) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel of the Group comprise the executive directors and senior management of the Company.

		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses.		9,045	10,217	9,349
Share-based compensation expenses.		2,620	4,218	6,678
Pension costs – defined contribution plans.		111	150	247
Other employees benefits		67	88	162
		11,843	14,673	16,436

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(e) Directors’ and supervisors’ emoluments

The remuneration of each director and supervisor of the Company paid/payable by the Group for the years ended 31 December 2023, 2024 and 2025 are set out as follows:

Year ended 31 December 2023:

Name	Wages, salaries and bonuses	Share-based compensation expenses	Pension costs – defined contribution plans	Other employees benefits	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Directors:					
Mr. Shan (i)	1,754	–	25	14	1,793
Mr. Yuan (ii)	1,473	–	25	15	1,513
Ms. Zhao Yu (iv)	648	508	5	9	1,170
Ms. Guo Xindi (v)	–	–	–	–	–
Ms. Liu Min (viii)	–	–	–	–	–
Supervisor:					
Ms. Zheng Boyong (vii)	–	–	–	–	–
	3,875	508	55	38	4,476

Year ended 31 December 2024:

Name	Wages, salaries and bonuses	Share-based compensation expenses	Pension costs – defined contribution plans	Other employees benefits	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Directors:					
Mr. Shan (i)	2,518	2,181	27	19	4,745
Mr. Yuan (ii)	1,636	–	27	14	1,677
Mr. Zhu Tao (iii)	2,520	679	25	9	3,233
Ms. Zhao Yu (iv)	765	407	11	9	1,192
Ms. Guo Xindi (v)	–	–	–	–	–
Ms. Liu Min (viii)	–	–	–	–	–
Supervisors:					
Ms. Zheng Boyong (vi)	–	–	–	–	–
Ms. Huang Feili (vii)	692	355	22	18	1,087
	8,131	3,622	112	69	11,934

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Year ended 31 December 2025:

Name	Wages, salaries and bonuses	Share-based compensation expenses	Pension costs – defined contribution plans	Other employees benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors:					
Mr. Shan (i)	1,789	2,854	29	18	4,690
Mr. Yuan (ii)	1,398	–	29	18	1,445
Mr. Zhu Tao (iii)	2,570	1,276	28	12	3,886
Ms. Zhao Yu (iv)	711	729	36	25	1,501
Ms. Guo Xindi (v)	–	–	–	–	–
Supervisor:					
Ms. Huang Feili (vii)	715	670	58	43	1,486
	<u>7,183</u>	<u>5,529</u>	<u>180</u>	<u>116</u>	<u>13,008</u>

- (i) Mr. Shan Xinning was appointed as a director in September 2021. He has served as the chief executive officer and controlling shareholder of the Company throughout the Track Record Period.
- (ii) Mr. Yuan Shengbiao was appointed as a director in June 2018.
- (iii) Mr. Zhu Tao was appointed as a director in July 2024.
- (iv) Ms. Zhao Yu was appointed as a director in September 2021.
- (v) Ms. Guo Xindi was appointed as a director in September 2021.
- (vi) Ms. Zheng Boyong was appointed as a supervisor in September 2021 and expired in July 2024.
- (vii) Ms. Huang Feili was appointed as a supervisor in July 2024 and expired in May 2026.
- (viii) Ms. Liu Min was appointed as a director in May 2022 and expired in July 2024.

(f) Directors and supervisors’ retirement benefits

None of the directors or supervisors received any retirement benefits during the Track Record Period.

(g) Directors and supervisors’ termination benefits

None of the directors or supervisors received any termination benefits during the Track Record Period.

(h) Consideration provided to third parties for making available directors and supervisors’ services

During the Track Record Period, the Company did not pay consideration to any third parties for making available directors or supervisors’ services.

(i) Loans and dealings in favour of directors

During the Track Record Period, the Company advanced a loan of RMB80,000,000 to Mr. Shan Xinning, an executive director, chief executive officer and controlling shareholder of the Company, to partially fund his acquisition of ordinary shares in the Company from Mingde. Details of the terms, fair value measurement and settlement are set out in Note 18(b)(i). The loan was unsecured, bore no contractual interest and was fully settled as at 31 December 2025.

Save as disclosed above, there were no other loans, quasi-loans or other dealings in favour of directors, supervisors or bodies corporate controlled by, or entities connected with, such directors or supervisors during the Track Record Period.

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(j) **Directors and supervisors’ material interests in transactions, arrangements or contracts**

Save as disclosed in Note 22, 23 and 26 (relating to share-based payment arrangements, personal guarantees for bank borrowings, and special rights granted to shareholders, respectively), no significant transactions, arrangements or contracts in relation to the Group’s business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the Track Record Period.

31 COMMITMENTS

The Group did not have any capital commitments as at 31 December 2023, 2024 and 2025.

32 CONTINGENCIES

As at 31 December 2023, 2024 and 2025, the Group did not have material contingent liabilities, guarantees or litigations or claims of material importance, pending or threatened against any member of the Group.

33 SUBSEQUENT EVENTS

(a) **Conversion into a joint stock limited company**

On 27 March 2026, the shareholders resolved to convert the Company from a limited liability company to a joint stock limited company. The conversion was completed on 30 March 2026 upon issue of the new business licence. Pursuant to the conversion, the net assets of the Company as at 31 January 2026 were converted into 112,804,633 ordinary shares with a par value of RMB1.00 each, with the excess of net asset value over total par value credited to capital reserve of the Company.

(b) **Termination of Special Rights**

In April 2026, the Series A, B and B+ Financial Investors, the Series M Investors, the Company, Mr. Shan Xinning, Mr. Yuan Shengbiao and the employee shareholding platforms (the Guarantors as defined in Note 26(c)(i)) entered into the Shareholders’ Special Rights Termination Agreement, pursuant to which the Special Rights described in Note 26(c) have been or will be unconditionally and irrevocably terminated upon the occurrence of the relevant trigger events. Details of the Termination Agreement, including the trigger events and the estimated financial effect on the Group, are set out in Note 26(h).

34 SUMMARY OF OTHER ACCOUNTING POLICIES

(a) **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, consolidated statements of financial position, consolidated statements of changes in equity.

(b) **Separate financial statements**

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee’s net assets including goodwill.

(c) **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

(d) **Financial assets**

(i) **Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

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The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.

See Note 17 for details about each type of financial assets.

(ii) *Recognition and measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from cash and cash equivalents is included in finance income, interest income from loans to customers is included in finance income using effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (losses)/gains. Impairment losses are presented “Net (provision)/reversal of impairment losses on financial assets” in the consolidated statements of comprehensive income.
- **Fair value through other comprehensive income (“FVTOCI”):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest income which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented in “Net (provision)/ reversal of impairment losses on financial assets” in the statement of comprehensive income.
- **Fair value through profit or loss (“FVTPL”):** Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains, net in the period in which it arises.

During the Track Record Period, no debt instruments is recognised in respect of financial assets at FVOCI.

(iii) *Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For cash and cash equivalents, the expected credit loss risk is considered immaterial.

Expected credit loss refers to the weighted average amount of credit loss of financial instruments based on the probability of default. Credit loss refers to the difference between all contractual cash flows receivable and all cash flows that the entity expects to receive, discounted at the original effective interest rate.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The impairment matrix is determined based on historical observed default rates over the expected life of trade receivable with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rate are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

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(e) **Intangible assets**

Purchased software

Purchased software licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over their estimated useful life of 10 years. Costs associated with maintaining computer software programs are recognised as expense as incurred.

(f) **Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) **Capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group companies purchase the Company’s equity instruments, for example as the result of a share buy-back or a share-based payment plan with vesting condition, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

Where the Company issued shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums over share capital shall be classified as capital reserve/share premium.

Other reserves is recorded to reflect the carrying amount of the redemption liabilities upon its initial recognition and will be reversed when the redemption liabilities are derecognized (Note 26).

(h) **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has right to defer settlement of the liability for at least 12 months after the reporting period.

(i) *Borrowing cost*

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(i) **Trade and other payables**

Trade payable represents liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months (or in the normal operating cycle of the business if longer) after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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(j) Employee benefits

(i) *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits and accumulated annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current liabilities in the consolidated statements of financial position.

(ii) *Pension, housing funds, medical insurances and other social insurances obligations*

Employees of the Group are covered by various government-sponsored defined-contribution pension plans in the PRC under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries.

Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group’s future obligations to such defined-contribution pension plans even if the staff leaves the Group.

(k) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset at amortised cost except for financial assets that become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(l) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs and expenses are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

(m) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Recoverable amount is the higher of the asset’s fair value less costs of disposal and its value in use. Where the carrying amount exceeds recoverable amount, an impairment loss is recognised in profit or loss. Impairment losses (other than for goodwill) are reversed to the extent the recoverable amount subsequently exceeds the carrying amount, capped at the carrying amount that would have been determined had no impairment loss been recognised.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025 and up to the date of this report.

APPENDIX II	UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II	UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II	UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II	UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II	UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

This Appendix contains the principal terms of the Articles of Association of the Company (the “**Articles of Association**”), which shall become effective and be implemented on the date on which the H Shares are [REDACTED] on the Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The main purpose of this Appendix is to provide an overview of the Articles of Association of the Company for prospective [REDACTED], and therefore it may not contain all the information that is important to prospective [REDACTED].

ISSUANCE OF SHARES

Shares shall be issued by the Company under the principles of transparency, fairness and equitableness, and each share of the same type shall have the same rights. For the same type of shares issued in one offering, the issue criteria and price for each share shall be identical; the subscribers shall pay the same price for each share subscribed.

INCREASE AND DECREASE OF SHARE CAPITAL AND SHARE REPURCHASE

The Company may increase its capital by the following means, in accordance with the provisions of laws, regulations, the securities regulatory rules of the jurisdiction where the Company’s shares are listed, subject to separate resolutions of the shareholders’ meeting based on the needs of its operation and development:

- (1) Issuance of shares to unspecified investors;
- (2) Issuance of shares to specified investors;
- (3) Distribution of bonus shares to existing shareholders;
- (4) Conversion of reserve to increase share capital; and
- (5) Other means approved by laws, administrative regulations, the *HKEX Listing Rules* and other regulatory rules of the jurisdiction where the Company’s shares are listed, and securities regulatory authorities such as the CSRC.

The Company may increase its registered capital in accordance with the procedures prescribed by the relevant laws, regulations and the *HKEX Listing Rules*, after approval has been obtained as provided in the Articles of Association.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures stipulated in the *Company Law*, the *HKEX Listing Rules*, other relevant regulations, and the Articles of Association.

The Company shall not repurchase its own shares, except in any of the following circumstances:

- (1) Reduction of registered capital;
- (2) Merger with another company which holds its shares;
- (3) Use of shares for employee stock ownership plan or equity incentives;
- (4) A shareholder’s objection to the resolution on the Company’s merger or division passed by the shareholders’ meeting, requesting the Company to acquire its shares;
- (5) Use of shares for conversion of corporate bonds issued by the Company that can be converted into shares; or
- (6) Necessity for the purpose of maintaining the value of the Company and shareholders’ equity.
- (7) Other circumstances stipulated by laws, administrative regulations, departmental rules, normative documents, the *HKEX Listing Rules*, and other regulatory rules of the jurisdiction where the Company’s shares are listed.

The Company may repurchase its own Shares in such manner as may be permitted by the laws, administrative regulations and the CSRC (if required), the regulatory rules of the place where the Company’s shares are listed, or the securities regulatory authorities, stock exchanges and other relevant regulatory authorities.

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

Where the Company repurchases its shares under circumstances (1) and (2) of this Article, it shall be subject to a resolution of the shareholders’ meeting; where the Company repurchases its shares under circumstances (3), (5) and (6) of this Article, subject to compliance with the *HKEX Listing Rules* and other regulatory rules of the jurisdiction where the Company’s shares are listed, it may be subject to a resolution of a Board meeting attended by more than two-thirds of the directors.

Subject to compliance with the *HKEX Listing Rules* and other regulatory rules of the jurisdiction where the Company’s shares are listed, after the Company repurchases its shares in accordance with this Article, in the case of circumstance (1), the shares shall be cancelled within ten days from the date of repurchase; in the case of circumstances (2) and (4), the shares shall be transferred or cancelled within six months; in the case of circumstances (3), (5) and (6), the total number of shares of the Company held by the Company shall not exceed ten percent of the total issued shares of the Company, and shall be transferred or cancelled within three years.

Where relevant laws, administrative regulations, departmental rules, other normative documents and regulatory rules of the jurisdiction where the Company’s shares are listed (including the *Securities Law* and the *HKEX Listing Rules*) have other provisions regarding matters related to the Company’s repurchase of its own shares, such provisions shall prevail.

TRANSFER OF SHARES

The shares of the Company shall be transferred according to law. The transfer of the Company’s shares must be registered with the local share registration institution entrusted by the Company.

The Company shall not accept its shares as subject matter of pledge.

Shares issued prior to the public offering by the Company shall not be transferred within one year from listing and trading of the Company’s stocks on the Hong Kong Stock Exchanges.

The directors and senior executives of the Company shall declare to the Company their holding of shares in the Company and the changes thereof, and the shares transferred each year during their tenure determined at the time of appointment shall not exceed 25% of the total number of the same class of shares of the Company held by them; the Company shares held by them shall not be transferred within one year from listing and trading of the Company’s stocks.

If laws, administrative regulations, the CSRC, the *HKEX Listing Rules*, or other regulatory rules of the jurisdiction where the Company’s shares are listed have other provisions restricting the transfer of the Company’s shares, such provisions shall prevail.

SHAREHOLDERS AND SHAREHOLDERS’ MEETING

Shareholders

The Company shall establish a register of shareholders based on the certificates provided by the Securities Depository and Clearing Institution. The register of shareholders is sufficient evidence to prove the shares held by shareholders. The shareholders shall enjoy rights and assume obligations according to the class of shares they hold; shareholders holding the same class of shares shall enjoy the same rights and assume the same type of obligations.

When the Company convenes a shareholders’ meeting, distributes dividends, conducts liquidation, or engages in other actions requiring confirmation of shareholder identity, the record date shall be determined by the board of directors or the convenor of the shareholders’ meeting. Shareholders recorded in the register on the record date are the shareholders entitled to the relevant rights.

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The shareholders shall have the following rights:

- (1) To request, convene, preside over, participate in, or appoint a proxy to participate in shareholders' meetings according to law, to speak at such meetings, and to exercise corresponding voting rights (unless an individual shareholder is required by the *HKEX Listing Rules* or other regulatory rules of the jurisdiction where the Company's shares are listed to abstain from voting on specific matters);
- (2) supervising the Company's business operations, proposing recommendations or raising queries;
- (3) To transfer, donate, or pledge the shares they hold in accordance with laws, administrative regulations, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company's shares are listed, and the provisions of the Articles of Association;
- (4) being entitled to dividends and any other form of distribution of benefits based on the number of shares held by them;
- (5) To inspect and copy the Company's Articles of Association, register of shareholders, minutes of shareholders' meetings, resolutions of board meetings, financial and accounting reports, and register of bondholders; eligible shareholders may inspect the Company's accounting books and accounting vouchers.
- (6) participating in the distribution of residual property based on their shareholding upon termination or liquidation of the Company;
- (7) a shareholder who objects to the resolution on merger or division passed by the shareholders' meeting may request the Company to acquire his/her shares; and
- (8) Other rights stipulated by laws, administrative regulations, departmental rules, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company's shares are listed, or the Articles of Association.

Any shareholder requesting to inspect the relevant information or materials mentioned in the preceding article shall comply with laws and administrative regulations such as the *Company Law*, the *Securities Law*, the *HKEX Listing Rules*, and the securities regulatory rules of the jurisdiction where the Company's shares are listed, and shall provide the Company with written documents proving its shareholding and the number of shares held. The Company, after verifying the shareholder's identity, shall provide the information as requested by the shareholder.

Any eligible shareholder requesting to inspect the Company's accounting books and accounting vouchers shall submit a written request to the Company, stating the purpose of inspection. If the Company has reasonable grounds to believe that the shareholder's inspection of accounting books and accounting vouchers has an improper purpose that may harm the legitimate interests of the Company, it may refuse to provide access and shall, within fifteen days from the date of receiving the shareholder's written request, provide a written reply to the shareholder stating the reasons.

Shareholders inspecting accounting books and accounting vouchers may entrust accounting firms, law firms, or other intermediary institutions to do so; shareholders and the entrusted accounting firms, law firms, or other intermediary institutions inspecting or copying relevant materials shall comply with laws and administrative regulations concerning the protection of state secrets, trade secrets, personal privacy, personal information, etc.

Where the contents of a resolution passed by a shareholders' meeting or board of directors violate laws and administrative regulations, a shareholder shall have the right to apply to a people's court to declare the resolution invalid.

Where the convening procedures or voting method of a shareholders' meeting or a board meeting violates laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, a shareholder shall have the right to apply to a people's court for revocation within 60 days from passing of the resolution,

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except where the convening procedures or voting method of a shareholders' meeting or a board meeting has only minor defect which does not have a substantial impact on the resolution.

Shareholders who were not notified of a shareholders' meeting may, within sixty days from the date they knew or should have known of the adoption of the resolution of the meeting, request the people's court to revoke it; if the right of revocation is not exercised within one year from the date the resolution was adopted, the right of revocation shall be extinguished.

Under any of the following circumstances, a resolution of the shareholders' meeting or the board of directors shall be invalid:

- (1) the resolution is passed without holding a shareholders' meeting or a board meeting;
- (2) the resolution is not voted on at a shareholders' meeting or a board meeting;
- (3) the number of persons present at the meeting or the voting rights represented at the meeting does not meet the thresholds stipulated in the *Company Law* or the Articles of Association; or
- (4) the number of persons who consent to the resolution or the number of votes in favour of the resolution does not meet the thresholds stipulated in the *Company Law* or the Articles of Association.

If a resolution of the shareholders' meeting or the board of directors is declared null and void, revoked or confirmed invalid by the people's court, the civil legal relationship formed between the Company and a bona fide counterparty based on such resolution shall not be affected.

Where any director or senior executive other than members of the Audit Committee causes loss to the Company in the course of performing his/her duties in violation of laws, administrative regulations or the Articles, shareholders who individually or collectively hold one percent (1%) or more of the voting shares of the Company for one hundred and eighty (180) consecutive days or more shall have the right to make a written request to the Audit Committee to bring a lawsuit before a People's Court. Where the Audit Committee causes loss to the Company in the course of performing its duties in violation of laws, administrative regulations or the Articles, the aforesaid shareholders may make a written request to the Board to bring a lawsuit before a People's Court.

Where the Audit Committee or the Board refuses to bring a lawsuit after receiving the written request from the shareholders as prescribed in the preceding paragraph, or fails to bring a lawsuit within thirty (30) days from the date of receiving the request, or where the situation is urgent and failure to bring a lawsuit immediately will cause irreparable damage to the interests of the Company, the shareholders prescribed in the preceding paragraph shall have the right to bring a lawsuit directly before a People's Court in their own names for the benefit of the Company. Where any third party infringes upon the lawful rights and interests of the Company and causes loss thereto, the shareholders prescribed in the Articles may bring a lawsuit before a People's Court in accordance with the provisions of the preceding two paragraphs.

Where any director, supervisor or senior executive of a wholly-owned subsidiary of the Company causes loss to such subsidiary in the course of performing his/her duties in violation of laws, administrative regulations, other regulatory rules of the jurisdiction where the Company's shares are listed or the Articles, or where any third party infringes upon the lawful rights and interests of a wholly-owned subsidiary of the Company and causes loss thereto, shareholders who individually or collectively hold one percent (1%) or more of the voting shares of the Company for one hundred and eighty (180) consecutive days or more may make a written request to the board of supervisors or the board of directors of such wholly-owned subsidiary to bring a lawsuit before a People's Court, or bring a lawsuit directly before a People's Court in their own names, in accordance with the provisions of the preceding three paragraphs of the Articles.

If any director or senior executive damages the shareholders' interests by violating any law, administrative regulation, or the Articles of Association, the shareholders may file a lawsuit with the people's court.

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The shareholders of the Company shall assume the following obligations:

- (1) To abide by laws, administrative regulations, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company's shares are listed, and the Articles of Association, and to maintain the Company's trade secrets;
- (2) making payment according to the shares subscribed for and the method of shareholding;
- (3) Not to withdraw their capital contribution except under circumstances stipulated by laws and administrative regulations;
- (4) they may not abuse their shareholder's rights to damage the Company or other shareholders' interests; may not abuse the independent legal person status of the Company and the limited liability of the shareholders to damage the interests of creditors; and
- (5) Other obligations stipulated by laws, administrative regulations, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company's shares are listed, and the Articles of Association.

Company shareholders who abuse their shareholder's rights and cause the Company or other shareholders to suffer losses shall be liable for compensation in accordance with the law. Company shareholders who abuse the independent legal person status of the Company and shareholder's limited liability to evade debts and seriously damage the interests of creditors of the Company shall bear joint and several liability for the debts of the Company.

Shareholders holding more than five percent of the shares with voting rights of the Company who pledge their shares shall report the fact to the Company in writing on the day it occurs.

The controlling shareholder, actual controller, directors, and senior executives of the Company shall not use their connected (or associated) relationships to harm the interests of the Company. If they violate this provision and cause losses to the Company, they shall bear compensation liability.

The controlling shareholder and actual controller of the Company owe a duty of good faith to the Company and other shareholders of the Company. The controlling shareholder shall strictly exercise the rights of an investor according to law, and shall not harm the legitimate rights and interests of the Company and other shareholders through means such as profit distribution, asset reorganization, external investment, fund occupation, loan guarantees, etc., and shall not use its controlling position to harm the interests of the Company and other shareholders.

GENERAL RULES ON SHAREHOLDERS' MEETINGS

The shareholders' meeting of the Company shall be composed of all shareholders. The shareholders' meeting is the authoritative body of the Company and shall exercise the following functions and powers according to law:

- (1) To elect and replace directors, and decide on matters relating to their remuneration;
- (2) Deliberating and approving reports of the board of directors;
- (3) Deliberating and approving profit distribution plans and loss recovery plans of the Company;
- (4) To examine and approve the Company's annual financial budget and final accounts.
- (5) Deciding on any increase or decrease of the Company's registered capital;
- (6) Deciding on the issuance of corporate bonds;
- (7) Deciding on any merger, restructuring, division, change of corporate form, or a sale of the entire undertaking of the Company;

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- (8) To resolve on the dissolution, liquidation, or bankruptcy proceedings of the Company;
- (9) Amending the Articles of Association of the Company;
- (10) To make resolutions on the engagement, dismissal and remuneration of the accounting firm handling the Company’s audit business;
- (11) To examine and approve the guarantee matters specified in Article 45 of the Articles of Association;
- (12) To examine matters involving the purchase or sale of significant assets within one year exceeding thirty percent of the Company’s latest audited total assets;
- (13) To examine and approve matters concerning changes in the use of funds raised;
- (14) To examine and approve equity incentive plans and employee stock ownership plans;
- (15) To examine and approve other matters stipulated by laws, administrative regulations, departmental rules, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company’s shares are listed, or the Articles of Association to be decided by the shareholders’ meeting.

The shareholders’ meeting may authorize the board of directors to make resolutions on the issuance of corporate bonds. The specific execution of matters concerning the issuance of corporate bonds resolved by the shareholders’ meeting or authorized by the shareholders’ meeting to be resolved by the board of directors shall comply with the provisions of laws, administrative regulations, the CSRC, and the Hong Kong Stock Exchange.

Unless otherwise provided by laws, administrative regulations, CSRC regulations, securities regulatory rules of the jurisdiction where the Company’s shares are listed, or the Articles of Association, the functions and powers of the shareholders’ meeting mentioned in the first paragraph of this Article shall not be exercised by the board of directors or other institutions or individuals by way of authorization.

If the Company engages in a transaction that requires announcement under the rules of the stock exchange where its shares are listed, it shall fulfill the corresponding approval and decision-making procedures and disclose in accordance with the provisions of the *HKEX Listing Rules*.

The following external guarantee matters of the Company shall be submitted to the shareholders’ meeting for consideration after being reviewed and approved by the board of directors:

- (1) Any guarantee provided after the total amount of external guarantees of the Company and its holding subsidiaries exceeds fifty percent of the Company’s latest audited net assets;
- (2) Any guarantee provided after the total amount of external guarantees of the Company exceeds thirty percent of the latest audited total assets;
- (3) Guarantees provided to others within one year where the amount exceeds thirty percent of the Company’s latest audited total assets;
- (4) Guarantees provided to a guarantee recipient whose asset-liability ratio exceeds seventy percent;
- (5) A single guarantee exceeding ten percent of the Company’s latest audited net assets;
- (6) Guarantees provided by the Company for its shareholders, actual controllers, and their connected (or associated) parties;

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- (7) Other guarantees stipulated by laws, administrative regulations, departmental rules, normative documents, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company’s shares are listed, or the Articles of Association.

If the Company provides guarantees for its wholly-owned subsidiaries, or guarantees for its holding subsidiaries where other shareholders of the holding subsidiaries provide guarantees in proportion to their rights and interests, without harming the interests of the Company, it may be exempted from submitting to the board of directors or the shareholders’ meeting for consideration.

When a shareholders’ meeting considers a guarantee proposal for shareholders, actual controllers, and their connected (affiliated) persons, such shareholder or the shareholder controlled by such actual controller shall not participate in the voting. The resolution shall be passed by more than half of the voting rights held by other shareholders present at the meeting.

When the Company engages in connected (or associated) transactions, it shall ensure the legality, necessity, reasonableness and fairness of the connected (or associated) transactions, maintain the Company’s independence, and shall not use connected (or associated) transactions to adjust financial indicators or harm the interests of the Company.

If the Company engages in a connected (or associated) transaction that requires announcement under the rules of the stock exchange where its shares are listed, it shall fulfill the corresponding approval and decision-making procedures and disclose in accordance with the provisions of the *HKEX Listing Rules*.

Shareholders’ meetings shall include annual shareholders’ meetings and interim shareholders’ meetings. An annual shareholders’ meeting, which will be convened once a year, shall be held within six months after the end of the preceding fiscal year. If the Company is unable to convene the annual general meeting within the aforesaid period due to any reason, it shall report to the CSRC local office having jurisdiction over the Company and the stock exchange(s) in the place where the Company’s shares are listed, stating the reasons and making a public announcement.

An interim shareholders’ meeting shall be convened within two months from the occurrence of any following circumstance:

- (1) When the number of directors falls below the number required by the *Company Law* or less than two-thirds of the number stipulated in the Articles of Association;
- (2) When the uncovered losses of the Company reach one-third of the total paid-in share capital;
- (3) At the request of the shareholders individually or jointly holding ten percent or more of the voting shares of the Company;
- (4) When the board of directors deems it necessary;
- (5) When proposed by the Audit Committee;
- (6) Other circumstances stipulated by laws, administrative regulations, departmental rules, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company’s shares are listed, or the Articles of Association.

CONVENING OF SHAREHOLDERS’ MEETINGS

Shareholders’ meetings shall be convened by the board of directors. Independent non-executive directors, with the consent of at least majority of all independent non-executive directors, are entitled to propose to the board of directors to convene an interim shareholders’ meeting. The board of directors shall, within ten days upon receipt of such proposal for an interim shareholders’ meeting from independent non-executive directors, by giving a written reply, approve or decline such proposal upon considering the relevant provisions of the

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applicable laws, administrative regulations, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company's shares are listed and the Articles of Association.

If the board of directors approves such proposal for an interim shareholders' meeting, it shall, by giving a written notice, convene the interim shareholders' meeting within five days upon issuance of the resolution of the board of directors; if the board of directors declines such proposal for an interim shareholders' meeting, it shall clarify the reasons therefor and make an announcement. Where the securities regulatory authority of the jurisdiction where the Company's shares are listed provides otherwise, the provisions of such authority shall apply.

The Audit Committee shall have the right to propose to the Board the convening of an interim shareholders' meeting, and shall submit such proposal to the Board in writing. The Board shall, in accordance with the provisions of laws, administrative regulations, the *HKEX Listing Rules* and other regulatory rules of the place where the Company's shares are listed, as well as the Articles, provide written feedback indicating its consent or disagreement to convene an interim shareholders' meeting within ten (10) days upon receipt of the proposal.

Where the Board agrees to convene an interim shareholders' meeting, it shall issue a notice of shareholders' meeting within five (5) days after making the Board resolution.

Where the Board disagrees to convene an interim shareholders' meeting, or fails to provide feedback within ten (10) days upon receipt of the proposal, it shall be deemed that the Board is unable or fails to perform its duty to convene a shareholders' meeting, and the Audit Committee may convene and preside over the meeting on its own.

Shareholders who individually or collectively hold ten percent (10%) or more of the voting shares of the Company shall have the right to request the Board to convene an interim shareholders' meeting, and shall submit such request to the Board in writing. The Board shall, in accordance with the provisions of laws, administrative regulations, the *HKEX Listing Rules* and other regulatory rules of the place where the Company's shares are listed, as well as the Articles, provide written feedback indicating its consent or disagreement to convene an interim shareholders' meeting within ten (10) days upon receipt of the request.

Where the board of directors gives consent to convening of an interim shareholders' meeting, a notice on convening of shareholders' meeting shall be issued within 5 days after the board resolution is passed; any change to the original request in the notice shall be approved by the relevant shareholders.

Where the Board disagrees to convene an interim shareholders' meeting, or fails to provide feedback within ten (10) days upon receipt of the request, shareholders who individually or collectively hold ten percent (10%) or more of the voting shares of the Company shall have the right to propose to the Audit Committee the convening of an interim shareholders' meeting, and shall submit such request to the Audit Committee in writing.

Where the Audit Committee agrees to convene an interim shareholders' meeting, it shall issue a notice of shareholders' meeting within five (5) days upon receipt of the request. Any modification to the original proposal in the notice shall be subject to the consent of the relevant shareholders.

Where the Audit Committee fails to issue a notice of shareholders' meeting within the prescribed time limit, it shall be deemed that the Audit Committee does not convene or preside over the shareholders' meeting, and shareholders who individually or collectively hold ten percent (10%) or more of the voting shares of the Company for ninety (90) consecutive days or more may convene and preside over the meeting on their own.

If the Audit Committee or any eligible shareholder(s) select to convene an interim shareholders' meeting, it/he/they shall give a written notice to the Board of such selection, and simultaneously complete the necessary reporting, announcement, or filing (if required) in accordance with the applicable securities regulatory rules of the jurisdiction where the Company's shares are listed, such as the *HKEX Listing Rules*.

Such convening shareholder(s) shall hold at least ten percent of the voting shares of the Company until the announcement of the resolution of such interim shareholders' meeting.

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When issuing the notice of the shareholders' meeting and the announcement of the resolution of the meeting, the Audit Committee or such convening shareholder(s) shall submit relevant supporting materials (if required) to the Hong Kong Stock Exchange in accordance with the applicable securities regulatory rules of the jurisdiction where the Company's shares are listed, such as the *HKEX Listing Rules*, and complete necessary reports or announcements.

PROPOSALS AND NOTICES OF SHAREHOLDERS' MEETINGS

The content of a proposal shall fall within the scope of authority of the shareholders' meeting, have a clear topic and specific matters for resolution, and comply with the relevant provisions of laws, administrative regulations, the *HKEX Listing Rules* and other regulatory rules of the place where the Company's shares are listed, as well as the Articles.

When the Company convenes a shareholders' meeting, the Board, the Audit Committee, and shareholders who individually or collectively hold one percent (1%) or more of the voting shares of the Company shall have the right to submit proposals to the Company.

Shareholders who individually or collectively hold one percent (1%) or more of the voting shares of the Company may submit interim proposals in writing to the convener ten (10) days prior to the convening of the shareholders' meeting. Interim proposals shall have a clear topic and specific matters for resolution. The convener shall, within two (2) days upon receipt of the proposal, issue a supplementary notice of shareholders' meeting, announce the content of the interim proposal, and submit such interim proposal to the shareholders' meeting for consideration; provided, however, that this shall not apply where the interim proposal violates the provisions of laws, administrative regulations, the *HKEX Listing Rules* and other regulatory rules of the place where the Company's shares are listed, or the Articles, or does not fall within the scope of authority of the shareholders' meeting.

Except as provided in the preceding paragraph, the convener shall not modify any proposal already listed in the notice of shareholders' meeting or add any new proposal after issuing the notice of shareholders' meeting.

The shareholders' meeting shall not vote on or make resolutions regarding any proposal not listed in the notice of shareholders' meeting or not in compliance with the Articles.

The convener(s) shall, by public announcement, give a notice of meeting to all shareholders no later than twenty days before the date of the shareholders' meeting (in the case of an annual shareholders' meeting), or no later than fifteen days before the date of the shareholders' meeting (in the case of an interim shareholders' meeting). In each case, the date of the shareholders' meeting shall be excluded.

The notice of a shareholders' meeting shall include:

- (1) the time, place and duration of the meeting;
- (2) business(es) to be transacted and proposal(s) put into discussion at the meeting;
- (3) a conspicuous statement that all shareholders are entitled to attend the shareholders' meeting and vote thereat in person or by proxy (in which case such proxy must be granted a written Instrument of Appointing a Proxy, while he need not be a shareholder);
- (4) the Record Date of shareholders entitled to attend the meeting;
- (5) name(s) and phone number(s) of meeting contact(s);
- (6) time and procedures for the voting online or by other means; and
- (7) Other requirements stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the jurisdiction where the Company's shares are listed, and the Articles of Association.

The notice (and supplementary notice) of a shareholders' meeting shall specify all the specific businesses to be transacted contained in any proposal in sufficient detail. If any business to be transacted thereat requires an opinion from any independent non-executive

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director, the notice (or supplementary notice) of the shareholders’ meeting shall be given together with a statement of the opinion from such independent non-executive director and the reasons therefor.

The interval between the Record Date and the meeting date shall not exceed seven working days. The Record Date, if confirmed, shall not be changed.

If the election of directors will be discussed at a shareholders’ meeting, the notice of the shareholders’ meeting shall disclose the information about any director candidate in sufficient detail, including but not limited to:

- (1) his personal information including educational background, career experience, concurrent service, etc.;
- (2) whether he is connected (or associated) with the Company or any controlling shareholder or actual controller of the Company;
- (3) numbers of shares held by him in the Company;
- (4) whether he has been subject to any administrative penalties by the CSRC and any other regulatory authority or any disciplinary punishments from any stock exchange; and
- (5) where he meets other qualifications stipulated by laws, administrative regulations, the *HKEX Listing Rules*, her regulatory rules of the jurisdiction where the Company’s shares are listed.

Each director candidate shall be nominated with a separate proposal.

Once the notice of a shareholders’ meeting is duly given, the shareholders’ meeting shall not be adjourned or cancelled without justifiable reasons, nor shall any proposal specified in such notice be cancelled. In the event of any adjournment or cancellation, the convener(s) shall, no later than two working days before the scheduled date of the meeting, make a public announcement, explaining the reasons therefor. In the case of any special provisions in the securities regulatory rules of the jurisdiction where the Company’s shares are listed governing the procedures for adjourning or cancelling a shareholders’ meeting, such provisions shall apply with priority; provided ALWAYS that such provisions are not contrary to domestic regulatory requirements.

HOLDING OF SHAREHOLDERS’ MEETINGS

All shareholders duly registered on the Record Date or their proxies are entitled to attend a shareholders’ meeting, speak and exercise voting rights in accordance with relevant laws, administrative regulations, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company’s shares are listed, and the Articles of Association.

Shareholders may attend the shareholders’ meeting in person or appoint a proxy to attend, speak, and vote on their behalf. Such proxy need not be a shareholder of the Company.

All directors and the Board Secretary shall attend any shareholders’ meeting, and the General Manager and other senior executives shall attend the meeting as non-voting observers.

A shareholders’ meeting shall be presided over by the Board Chairman. If the Board Chairman fails or omits to perform his duties in respect of meeting-presiding, the meeting shall be presided over by a director elected by at least majority of directors.

An interim shareholders’ meeting convened by the Audit Committee in lieu of the Board shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee fails or omits to perform his duties in respect of meeting-presiding, the meeting shall be presided over by a member of the Audit Committee elected by at least majority of the members of the Audit Committee.

An interim shareholders’ meeting convened by any eligible shareholder(s) in lieu of the Board shall be presided over by the convening shareholder or a representative nominated among such shareholders.

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If, during a shareholders' meeting, the chairman of the meeting violates any of the rules of procedure, resulting in the meeting's failing to proceed, then, with the consent of at least majority of the shareholders entitled to be present and vote thereat, a new chairman may be elected among them.

The Company shall formulate rules of procedure for shareholders' meetings, detailing the procedures for convening and voting at such meetings, including notice, registration, consideration of proposals, voting, counting, announcement of voting results, formation of meeting resolutions, meeting minutes and their signing, etc., as well as the principles for authorization by the shareholders' meeting to the board of directors, with the authorized content being clear and specific. The rules of procedure for shareholders' meetings shall be attached as an appendix to the Articles of Association, formulated by the board of directors, and approved by the shareholders' meeting.

At an annual shareholders' meeting, the Board shall address the Board Report for the preceding year, and each independent non-executive director shall address his Performance Review Report.

Directors and senior executives shall explain with respect to inquiries and suggestions from shareholders at the shareholders' meeting.

The moderator of the meeting shall, before voting, announce the number of shareholders and their proxies present at the meeting as well as the total shares held with voting rights. The number of shareholders and their proxies present, as well as the total shares held with voting rights shall be subject to that registered at the meeting.

Minutes shall be kept for shareholders' meetings, and the Board Secretary shall be responsible for them.

The convener(s) shall ensure that the contents of the meeting minutes are true, accurate and complete. The directors, the Board Secretary, the convener(s) or their representative(s) and the chairman of the meeting present thereat shall sign the meeting minutes. The meeting minutes shall be kept together with the meeting attendance book, the Instruments of Appointing a Proxy, the valid records of voting (online and by other means) for ten years.

The convener(s) shall ensure that a shareholders' meeting is held without interruption until a final resolution is made. If a shareholders' meeting is suspended or a resolution fails to be made at the meeting for unexpected reasons (including any force majeure event), necessary measures shall be taken to resume the meeting as soon as possible or immediately end the meeting, and a prompt announcement or notification shall be made as required by applicable laws, administrative regulations, departmental rules, the *HKEX Listing Rules* and other regulatory rules of the jurisdiction where the Company's shares are listed.

VOTING AND RESOLUTION AT SHAREHOLDERS' MEETINGS

Resolutions of the shareholders' meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution of the shareholders' meeting shall be passed by a majority of the voting rights held by the shareholders present at the meeting (including proxies).

A special resolution of the shareholders' meeting shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting (including proxies).

The following matters shall be passed by an ordinary resolution of the shareholders' meeting:

- (1) Work report of the board of directors;
- (2) Profit distribution plan and loss recovery plan formulated by the board of directors;
- (3) Appointment and removal of Board members, and their remuneration and payment methods;

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- (4) to resolve on the appointment and dismissal of the external auditor of the Company;
- (5) Other matters except those that shall be passed by a special resolution according to laws, administrative regulations, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company’s shares are listed, or the Articles of Association.

The following matters shall be passed by a special resolution of the shareholders’ meeting:

- (1) Increase or reduction of the Company’s registered capital;
- (2) Division, split, merger, dissolution, and liquidation of the Company;
- (3) Amendment of the Articles of Association;
- (4) Purchase or sale of significant assets or guarantee amounts exceeding thirty percent of the Company’s latest audited total assets within one year;
- (5) Equity incentive plans;
- (6) Matters specified in the Company’s management systems (as adopted by the general meeting) as requiring approval by special resolution of the general meeting.
- (7) Other matters stipulated by laws, administrative regulations, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company’s shares are listed, or the Articles of Association, and matters determined by the shareholders’ meeting by ordinary resolution to have a significant impact on the Company and requiring a special resolution.

If at any time the share capital of the Company is divided into different classes of shares, any proposed variation or abrogation of the rights attached to any class of shares shall require the passing of a special resolution by the holders of the affected class of shares at a separate general meeting convened for that purpose.

Shareholders (including their proxies) shall exercise their voting rights in respect of the number of voting shares held by (or on behalf of) them, with each share entitled to one vote.

The shares held by the Company itself carry no voting rights, and such shares shall not be counted in the total number of voting shares present at a shareholders’ meeting.

Pursuant to the *HKEX Listing Rules* and other regulatory rules of the jurisdiction where the Company’s shares are listed, where any shareholder is required to abstain from voting on a resolution or is restricted to voting only for or against a resolution, any votes cast by such shareholder or its representative in breach of such requirement or restriction shall not be counted towards the total number of voting shares.

The Board, any independent non-executive director, any shareholder(s) holding one percent or more of voting shares or an investor protection institution established as required by applicable laws, administrative regulations or the departmental rules of the CSRC may publicly solicit shareholder voting rights. The solicitation of shareholder voting rights shall involve sufficient disclosure of information, such as specific voting intentions, to any person being solicited. It is prohibited to solicit shareholder voting rights in exchange for consideration (or disguised consideration). The solicitation of voting rights shall not be subject to any minimum shareholding restrictions imposed by the Company, while being governed by certain statutory conditions.

If a shareholder is connected (or associated) with any business to be transacted at a shareholders’ meeting, it/he shall recuse itself/himself from voting on such business (and the voting shares held by it/him shall not be included in the total number of effective votes), nor may it/he exercise voting rights on behalf of any other shareholder. The announcement of the shareholder resolution shall fully disclose the voting of non-connected (or non-associated) shareholders.

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The list of director candidates shall be submitted to the shareholders' meeting for voting by way of a proposal.

When voting for the election of directors at the shareholders' meeting, cumulative voting may be implemented according to the provisions of the Articles of Association or a resolution of the shareholders' meeting.

When electing two or more independent non-executive directors at the shareholders' meeting, cumulative voting shall be implemented.

When the shareholders' meeting elects directors by cumulative voting, voting for independent non-executive directors and other directors shall be conducted separately, and the directors shall be determined in descending order based on the number of votes obtained according to the number of directors to be elected. When cumulative voting is not used for electing directors, each director candidate shall be proposed as a separate proposal. The term "cumulative voting system" referred to in this Article means that when electing directors at the shareholders' meeting, each share carries a number of votes equal to the number of directors to be elected, and shareholders may cast all their votes to one candidate.

Except when the cumulative voting system is implemented, all proposals shall be put into voting at a shareholders' meeting on a case-by-case basis. In the case of different proposals on the same business to be transacted, voting on such proposals shall be conducted in the chronological order in which the proposals are made. Unless a shareholders' meeting is suspended or a resolution fails to be made at the meeting for unexpected reasons (including any force majeure event), no proposal made at the shareholders' meeting will be set aside or intentionally left unvoted.

No proposal under consideration at a shareholders' meeting will be amended, otherwise, the relevant amendment shall be deemed as a new proposal, which shall not be voted at the shareholders' meeting.

BOARD OF DIRECTORS

Directors

Directors of the Company shall be natural persons. Anyone who is under any of the following circumstances shall not serve as a director of the Company:

- (1) he/she has no civil capacity or has restricted civil capacity;
- (2) Those who have been sentenced to criminal punishment for embezzlement, bribery, conversion of property, misappropriation of property, or disrupting the market economic order, with the execution period expired for less than five years, or those deprived of political rights for a crime, with the execution period expired for less than five years, or those sentenced to probation, with less than two years having elapsed since the expiration of the probation period;
- (3) he/she served as a director, factory director, manager of a company or enterprise subject to bankruptcy liquidation, and was personally liable for the bankruptcy of such company or enterprise, and not more than 3 years have elapsed since the date of completion of the bankruptcy liquidation of the company or enterprise;
- (4) he/she served as a legal representative of a company or enterprise, whose business license was revoked or which was ordered to close down due to a violation of the law, and was personally liable, and not more than 3 years have elapsed since the date of revocation of the business license or closure of the company or enterprise;
- (5) he/she is listed as a dishonest person subject to enforcement by the people's court due to a relatively large amount of outstanding personal debt;
- (6) Those subject to a market entry ban by the CSRC or the Hong Kong Stock Exchange, and the ban period has not expired;
- (7) Those deemed by the securities regulatory rules of the jurisdiction where the Company's shares are listed to be unsuitable for serving as a director or senior executive of a listed company, and the relevant period has not expired;

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- (8) Other circumstances stipulated by laws, administrative regulations, departmental rules, or the securities regulatory rules of the jurisdiction where the Company's shares are listed.

In the case of an election or appointment of a director that contravenes this Article, such election, appointment or engagement is invalid. If any director falls under the circumstances of this Article during the term of office, the Company will remove him/her from office and stop his/her performance of duties.

Non-employee directors are elected or replaced by a shareholders' meeting and may be removed from office by the shareholders' meeting before the expiry of term of office. The term of office of a director is 3 years. A director may be re-elected for consecutive terms upon expiry of his/her term of office.

The term of office of a director shall be calculated from the date of taking office until the term of the current Board expires. If directors are not re-elected in a timely manner upon the expiration of their term, the original directors shall continue to perform their duties as directors in accordance with laws, administrative regulations, departmental rules, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company's shares are listed, and the Articles of Association until the newly elected directors take office. Any director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall be eligible for re-election at such meeting.

Any person appointed by the Board to fill a casual vacancy on the Board or as an addition to the Board shall hold office only until the next annual shareholders' meeting of the Company following their appointment and shall then be eligible for re-election.

Senior executives may serve as directors concurrently, provided that the aggregate number of directors concurrently serving as senior executives, together with directors who are employee representatives may not exceed 50% of the total number of directors of the Company.

Directors shall abide by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, and owe the following duties of loyalty to the Company:

- (1) he/she may not embezzle company property or misappropriate company funds;
- (2) he/she may not use his/her own name or other people's names to open accounts to deposit company funds;
- (3) he/she may not use his/her own name or other people's names to open accounts to deposit company funds;
- (4) he/she may not, directly or indirectly, enter into contracts or trade with the Company without reporting to the board of directors or shareholders' meeting and being approved by the board of directors or shareholders' meeting in accordance with the Articles of Association;
- (5) he/she may not take advantage of position to seek business opportunities belonging to the Company for himself/herself or other people, except if reporting to the board of directors or shareholders' meeting and being approved by resolution at the shareholders' meeting, or if, according to the laws, administrative regulations or the Articles of Association, the Company cannot use such opportunity;
- (6) he/she may not engage in the same type of business as that of the Company for himself/herself or other persons without reporting to the board of directors or shareholders' meeting, and after being approved by resolution at the shareholders' meeting;
- (7) he/she may not accept commissions on transactions between other persons and the Company as his/her own;

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- (8) he/she may not disclose company secrets without authorization;
- (9) Not to use their connected (or associated) relationships to harm the interests of the Company;
- (10) Other duties of loyalty stipulated by laws, administrative regulations, departmental rules, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company's shares are listed, and the Articles of Association.

Any income obtained by a director in violation of this Article shall belong to the Company; if losses are caused to the Company, he/she shall bear liability for compensation.

Directors shall abide by laws, administrative regulations, other regulatory rules of the jurisdiction where the Company's shares are listed and the Articles of Association, and owe the following duties of diligence to the Company:

- (1) he/she shall be careful, serious and diligent in exercising his/her rights conferred by the Company, in order to ensure that the business activities of the Company comply with the laws, administrative regulations and various economic policies of the State; and that the business activities do not exceed the scope of business specified by the business license;
- (2) he/she shall treat all shareholders fairly;
- (3) he/she shall understand the operation and management of the Company business in a timely manner;
- (4) Sign written confirmation opinions on periodic reports of the Company. Ensure that the information disclosed by the Company is true, accurate and complete;
- (5) Truthfully provide relevant information and materials to the Audit Committee and shall not obstruct the Audit Committee from exercising its functions and powers;
- (6) Other duties of diligence stipulated by laws, administrative regulations, departmental rules, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company's shares are listed, and the Articles of Association.

A director who fails to attend Board meetings in person twice consecutively nor appoint another director to attend on his behalf shall be deemed unable to perform his duties. The board of directors shall make recommendations to the shareholders' meeting to replace such director. Subject to compliance with the securities regulatory rules of the jurisdiction where the Company's shares are listed, directors who attend Board meetings via the internet, video, telephone or other means of equivalent effect shall also be deemed to have attended in person.

A director may resign before the expiration of his term. The resignation of any director shall be made by submitting a written resignation report to the board of directors.

Except for the circumstances listed in this paragraph, the resignation shall take effect on the date the Company receives the resignation report, and the board of directors will disclose the relevant information within two days:

- (1) When a director's resignation causes the number of directors of the Company to fall below the statutory minimum (including less than three independent non-executive directors);
- (2) When the resignation of an independent non-executive director causes the number of independent non-executive directors to be less than one-third of the Board members or there is no independent non-executive director with appropriate professional qualifications or appropriate accounting or related financial management expertise.

Under the above circumstances, the original directors shall continue to perform their duties as directors in accordance with laws, administrative regulations, departmental rules,

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the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company’s shares are listed, and the Articles of Association until the newly elected directors take office.

In case of the circumstances in the second paragraph, the Company must immediately notify the Hong Kong Stock Exchange and publish an announcement disclosing the relevant details and reasons. The original nominator of such independent non-executive director or the Company’s board of directors shall nominate a new candidate for independent non-executive director within the period stipulated by laws, administrative regulations, departmental rules, the *HKEX Listing Rules*, and other regulatory rules of the jurisdiction where the Company’s shares are listed.

If relevant laws, administrative regulations, departmental rules, the *HKEX Listing Rules*, or other regulatory rules of the jurisdiction where the Company’s shares are listed have other provisions regarding matters related to directors, such provisions shall prevail.

When a director’s resignation takes effect or his term expires, he shall complete all handover procedures with the board of directors. The director’s duty of loyalty to the Company and shareholders shall not automatically terminate upon the expiration of his term. The resigning director’s duty of confidentiality regarding the Company’s trade secrets remains effective after resignation until such secrets become public information; the duration of other duties of loyalty shall be determined based on the principle of fairness, taking into account the specific circumstances of the matter. If the director and the Company have reached an agreement on the performance of duties of loyalty, such agreement shall prevail.

Without authorization under the Articles of Association or legal authorization from the board of directors, no director shall represent the Company or the board of directors in his individual capacity. When a director acts in his individual capacity, and a third party reasonably believes that the director is acting on behalf of the Company or the board of directors, the director shall declare his position and identity in advance.

If any director, while performing duties for the Company, violates laws, administrative regulations, departmental rules, the *HKEX Listing Rules*, other regulatory rules of the place where the Company’s shares are listed, or the Articles of Association, causing losses to the Company, he shall be liable for compensation.

BOARD OF DIRECTORS

The Company shall establish a board of directors, which shall be accountable to the shareholders’ meeting.

The board of directors shall consist of nine directors, of which three shall be independent non-executive directors. The board of directors shall have a chairman.

The board of directors shall perform the following functions:

- (1) Convening shareholders’ meeting and reporting its work to the shareholders’ meeting;
- (2) Implementing resolutions of the shareholders’ meeting;
- (3) Determining the operational plans and investment plans of the Company;
- (4) Formulating profit distribution plans and loss recovery plans of the Company;
- (5) To formulate plans for increasing or decreasing the Company’s registered capital, issuing bonds or other securities, and listing plans;
- (6) To formulate plans for major acquisitions, repurchasing the Company’s shares, or merger, division, dissolution, and change of company form;
- (7) To decide on matters within the scope authorized by the shareholders’ meeting, such as the Company’s external investments, purchase and sale of assets, asset pledges, external guarantees, entrusted financial management, connected (or associated) transactions, and external donations;
- (8) Determining the establishment of the internal management bodies of the Company;

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- (9) To decide on the appointment or dismissal of the Company’s General Manager, Board Secretary, and other senior executives, and decide on their remuneration and rewards/punishments; based on the General Manager’s nomination, to decide on the appointment or dismissal of the Company’s deputy manager(s), person in charge of finance, and other senior executives, and decide on their remuneration and rewards/punishments;
- (10) To formulate the basic management systems of the Company;
- (11) To formulate plans for amending the Articles of Association;
- (12) To manage information disclosure matters of the Company;
- (13) To propose to the shareholders’ meeting the engagement or replacement of the accounting firm auditing the Company;
- (14) To listen to the work report of the Company’s General Manager and inspect the General Manager’s work;
- (15) Other functions and powers stipulated by laws, administrative regulations, departmental rules, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company’s shares are listed, the Articles of Association, or granted by the shareholders’ meeting.

Matters beyond the scope of authorization from the shareholders’ meeting shall be submitted to the shareholders’ meeting for consideration.

The Company may apply for financing from banks and other financial institutions, including but not limited to handling specific financing businesses such as credit facilities, loans, acceptance bills, letters of guarantee, letters of credit, etc. The aforementioned matters shall be considered by the Company’s board of directors. If the board of directors has considered and approved the annual financing limit, the Company may arrange specific financing matters within that limit for the year based on production and operation needs without further submitting each individual financing matter to the board of directors for consideration; financing matters exceeding the annual limit shall be separately subject to the internal decision-making procedures stipulated in the Articles of Association. If the Company borrows funds from non-financial institutions and other legal entities, it shall comply with the internal decision-making procedures *mutatis mutandis* as stipulated in the preceding sentence of this paragraph.

The board of directors shall establish an Audit Committee, which shall exercise the functions and powers of the board of supervisors as stipulated in the *Company Law*. In addition to the Audit Committee, the Board may establish other special committees such as the Nomination Committee, the Remuneration and Appraisal Committee (if required). Members of each special committees of the Board shall be determined by the board of directors through election.

The special committees shall be accountable to the board of directors, perform their duties in accordance with the Articles of Association and the authorization of the board of directors. The members of the special committees shall all be directors, and the specific composition and qualification requirements shall be subject to the *Company Law* and other laws, administrative regulations, departmental rules, the *HKEX Listing Rules*, and other regulatory rules of the jurisdiction where the Company’s shares are listed. The board of directors shall be responsible for formulating working rules for the special committees to regulate their operation.

The board of directors shall provide an explanation to the shareholders’ meeting regarding any modified audit opinion issued by the certified public accountants on the Company’s financial reports.

The board of directors shall formulate rules of procedure for Board meetings to ensure that the Board implements resolutions of the shareholders’ meeting, improves its work efficiency, and guarantees scientific decision-making. The rules of procedure for Board

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meetings shall be attached as an appendix to the Articles of Association, formulated by the board of directors, and approved by the shareholders' meeting.

The board of directors shall determine the limits of authority for external investments, purchase and sale of assets, asset pledges, external guarantees, entrusted financial management, connected (or associated) transactions, external donations, etc., and establish strict review and decision-making procedures; major investment projects shall be reviewed by relevant experts and professionals and submitted to the shareholders' meeting for approval. For transactions or matters of the Company that shall be submitted to the board of directors for consideration as stipulated by laws, administrative regulations, departmental rules, the *HKEX Listing Rules*, and other regulatory rules of the jurisdiction where the Company's shares are listed, the corresponding provisions shall be followed.

The chairman of the Board shall be elected by a majority vote of all directors.

The chairman of the Board shall exercise the following functions and powers:

- (1) To preside over shareholders' meetings and convene and preside over Board meetings;
- (2) To supervise and inspect the implementation of Board resolutions;
- (3) To sign important documents of the board of directors or other documents to be signed by the Company's legal representative;
- (4) To exercise the functions and powers of the legal representative;
- (5) Other functions and powers stipulated by laws, administrative regulations, departmental rules, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company's shares are listed, the Articles of Association, or granted by the board of directors.

If the Board Chairman fails or omits to perform his duties in respect of convening and presiding board meetings, such meeting shall be convened and presided over by a director elected by at least a majority of the directors.

The board of directors shall hold at least four regular meetings each year, convened by the Chairman, at least fourteen days before the meeting, a notice of meeting in writing shall be given by written notice, mail, facsimile, email, or personal delivery.

To convene an interim board meeting, the Office of the Board shall, no later than two days before the meeting (the date of the meeting excluded), give a notice of meeting in writing by written notice, mail, facsimile, email, or personal delivery. If the notice of meeting is not delivered to a director directly, the receipt of such notice shall be confirmed by telephone and recorded accordingly. If, in case of emergency, an interim Board meeting needs to be convened as soon as possible, the notice of meeting may be given by telephone or other oral means at any time, which may not be subject to the above notice period, but the convener(s) shall make an explanation therefor at the meeting.

Any shareholder(s) representing at least one-tenth of the voting rights, at least one-third of the directors, the Audit Committee, the Board Chairman, or at least a majority of independent non-executive directors may request to convene an interim Board meeting. The Chairman shall convene and preside over the Board meeting within ten days of receiving such request.

A board meeting may be held only if a majority of the directors (including their proxies) are present. Resolutions of the board of directors must be passed by a majority of all directors. If relevant laws, administrative regulations, departmental rules, the *HKEX Listing Rules*, or other regulatory rules of the jurisdiction where the Company's shares are listed have other provisions regarding matters related to Board resolutions, such provisions shall prevail.

At a board meeting, each director shall have one vote. When the number of dissenting votes equals the number of affirmative votes for a proposal, the Board may reconsider and vote on the matter again; if parity occurs three consecutive times, the matter shall be submitted to the shareholders' meeting for consideration.

If a director is connected (or associated) with any matter to be transacted at a Board meeting, he shall recuse himself from voting on such matter, nor may he exercise voting rights

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on behalf of any other director. Such a Board meeting may be held with the attendance of more than half of the unconnected (or unassociated) directors, and the resolution made at the meeting must be passed by a majority or more than two-thirds (as the case may be) of the unconnected (or unassociated) directors. If the number of unconnected (or unassociated) directors present at the meeting is less than three, the matter shall be submitted to the shareholders' meeting for consideration.

At a board meeting, the votes shall be cast by open ballot with written records.

Generally, a board meeting shall be held on site. If necessary, without prejudice to a reasonable opportunity of a director to truthfully express his opinions, and subject to the regulatory rules of the jurisdiction where the Company's shares are listed, a Board meeting may also be held by video, telephone, fax or e-mail with the consent of the convener(s). If a Board meeting is not held on site, the number of directors present shall be calculated based on the attending directors displayed in the meeting video, the directors shown as participating in the telephone conference system, the number of valid votes contained in a fax or e-mail actually received within the specified period, or valid proof of attendance submitted by directors after the meeting.

In the case of voting by electronic communications, a director shall fax, e-mail or otherwise send his written opinion and voting intention on any proposal to be considered to the Board (with his signature thereon), whereby the Board may calculate the voting results and prepare a board resolution.

Directors shall attend board meetings in person; where a director is unable to attend a board meeting for some reason, he/she may entrust another director in writing to attend the meeting on his/her behalf. The power of attorney shall state the name of the proxy, the matters to be represented, the scope of authorization and the validity period, and the entrusting party shall sign or affix seal thereto. The director who attends the meeting as a proxy shall exercise the director's rights within the scope of authorization. Where a director neither attends a board meeting nor appoints a proxy to attend on his/her behalf, he/she shall be deemed to waive his/her voting rights at the said meeting. No director may accept a proxy to attend a Board meeting on behalf of more than two directors at a single Board meeting. If a connected (or associated) transaction is to be considered at the meeting, a non-connected (or non-associated) director may not authorize a connected (or associated) director to be his proxy.

The board of directors shall prepare minutes regarding the decisions on the matters discussed at the meeting, which shall be affixed with the signatures of the directors present at the meeting.

The minutes shall be kept as company files for a period of 10 years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive directors must remain independence. The following persons shall not serve as independent non-executive directors:

- (1) Persons holding positions in the Company or its affiliated enterprises, and their spouses, parents, children and major social relations;
- (2) Natural person shareholders directly or indirectly holding more than one percent or more of the Company's issued shares, or who are among the top ten shareholders of the Company, and their spouses, parents and children;
- (3) Persons holding positions in a shareholder directly or indirectly holding five percent or more of the Company's issued shares, or among the top five shareholders of the Company, and their spouses, parents and children;
- (4) Persons holding positions in affiliated enterprises of the Company's controlling shareholder or actual controller, and their spouses, parents and children;

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- (5) Persons having material business dealings with the Company, its controlling shareholder, actual controller, or their respective affiliated enterprises, or persons holding positions in entities with which the Company has material business dealings, or in the controlling shareholder or actual controller of such entities;
- (6) Persons providing financial, legal, consulting, sponsorship or other services to the Company, its controlling shareholder, actual controller, or their respective affiliated enterprises, including but not limited to all project team members, reviewers at all levels, persons signing reports, partners, directors, senior executives, and key responsible persons of the intermediary institutions providing the services;
- (7) Persons who have had any of the circumstances listed in items (1) to (6) within the last twelve months;
- (8) Other persons who do not possess independence as stipulated by laws, administrative regulations, the securities regulatory rules of the jurisdiction where the Company's shares are listed, and the Articles of Association.

Independent non-executive directors shall conduct an annual self-assessment of their independence and submit the self-assessment result to the board of directors. The board of directors shall assess the independence of the incumbent independent non-executive directors annually and issue a special opinion, which shall be disclosed simultaneously with the annual report.

To serve as an independent non-executive director of the Company, a person shall meet the following conditions:

- (1) Possess the qualifications to serve as a director of a listed company in accordance with laws, administrative regulations and other relevant regulations;
- (2) Meet the independence requirements stipulated in the Articles of Association;
- (3) Possess basic knowledge of the operation of listed companies and be familiar with relevant laws, regulations and rules;
- (4) Have more than five years of experience in law, accounting, economics or other fields necessary for performing the duties of an independent non-executive director;
- (5) Possess good personal moral character and have no adverse records such as major breaches of trust;
- (6) Other conditions stipulated by laws, administrative regulations, the CSRC, the Hong Kong Stock Exchange, and the Articles of Association.

Independent non-executive directors, as members of the board of directors, owe duties of loyalty and diligence to the Company and all shareholders, and shall prudently perform the following duties:

- (1) Participate in the decision-making of the board of directors and express clear opinions on matters discussed;
- (2) Supervise matters involving potential significant conflicts of interest between the Company and its controlling shareholder, actual controller, directors and senior executives, protecting the legitimate rights and interests of minority shareholders;
- (3) Provide professional and objective advice on the Company's business development, promoting the improvement of the board's decision-making level;
- (4) Other duties stipulated by laws, administrative regulations, the CSRC, the Hong Kong Stock Exchange, and the Articles of Association.

Independent non-executive directors shall exercise the following special powers:

- (1) Independently engage intermediary institutions to audit, consult or verify specific matters of the Company;

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- (2) Propose to the board of directors the convening of an interim shareholders' meeting;
- (3) Propose the convening of a board meeting;
- (4) Publicly solicit shareholders' rights from shareholders according to law;
- (5) Express independent opinions on matters that may harm the rights and interests of the Company or minority shareholders;
- (6) Other and powers stipulated by laws, administrative regulations, the CSRC, the Hong Kong Stock Exchange, and the Articles of Association.

The exercise of the powers set out in items (1) to (3) of the preceding paragraph by an independent non-executive director shall be subject to the consent of more than half of all independent non-executive directors.

When an independent non-executive director exercises the powers set out in the first paragraph, the Company will disclose in a timely manner. If these powers cannot be exercised normally, the Company will disclose the specific circumstances and reasons.

The following matters shall be submitted to the board of directors for consideration only after obtaining the consent of more than half of all independent non-executive directors of the Company:

- (1) Connected transactions that should be disclosed;
- (2) Plans for the Company and related parties to change or waive commitments;
- (3) Decisions made and measures taken by the board of directors of an offeree listed company regarding a takeover offer;
- (4) Other matters stipulated by laws, administrative regulations, the CSRC, the Hong Kong Stock Exchange, and the Articles of Association.

The Company shall establish a special meeting mechanism composed entirely of independent non-executive directors. When the board of directors considers matters such as connected transactions, they shall be pre-approved by a special meeting of independent non-executive directors.

The Company shall hold special meetings of independent non-executive directors periodically or non-periodically. The matters set out in items (1) to (3) of paragraph 1 of Article 135 and Article 136 of the Articles of Association shall be considered by a special meeting of independent non-executive directors.

The special meeting of independent non-executive directors may study and discuss other matters of the Company as needed.

The special meeting of independent non-executive directors shall be convened and presided over by an independent non-executive director jointly recommended by more than half of the independent non-executive directors; if the convener fails to perform or is unable to perform his duties, two or more independent non-executive directors may convene the meeting themselves and recommend a representative to preside over the meeting.

Minutes shall be prepared for the special meeting of independent non-executive directors in accordance with regulations, and the opinions of independent non-executive directors shall be recorded in the minutes. Independent non-executive directors shall sign the minutes for confirmation.

SENIOR EXECUTIVES

The Company shall have a manager, a person in charge of finance and a Board Secretary, who shall be appointed or dismissed by resolutions of the board of directors.

The senior executives of the Company are the manager, the person in charge of finance and other senior executives recognized by the board of directors of the Company.

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The provisions of the Articles of Association on inappropriate candidates for directors shall also apply to senior executives.

The provisions of the Articles of Association on the duties of loyalty and diligence of directors shall also apply to senior executives.

Persons who hold administrative positions other than directors and supervisors in the Company’s controlling shareholders shall not be appointed as senior executives of the Company. Senior executives shall only receive their salary from the Company, and the salary is not paid by the controlling shareholder on behalf of the Company.

The General Manager shall have a term of three years and may serve consecutive terms if reappointed.

The General Manager shall be responsible to the board of directors and may exercise the following functions and powers:

- (1) Preside over the production and operation management of the Company, organize the implementation of board resolutions, and report on work to the board of directors;
- (2) Implementing the annual operation plan and investment plan of the Company;
- (3) Drawing up the setup plan of the internal management bodies of the Company;
- (4) Drawing up the basic management policies of the Company;
- (5) Formulating the specific rules and regulations of the Company;
- (6) Propose to the board of directors the appointment or dismissal of the Company’s deputy manager(s), person in charge of finance, Board Secretary, and other senior executives;
- (7) Decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal shall be decided by the board of directors.
- (8) Examine and approve general connected (or associated) transactions other than those that require submission to the board of directors or shareholders’ meeting for approval under the Articles of Association;
- (9) Examine and approve other major transactions, external investments, external guarantees, etc., other than those that require submission to the board of directors or shareholders’ meeting for approval under laws, regulations, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company’s shares are listed, or the Articles of Association;
- (10) Decide on the establishment of wholly-owned subsidiaries and/or branches by the Company;
- (11) Other functions and powers stipulated by the Articles of Association, the securities regulatory rules of the jurisdiction where the Company’s shares are listed, or granted by the board of directors.

The General Manager shall attend Board meetings as a non-voting observer.

The General Manager shall formulate working rules for the General Manager, which shall be reported to the board of directors for approval before implementation.

The working rules for the General Manager shall include the following:

- (1) Conditions, procedures and participants for convening the General Manager’s working meetings;
- (2) The specific responsibilities and division of labor among the General Manager and other senior executives;
- (3) The authority limits for the Company’s use of funds and assets, entering into major contracts, and the reporting system to the board of directors;
- (4) Other matters deemed necessary by the board of directors.

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The General Manager may resign before the expiration of his term. The specific procedures and methods for the General Manager's resignation shall be stipulated in the labor contract between the General Manager and the Company.

The Company shall have a Board Secretary, responsible for preparing shareholders' meetings and board meetings, document preservation, managing shareholder information, handling information disclosure, and investor relations management.

The Board Secretary shall abide by the relevant provisions of laws, administrative regulations, departmental rules, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company's shares are listed, and the Articles of Association.

If any senior executive, while performing duties for the Company, violates laws, administrative regulations, departmental rules, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company's shares are listed, or the Articles of Association, causing losses to the Company, he shall be liable for compensation.

The senior executives of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If any senior executive fails to faithfully perform his duties or violates his fiduciary duties, causing harm to the interests of the Company and shareholders, he shall be liable for compensation according to law.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDITING

Financial and Accounting System and Profit Distribution

The Company shall publish financial reports prepared in accordance with International Financial Reporting Standards or Hong Kong Financial Reporting Standards twice per fiscal year, namely: (i) the annual financial report within four (4) months after the end of each fiscal year; and (ii) the interim financial report within three (3) months after the end of the first six (6) months of each fiscal year.

The Company shall not maintain any accounting books other than those required by law. The Company's funds shall not be deposited in any account opened in an individual's name.

When distributing the after-tax profits of the current year, the Company shall allocate ten percent of the profits to the statutory common reserve of the Company. If the accumulated amount of the Company's statutory common reserve reaches fifty percent or more of the Company's registered capital, further allocations may be discontinued. If the Company's statutory common reserve is insufficient to cover losses from prior years, the profits of the current year shall first be used to cover the losses before allocating to the statutory common reserve in accordance with the preceding paragraph.

After allocating to the statutory common reserve from the after-tax profits, the Company may, by a resolution of the shareholders' meeting, allocate to a discretionary common reserve from the after-tax profits.

The remaining after-tax profits after covering losses and allocating to reserve funds shall be distributed to shareholders in proportion to the shares they hold, unless otherwise unanimously agreed by all shareholders. If the Company distributes profits to shareholders in violation of the preceding provisions, the shareholders shall return the profits distributed in violation to the Company; if losses are caused to the Company, the shareholders and responsible directors and senior executives shall be liable for compensation. The shares held by the Company itself shall not participate in profit distribution.

The Company's reserves shall be used to cover its losses, expand its production and business, or increase its registered capital. For making up losses of the Company by the reserve fund, the discretionary reserve fund and legal reserve fund shall first be used; where the deficit remains, the capital reserve may be used pursuant to the provisions. Where the legal reserve fund is converted to additional registered capital, the remaining reserve fund shall not be less than 25% of the Company's registered capital prior to the conversion.

After a shareholders' meeting adopts a resolution on the profit distribution plan, the Company's board of directors must complete the distribution of dividends (or shares) within two months after the shareholders' meeting.

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SUMMARY OF ARTICLES OF ASSOCIATION

The Company's profit distribution policy is as follows: The Company's profit distribution shall fully emphasize returns to investors, maintain the continuity and stability of the profit distribution policy, while taking into account the Company's long-term interests, the overall interests of all shareholders, and the Company's sustainable development, and shall comply with relevant provisions of laws, administrative regulations, rules, normative documents, the *HKEX Listing Rules*, other regulatory rules of the jurisdiction where the Company's shares are listed, and the Articles of Association.

INTERNAL AUDIT

The Company shall implement an internal audit system, equipped with full-time audit personnel, to conduct internal audit supervision over the Company's financial revenues and expenditures and economic activities.

The Company's internal audit system and the duties of audit personnel shall be implemented upon approval by the board of directors. The person in charge of audit shall be responsible to and report his work to the board of directors.

MERGER, DIVISION, INCREASE OF CAPITAL, REDUCTION OF CAPITAL, DISSOLUTION AND LIQUIDATION

Merger, Division, Increase of Capital, and Reduction of Capital

A merger of the Company may take the form of absorption merger or consolidation by new establishment. An absorption merger involves one company absorbing another, and the absorbed company is dissolved. A consolidation by new establishment involves two or more companies merging to establish a new company, and all parties to the merger are dissolved.

If the Company merges with a company in which it holds ninety percent or more of the shares, the absorbed company will not need a resolution of its shareholders' meeting, but other shareholders shall be notified and have the right to request the Company to purchase their shares or equity at a reasonable price. If the consideration paid for the merger does not exceed ten percent of the Company's net assets, the merger may be implemented without a resolution of the shareholders' meeting; unless otherwise provided in the Articles of Association. If a merger is implemented in accordance with the preceding two paragraphs without a resolution of the shareholders' meeting, it shall be considered and approved by a resolution of the Board.

In the event of a merger, the parties involved shall enter into a merger agreement and prepare a balance sheet and a detailed inventory of properties. The Company shall, within ten days of adopting the merger resolution, notify its creditors and, within thirty days, make an announcement in a newspaper recognized by the local administrative authority for industry and commerce or on the National Enterprise Credit Information Publicity System. Creditors who receive the notice within thirty days, or creditors who do not receive the notice within forty-five days of the announcement, may demand that the Company settle its debts or provide corresponding security.

Upon a merger, the claims and debts of all parties to the merger shall be assumed by the company surviving the merger or the newly established company.

In the event of a division, the Company's property shall be divided accordingly. In the event of a division, the Company shall prepare a balance sheet and a detailed inventory of properties. The Company shall, within ten days of adopting the division resolution, notify its creditors and, within thirty days, make an announcement in a newspaper recognized by the local administrative authority for industry and commerce or on the National Enterprise Credit Information Publicity System. The debts of the Company prior to its division shall be borne jointly and severally by the companies resulting from the division, unless a written agreement on debt settlement reached between the Company and its creditors prior to the division provides otherwise. Where the Company needs to reduce its registered capital, it must prepare a balance sheet and a detailed inventory of properties.

The Company shall, within ten days of adopting the registered capital reduction resolution, notify its creditors and, within thirty days, make an announcement in a newspaper

APPENDIX III

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recognized by the local administrative authority for industry and commerce or on the National Enterprise Credit Information Publicity System. Creditors who receive the notice within thirty days, or creditors who do not receive the notice within forty-five days of the announcement, have the right to demand that the Company settle its debts or provide corresponding security.

The registered capital after the reduction shall not be less than the statutory minimum.

If there are still losses after the Company makes up losses in accordance with the Articles of Association or the *Company Law*, it may make up losses by reducing its registered capital. If the registered capital is reduced to make up losses, the Company shall not distribute to shareholders, nor shall it exempt shareholders from their obligation to pay capital contributions or subscription funds. If the registered capital is reduced for the purpose of making up losses, an announcement shall be made in a newspaper or on the National Enterprise Credit Information Publicity System within thirty days from the date the shareholders' meeting adopts a resolution to reduce the registered capital.

After the Company completes the capital reduction in accordance with the preceding two paragraphs of this Article, no profits shall be distributed until the cumulative amount of the statutory common reserve and discretionary common reserve reaches fifty percent of the Company's registered capital. If profits are distributed in violation of regulations, shareholders must return the relevant profits. If losses are caused to the Company, the shareholders and responsible directors and senior executives shall bear compensation liability.

In case of merger or division of the Company, if the registration items change, the Company shall handle the modification of registration with the company registration authority according to law; if the Company is dissolved, it shall handle the cancellation of registration according to law; if a new company is established, it shall handle the establishment registration according to law. If the Company increases or decreases its registered capital, it shall handle the modification of registration with the company registration authority according to law.

Dissolution and Liquidation

The Company shall be dissolved for any of the following reasons:

- (1) Expiration of the business term stipulated in the Articles of Association or occurrence of another dissolution event stipulated in the Articles of Association;
- (2) Resolution of the shareholders' meeting to dissolve;
- (3) Necessity of merger or division of the Company;
- (4) Revocation of business license, order to close, or being abolished according to law;
- (5) If the Company experiences severe difficulties in management and operation, and its continued existence would cause significant losses to shareholders' interests and cannot be resolved through other means, shareholders holding more than ten percent of the voting rights of the Company may request the people's court to dissolve the Company.

Upon occurrence of a dissolution event as specified in the preceding paragraph, the Company shall, within ten days, publish the dissolution event on the National Enterprise Credit Information Publicity System.

If the Company has a circumstance described in paragraph 1, items (1) or (2) of Article 179 and has not yet distributed property to shareholders, it may continue to exist by amending the Articles of Association or by a resolution of the shareholders' meeting.

Amending the Articles of Association or adopting a resolution in accordance with the preceding paragraph shall require the approval of more than two-thirds of the voting rights held by shareholders present at the shareholders' meeting.

If the Company is dissolved due to the circumstances described in paragraph 1, items (1), (2), (4), and (5) of Article 179 of the Articles of Association, a liquidation committee

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

shall be established within fifteen days of the occurrence of the dissolution event to commence liquidation. The liquidation committee shall be composed of directors or personnel determined by the shareholders’ meeting. If no liquidation committee is established within the time limit, the creditors may apply to the people’s court for designating relevant personnel to form a liquidation committee for liquidation.

The liquidation committee shall, within ten days of its establishment, notify creditors and, within sixty days, make an announcement in a newspaper recognized by the local administrative authority for industry and commerce or on the National Enterprise Credit Information Publicity System. The creditors shall, within thirty days of receiving the notice, or within forty-five days of the announcement for those not receiving the notice, declare their claims to the liquidation committee.

When declaring a claim, the creditor shall provide relevant information and evidence. The liquidation committee shall register the claims. During the period of claim declaration, the liquidation committee shall not make payments to creditors.

After liquidating the Company’s properties, preparing the balance sheet, and the detailed inventory of properties, the liquidation committee shall formulate a liquidation plan and submit it to the shareholders’ meeting or the people’s court for confirmation. The remaining assets of the Company, after deducting liquidation expenses, employees’ wages, social insurance premiums, statutory compensation, paying outstanding taxes, and settling the Company’s debts, shall be distributed to shareholders in proportion to the shares they hold. During the liquidation period, the Company shall continue existence but shall not engage in any business activity unrelated to liquidation. The properties of the Company shall not be distributed to shareholders before being distributed in accordance with the preceding paragraph.

If, after liquidating the Company’s properties, preparing the balance sheet, and the detailed inventory of properties, the liquidation committee discovers that the Company’s properties are insufficient to cover its debts, it shall apply to the people’s court for a declaration of bankruptcy according to law. After the people’s court rules to declare the Company bankrupt, the liquidation committee shall transfer all liquidation matters to the people’s court.

After the Company’s liquidation is completed, the liquidation committee shall prepare a liquidation report, submit it to the shareholders’ meeting or the people’s court for confirmation, and submit it to the company registration authority to apply for the cancellation of company registration and announce the termination of the Company.

If the Company is declared bankrupt according to law, bankruptcy liquidation shall be carried out in accordance with relevant laws on enterprise bankruptcy.

AMENDMENT OF ARTICLES OF ASSOCIATION

The Company shall amend its Articles of Association under any of the following circumstances:

- (1) After the *Company Law* or relevant laws, administrative regulations, the *HKEX Listing Rules* and other regulatory rules of the jurisdiction where the Company’s shares are listed are amended, the matters stipulated in the Articles of Association conflict with the amended laws, administrative regulations, the *HKEX Listing Rules*, or other regulatory rules of the jurisdiction where the Company’s shares are listed;
- (2) Circumstances of the Company change, inconsistent with the matters recorded in the Articles of Association;
- (3) The shareholders’ meeting decides to amend the Articles of Association.

If a matter amended in the Articles of Association by a resolution of the shareholders’ meeting requires approval from the competent authority, it shall be submitted to the competent authority for approval; if it involves a company registration item, the modification of registration shall be handled according to law.

APPENDIX III

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The board of directors shall amend the Articles of Association in accordance with the resolution of the shareholders’ meeting to amend the Articles of Association and the approval opinions of the relevant competent authority.

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FURTHER INFORMATION ABOUT OUR COMPANY

Establishment of our Company

Our Company was established as a limited liability company in the PRC on November 7, 2017, and was converted into a joint stock limited company with limited liability on March 30, 2026 under the laws of the PRC. As of the Latest Practicable Date, the registered capital of our Company is RMB112,804,633.

Our Company has established a place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [●]. Ms. Kwok Yan Ting Jennis (郭恩廷) has been appointed as the authorized representative of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in “Appendix III — Summary of Articles of Association”.

Changes in Share Capital of Our Company

Save as disclosed in the section headed “History, Development and Corporate Structure — Major Shareholding Changes of our Company” and “History, Development and Corporate Structure — Pre-[REDACTED] Investments”, there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this Document.

Changes in Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountant’s Report in Appendix I to this Document.

On February 14, 2025, Wuhu Fengyi Technology Co., Ltd. (蕪湖市豐宜科技有限公司) was established as a limited company in the PRC with an initial registered capital of RMB23.9 million.

On September 16, 2025, Xiamen Fengyi Zushi Technology Co., Ltd. (廈門市豐宜足食科技有限公司) was established as a limited company in the PRC with an initial registered capital of RMB20 million. Pursuant to the board resolutions on May 13, 2026, the registered capital of Xiamen Fengyi Zushi Technology Co., Ltd. increased from RMB20 million to RMB24 million.

On November 19, 2025, Wuhu Zuxin Technology Co., Ltd. (蕪湖市足信科技有限公司) was established as a limited company in the PRC with an initial registered capital of RMB15 million.

On April 8, 2026, Hong Kong Fengyi International Co., Limited (香港豐宜國際有限公司) was incorporated as a limited company in Hong Kong with an initial registered capital of HK\$100,000.

Save as disclosed above, there had been no other alterations of share capital of our subsidiaries within the two years preceding the date of this Document.

Resolutions of our Shareholders

Pursuant to the Shareholders’ meeting held on May 26, 2026, the following resolutions, among other things, were (subject to the relevant regulatory approval, filing and registration) duly passed:

- (a) the issuance by our Company of the H Shares of nominal value of RMB1.00 each and such H Shares being [REDACTED] on the Hong Kong Stock Exchange;

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- (b) the number of H Shares to be [REDACTED] shall not be more than [REDACTED]% of the total issued share capital of our Company as enlarged by the [REDACTED], and the grant to the [REDACTED] (or their representatives) of the [REDACTED] of not more than [REDACTED]% of the number of H Shares [REDACTED] pursuant to the [REDACTED];
- (c) upon completion of the [REDACTED], [REDACTED] Unlisted Shares in aggregate will be converted into H Shares on a one-for-one basis;
- (d) authorization of the Board and its authorized persons to handle matters relating to, among other things, the [REDACTED], the [REDACTED] and [REDACTED] of the H Shares;
- (e) subject to the completion of the [REDACTED], the granting of a general mandate to the Board to repurchase H Shares [REDACTED] on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total issued H Shares (excluding any treasury shares) as at the date of the resolution granting the general mandate;
- (f) subject to the completion of the [REDACTED], the granting of a general mandate to the Board to allot, issue Shares, or sell and/or transfer Shares out of treasury that are held as treasury shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be [REDACTED] shall not exceed 20% of the number of the Shares in issue (excluding any treasury shares) as at the date of the resolution granting the general mandate;
- (g) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on the [REDACTED] and the authorization of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request of the Stock Exchange and relevant PRC regulatory authorities; and
- (h) our Board has been authorized to handle all relevant matters relating to, among other things, the implementation of issuance of H Shares and the [REDACTED].

Explanatory Statement on Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this Document concerning the repurchase of our own securities.

(a) Reasons for repurchase

The Board considered that the repurchase of the Shares would be beneficial to and in the best interests of the Company and its Shareholders as a whole. It can strengthen the [REDACTED] confidence in the Company and promote a positive effect on maintaining the Company's reputation in the capital market. Such repurchases will only be made when the Board believes that such repurchases will benefit the Company and its Shareholders as a whole.

Following a repurchase of Shares, the 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.

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(b) Exercise of the general mandate to repurchase Shares

Subject to the passing of the special resolution approving the grant of the general mandate to repurchase H Shares at annual general meetings, the Board will be granted a general mandate to repurchase H Shares until the end of the relevant period. The general mandate to repurchase Shares would expire on the earlier of:

- (i) the conclusion of the next annual general meeting of the Company of which time it shall lapse unless, by special resolutions passed at that meeting, the authority is renewed, either conditionally or subject to conditions; or
- (ii) the revocation or variation of the mandate under the resolution by a special resolution at any general meeting of the Company.

Furthermore, we need to complete registration and approval procedures with relevant government authorities for the actual grant of the repurchase mandate to the Board, as applicable. The exercise in full of the general mandate to repurchase H Shares (on the basis of [REDACTED] H Shares in issue as of the [REDACTED] and no H Shares will be allotted and issued or repurchased by the Company on or prior to the date of the next annual general meeting to be held after the [REDACTED]) would result in a maximum of [REDACTED] H Shares being repurchased by the Company during the relevant period, being the maximum of [REDACTED] of the H Shares in issue (excluding any treasury shares) as of the [REDACTED].

(c) Source of funds

In repurchasing its Shares, the Company intends to apply funds from the Company's internal resources (which may include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

The Company is empowered by its Articles of Association to repurchase its Shares. Any shares to be repurchased will be cancelled or kept as treasury shares if allowed by the Articles of Association and applicable laws and regulations. The Company may not purchase securities 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.

(d) 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 issuer 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.

(e) Close associates and core connected persons

None of our Directors or, to the best of their knowledge having made all reasonable inquiries, any of their close associates have a present intention, in the event the general mandate to repurchase Shares 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 general mandate to repurchase Shares 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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(f) Status of repurchased Shares

Subject to the Articles of Association, the Listing Rules and any other applicable laws and regulations, the Shares repurchased by the Company will be cancelled or kept as treasury shares.

(g) 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 general mandate to repurchase Shares.

(h) Interim measures

For any treasury shares of the Company deposited with CCASS pending resale on the Stock Exchange, the Company shall, upon approval by the Board, implement the below interim measures which include (without limitation):

- (i) procuring its broker not to give any instructions to HKSCC to vote at general meetings for the treasury shares deposited with CCASS;
- (ii) in the case of dividends or distributions (if any and where applicable), withdrawing the treasury shares from CCASS, and either re-register them in its own name as treasury shares or cancel them, in each case before the relevant record date for the dividend or distributions; or
- (iii) taking any other measures to ensure that it will not exercise any Shareholders’ rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as treasury shares.

(i) General

The Company did not hold any treasury shares as of the Latest Practicable Date and will not hold any treasury shares upon [REDACTED].

If the general mandate to repurchase Shares were to be carried out in full at any time, there may be a material and 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 general mandate to repurchase Shares to such an extent as would have a material and adverse effect on our working capital or gearing position.

Our Directors have undertaken to the Stock Exchange that they will exercise the general mandate to repurchase Shares in accordance with the Listing Rules and the applicable laws in the PRC. Neither the Explanatory Statement on Repurchase of Our Own Securities nor the proposed share repurchase has any unusual feature.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

We have entered into the following contract (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this Document that is or may be material:

- (a) the [REDACTED].

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Intellectual Property Rights

As of the Latest Practicable Date, our Group has registered the following intellectual property rights which we consider to be material to our Group’s business.

Trademarks

As of the Latest Practicable Date, we registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark Registered	Owner	Registration Number	Class	Place of Registration	Expiry Date
1. . . .		Company	27303584	9	PRC	October 27, 2028
2. . . .		Company	27300365	35	PRC	January 27, 2029
3. . . .		Company	27308698	39	PRC	October 27, 2028
4. . . .		Company	43202129	7	PRC	October 13, 2030
5. . . .		Company	43683822	35	PRC	August 20, 2031
6. . . .		Company	43192890	42	PRC	October 6, 2030

Patents

As of the Latest Practicable Date, we registered or have been authorized to use the following patents which we consider to be material to our business:

No.	Patent Description	Registered Owner	Place of Registration
1. . . .	An e-commerce commodity sales data processing method, system and e-commerce platform (一種電子商城商品促銷量數據處理方法、系統及電商平台)	Company	PRC
2. . . .	Graphical user interface for a smart retail cabinet management system (用於顯示屏幕面板的顯示售貨櫃管理系統的圖形用戶界面)	Company	PRC
3. . . .	A method, apparatus and storage medium for obtaining synchronization node information of an industrial control system (工單系統的同步節點信息的獲取方法、裝置及存儲介質)	Company	PRC
4. . . .	A method for synchronization consistency of personnel in a multi-office system (多辦公系統人員同步一致性方法)	Company	PRC
5. . . .	A path planning method, apparatus, device and medium (路徑規劃方法、裝置、設備和介質)	Company	PRC
6. . . .	Exterior design of a smart retail cabinet (一種智能自動售貨機)	Company	PRC

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Copyrights

As of the Latest Practicable Date, we had the following copyrights which we consider to be or may be material to our business:

No.	Copyright Name	Registered Owner	Place of Registration
1. . . .	Fengyi Smart Retail Cabinet Management Backend Software V2.37 (豐e足食智能櫃管理後台軟件V2.37)	Company	PRC
2. . . .	Fengyi Unmanned Intelligent Retail Sales System V3.18 (豐e足食無人智能化銷售系統V3.18)	Company	PRC
3. . . .	Fengyi Food Supplier Platform V4.17.0 (豐e足食供應商平台V4.17.0)	Company	PRC
4. . . .	Fengyi Nebula Industrial Control System V2.6.4 (豐e星漢工單系統V2.6.4)	Company	PRC
5. . . .	Fengyi Food Order Distribution System V1 (豐e足食訂單分發系統V1.0)	Company	PRC
6. . . .	Fengyi Food logo (豐e足食logo)	Company	PRC

Domain Names

As of the Latest Practicable Date, we had the following registered internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner
1. . . .	fengl.com	The Company

Save as the above, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, SENIOR MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

Interests and short positions of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations

Save as disclosed in the section headed “Substantial Shareholders” and below, immediately following the completion of the [REDACTED] and the conversion of our Unlisted Shares to H Shares (assuming that the [REDACTED] is not exercised), the interests and short positions of our Directors and chief executive of our Company in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, in each case once our Shares are [REDACTED] on the Stock Exchange.

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Interests of the substantial Shareholders in the Shares

Save as disclosed in “Substantial Shareholders”, immediately following the completion of the [REDACTED] and without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED], our Directors are not aware of any other person who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

Interests of the substantial shareholders in other members of our Group

As of the Latest Practicable Date, our Directors are not aware of any persons who would, immediately following the completion of the [REDACTED], be directly or indirectly interested in 10% or more of the issued voting shares of the other members of our Group (other than our Company).

Particulars of Directors’ Service Contracts and Appointment Letters

We [have entered] into a service contract or a letter of appointment with each of our Directors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

Remuneration of Directors

Save as disclosed in “Directors and Senior Management” and Note 30 to the Accountant’s Report set out in Appendix I for the three financial years ended December 31, 2023, 2024 and 2025, none of our Directors received other remunerations of benefits in kind from us.

Disclaimers

Save as disclosed in this Document:

- (a) none of our Directors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [REDACTED] on the Stock Exchange;
- (b) none of our Directors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the [REDACTED] and the conversion of Unlisted Shares into H Shares (without taking into account any H Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]), 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 who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

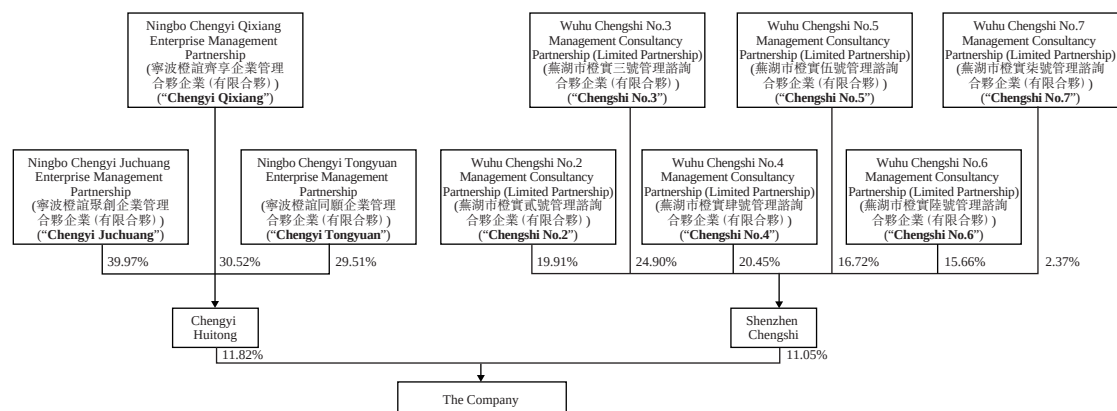
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- (c) none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group; and
- (d) none of our Directors or any of the parties listed in “Qualifications of Experts” in this Appendix is:
 - i. interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this Document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or
 - ii. materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business.

PRE-[REDACTED] EQUITY INCENTIVE PLAN

The following is a summary of the principal terms of the Pre-[REDACTED] Equity Incentive Plan, which was adopted by the Company on October 12, 2021, with further amendments on February 7, 2024 and on January 5, 2026, respectively. Given the underlying Shares under the Pre-[REDACTED] Equity Incentive Plan had already been issued, there will not be any dilution effect on the issued share capital at our Company. The terms of the Pre-[REDACTED] Equity Incentive Plan are not subject to the provisions of the Chapter 17 of the Listing Rules since no further award under the Pre-[REDACTED] Equity Incentive Plan will be granted after the [REDACTED].

Under the Pre-[REDACTED] Equity Incentive Plan, Eligible Participants (as defined below) were granted partnership interests (the “Awards”) in the limited partners of Chengyi Huitong and Shenzhen Chengshi employee incentive platforms (Chengyi Huitong and Shenzhen Chengshi, together with its limited partners, as the “**Employee Incentive Platforms**”). As of the Latest Practicable Date, the structure of our Employee Incentive Platforms is set out as below.



The following is a summary of the principal terms of the Pre-[REDACTED] Equity Incentive Plan.

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Purpose

The main purpose of the Pre-[REDACTED] Equity Incentive Plan is to promote the development of the Company, to establish effective incentives and constraints for the Company’s core employees, to strengthen organizational cohesion, to provide a systematic human capital safeguard for the Company’s long-term growth, and to maintain its competitive advantages in market, technology, and management, thereby ensuring sustainable development.

Administration

The Board shall serve as the management body of the Pre-[REDACTED] Equity Incentive Plan, and shall be responsible for the implementation of the Pre-[REDACTED] Equity Incentive Plan and the handling of other related matters. The Board shall entrust the general partner of the partnership enterprise, in accordance with the provisions of the partnership agreement, to manage and execute the specific affairs of the Employee Incentive Platforms.

Eligible Participants

Employees eligible to participate in the Pre-[REDACTED] Equity Incentive Plan (the “**Eligible Participants**”) shall be those serving in key positions who exert a direct or significant influence on the Company’s operating performance and sustainable development. The scope includes the Company’s middle and senior management personnel, as well as core technical and business backbone employees. Participants must be employed by the Company or its wholly-owned or controlled subsidiaries, receive remuneration from such entities, and have executed a labor contract, including employment or service agreements.

Form of the Pre-[REDACTED] Equity Incentive Plan

The participants, as partners of the Employee Incentive Platforms, which are in the form of limited partnerships, shall subscribe for partnership interests of the Employee Incentive Platforms in cash as partners under the Pre-[REDACTED] Equity Incentive Plan, thereby indirectly holding the Shares of our Company by virtue of their capacity as a limited partner of the relevant Employee Incentive Platforms.

Transfer Restrictions

The partnership interests held by grantees in the Employee Incentive Platforms shall be subject to a lock-up period commencing from the date of grant and lasting until the expiration of the service period, which is the later of the following periods: (a) one year following the successful [REDACTED] of the Company, or (b) four years from the date of grant. Subject to the statutory restrictions on transfer according to the relevant regulations or listing rules, during the lock-up period, and except in the event of an exit circumstance stipulated under the Pre-[REDACTED] Equity Incentive Plan or as otherwise approved by the Board of Directors, grantees shall not transfer their partnership interests in the platform by any means, including, but not limited to, assignment, pledge, mortgage, or use for debt repayment.

Details of Interests in the Employee Incentive Platforms

As of the Latest Practicable Date, all partnership interests in the Employee Incentive Platforms have been subscribed by and fully paid up by the grantees. As of the Latest Practicable Date, Awards corresponded to a total of 25,798,667 Shares, representing approximately 22.87% of our total issued Shares, have been granted. No further Awards will be granted after the [REDACTED] and the Pre-[REDACTED] Equity Incentive Plan will not cause any dilution of the shareholding of our Shareholders after the [REDACTED].

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Details of the Awards granted to Directors and senior management of our Company, and connected persons of the Company under the Pre-[REDACTED] Equity Incentive Plan are set out below:

Name	Position	Relevant Employee Incentive Platforms	Approximate Partnership Interests in the Relevant Employee Incentive Platform	Approximate Number of Shares Corresponding to Awards Granted to Grantees ⁽¹⁾	Approximate Shareholding Percentage of Total Issued Shares Immediately upon the [REDACTED] ⁽²⁾ (%)
Directors					
Mr. Shan	Chairman of the Board, executive Director and chief executive officer	Chengyi Tongyuan	30.13%	1,185,209	[REDACTED]
Mr. Zhu Tao (朱濤) . .	Executive Director and chief operation officer	Chengyi Juchuang Chengshi No.6	27.73% 8.10%	1,477,498 158,028	[REDACTED] [REDACTED]
Mr. Cai Liang (蔡亮) . .	Executive Director and chief technology officer	Chengyi Tongyuan Chengshi No.5	19.35% 6.06%	761,248 126,422	[REDACTED] [REDACTED]
Ms. Zhao Yu (趙宇) . .	Executive Director (employee representative director)	Chengyi Qixiang Chengshi No.6	11.80% 8.10%	479,952 158,028	[REDACTED] [REDACTED]
Senior Management (Other than Directors)					
Ms. Zhang Xiaoshuang (張小霜)	Financial director and secretary to the Board	Chengyi Tongyuan Chengshi No.6	2.34% 9.32%	92,160 182,028	[REDACTED] [REDACTED]
Directors/Supervisors of our Subsidiaries					
Mr. Qiu Yan (邱琰) . .	Director of Hengyang Zubing	Chengyi Juchuang Chengshi No.4	9.01% 8.37%	479,952 213,338	[REDACTED] [REDACTED]
Ms. Huang Feili (黃飛莉)	Supervisor of Hengyang Zubing	Chengyi Juchuang Chengshi No.6	7.46% 8.10%	397,294 158,028	[REDACTED] [REDACTED]
Mr. Li Quanfeng (李權峰)	Director of Fengyi HK	Chengyi Qixiang Chengshi No. 3	4.00% 6.11%	162,614 189,633	[REDACTED] [REDACTED]
Other Grantees (being employees of the Group)					
Other 34 Grantees . . . -		Chengyi Juchuang	55.80%	2,973,265	[REDACTED]
Other 26 Grantees . . . -		Chengyi Tongyuan	48.17%	1,894,824	[REDACTED]
Other 35 Grantees . . . -		Chengyi Qixiang	84.20%	3,425,333	[REDACTED]
Other 42 Grantees . . . -		Chengshi No.2	99.99%	2,481,510	[REDACTED]
Other 44 Grantees . . . -		Chengshi No.3	93.60%	2,904,967	[REDACTED]
Other 47 Grantees . . . -		Chengshi No.4	91.62%	2,335,314	[REDACTED]
Other 47 Grantees . . . -		Chengshi No.5	93.93%	1,958,187	[REDACTED]
Other 32 Grantees . . . -		Chengshi No.6	66.38%	1,295,821	[REDACTED]
Other 13 Grantees . . . -		Chengshi No.7	99.99%	295,226	[REDACTED]

Notes:

- (1) For the purpose of illustrating the indirect interests of the grantees in the Shares, the number of Shares attributable to each grantee is calculated by multiplying (a) the respective percentage of partnership interests held by such grantee in the relevant Employee Incentive Platform, by (b) the percentage of partnership interests in Chengyi Huitong or Shenzhen Chengshi held by such Employee Incentive Platform, and by (c) the total number of Shares held by Chengyi Huitong or Shenzhen Chengshi.
- (2) [REDACTED] Unlisted Shares held by the relevant Employee Incentive Platform will be converted into H Shares, subject to the relevant regulatory approvals and registration.

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OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to be imposed on our Company or any of our subsidiaries.

Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and, so far as we are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of our Group.

Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

Promoter

All of the promoters of the Company are the then Shareholders as at January 31, 2026 immediately before our conversion into a joint stock limited liability company. Save as disclosed in this Document, within the two years immediately preceding the date of this Document, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the [REDACTED] or the related transactions described in this Document.

Taxation of Holders of H Shares

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

No Material Adverse Change

Our Directors confirm that up to the Latest Practicable Date, there has been no material adverse change in our financial, operational or trading positions or prospects since December 31, 2025, being the end of the period reported on as set out in the Accountants’ Report included in Appendix I to this Document.

Qualifications of Experts

The qualifications of the experts who have given opinions or advice in this Document are as follows:

Name	Qualification
ABCI Capital Limited	A licensed corporation under the SFO for type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under the Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)

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Name	Qualification
Commerce & Finance Law Offices	PRC legal adviser
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

As of the Latest Practicable Date, none of the experts named above had 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.

Consents of Experts

Each of the experts as referred to “— Qualifications of Experts” in this Appendix has given and has not withdrawn its written consent to the issue of this Document with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein the form and context in which it is respectively included.

Sole Sponsor

Sole Sponsor satisfies the independence criteria applicable to the sponsor set out in Rule 3A.07 of the Listing Rules. Pursuant to the engagement letter entered into between the Company and the Sole Sponsor, the Sole Sponsor’s fee payable by us to the Sole Sponsor in respect of its service as the sponsor in connection with the [REDACTED] on the Stock Exchange is US\$1.00 million.

Restriction on Share Repurchase

For details of the restrictions on share repurchases by our Company, see “Appendix III — Summary of Articles of Association.”

Binding Effect

This Document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Document

The English and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

Save as otherwise disclosed in this Document:

- (a) within the two years preceding the date of this Document:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued, or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

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- (iii) 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 of our Company or any of our subsidiaries; and
 - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company;
- (b) there are no founder, management or deferred shares or any debentures in our Company or any of our subsidiaries;
- (c) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;
- (d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this Document;
- (e) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (f) our Company has no outstanding convertible debt securities or debentures;
- (g) there is no arrangement under which future dividends are waived or agreed to be waived;
- (h) none of our equity and debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (i) our Company is a joint stock limited company and is subject to the PRC Company Law; and
- (j) our Company has adopted a code of conduct regarding Directors’ securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

APPENDIX V

**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY**

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the material contracts referred to in “Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Material Contract”; and
- (b) the written consents referred to in “Appendix IV — Statutory and General Information — Other Information — Consents of Experts.”

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange’s website at www.hkexnews.hk and the Company’s website at www.fengl.com during a period of 14 days from the date of this Document:

- (a) the Articles of Association;
- (b) the audited consolidated financial statements of our Group for the three years ended December 31, 2023, 2024 and 2025;
- (c) the Accountant’s Report from PricewaterhouseCoopers, the text of which is set out in Appendix I;
- (d) the report from PricewaterhouseCoopers on the unaudited [REDACTED] financial information of our Group, the text of which is set out in Appendix II;
- (e) the material contract referred to in “Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Material Contract”;
- (f) the written consents referred to in “Appendix IV — Statutory and General Information — Other Information — Consents of Experts”;
- (g) the service contracts and letters of appointment referred to in “Appendix IV — Statutory and General Information — Further Information about our Directors, Senior Management and Substantial Shareholders — Particulars of Directors’ Service Contracts and Appointment Letters”;
- (h) the legal opinions issued by Commerce & Finance Law Offices, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC law;
- (i) the industry report issued by Frost & Sullivan referred to in “Industry Overview”;
- (j) a copy of the following PRC laws, together with unofficial English translations of the PRC Company Law, the PRC Securities Law, and the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies, and
- (k) the terms of the Pre-[REDACTED] Equity Incentive Plan.