

BUSINESS

OVERVIEW

Who We Are

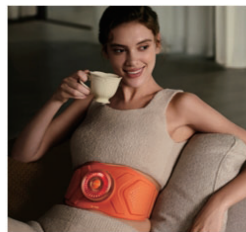
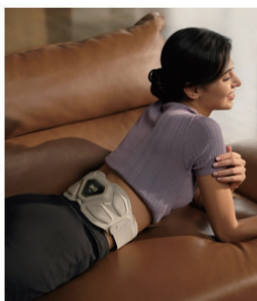
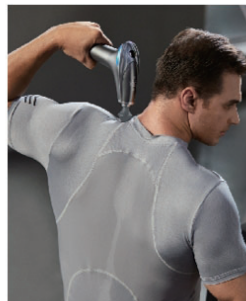
We are a health technology company that develops smart devices for soothing, recovery, and everyday health management across wearables and home products. Since 2016, we have developed a broad range of smart health devices and become a notable brand of smart soothing wearables in China and the world. Our product portfolio includes smart soothing wearables, fitness recovery and toning gear, smart health watches, and wellness-focused home products. Many of our products use well-established wellness technologies such as medium-frequency pulse and transcutaneous electrical nerve stimulation (TENS), both of which are commonly used therapies for pain relief and muscle rehabilitation, bringing proven technologies into lightweight consumer devices for everyday health management.

According to Frost & Sullivan, we ranked first among domestic players in China’s smart soothing wearables industry by GMV, with a 21.6% domestic market share in 2025. We also played a leading role in developing the national standard for “Household and Similar Use Low-Frequency Massage Instruments” under the guidance of the Ministry of Industry and Information Technology, contributing to the formalization of industry standards for smart soothing wearables.

Our Products

Our products, designed for everyday contexts, including home, office, fitness, and travel, address needs such as soothing discomfort, tracking key health metrics, supporting fitness recovery, and promoting household wellness, enabling both immediate relief and longer-term health management. We also apply technologies widely used in medical fields to consumer electronics, helping narrow the gap between professional healthcare standards and personal wellness tools. As of May 31, 2026, we had 1,554 registered patents worldwide, including 306 authorized invention patents, and we also filed 447 patent applications pending approval, including 384 invention patent applications. Our design capabilities have been recognized with numerous awards including the Red Dot Design Award and the iF Design Award.

The following diagram sets forth certain of our products under our major product categories:



Smart Soothing
Wearables

Fitness Recovery
and Toning Gears

Smart Health
Watches

Wellness-Focused
Home Products

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Smart soothing wearables. We are a notable provider of smart soothing wearable solutions for the neck and waist, and we offer smart soothing wearables for additional body areas, including the shoulder, waist, eyes, knees and legs. Our products combine pulse stimulation, kneading, heat therapy, and red-light technology to provide non-invasive relief for everyday discomfort. Users can control settings through a mobile app to adjust massage techniques and intensity, upgrade massage modes online, and personalize programs. We also incorporate technologies widely used in medical fields in lightweight and portable designs, such as TENS, an electrotherapy technique that delivers electrical stimulation through the skin to relieve pain by interrupting the transmission of pain signals from underlying nerve receptors.

Fitness recovery and toning gears. Our abdominal belt and fascia guns are designed for muscle relaxation, recovery, and toning, particularly after workouts. The abdominal belt uses Electrical Muscle Stimulation (EMS), an electrotherapy technique that uses electrical impulses to stimulate muscle contractions for muscle strengthening and wound healing, to trigger rhythmic muscle contractions for abdominal toning, and it also provides pulse vibration and heat therapy to enhance blood circulation, reduce fatigue, and provide comfort during menstruation. Our fascia guns use brushless motors to deliver high-frequency, deep-tissue percussion for deep muscle relaxation while maintaining quiet operation.

Smart health watches. Our smart health watches provide 24/7 vital sign monitoring and send automatic SMS and app alerts when abnormal changes in blood pressure, heart rate, or blood oxygen levels are detected. Using oscillometric technology (as used in professional blood pressure monitors) and a miniature air pump, the watches deliver blood pressure measurement accuracy of ± 3 mmHg. They also support millisecond heart rate monitoring and electrocardiogram (ECG) recording, one-touch blood pressure measurement, sleep analysis, multi-mode sports tracking, and medication and other personalized reminders.

Wellness-focused home products. Our wellness-focused home products include smart massage sofa chairs and sleep pillows. The smart massage sofa chair provides 3D flexible movement in horizontal, vertical, and forward directions to simulate hand-like massage for sore and stiff muscles. It delivers tailored massage programs for different body parts to reduce muscle fatigue after exercise or daily activity. The sleep pillow combines TENS and EMS pulse technologies with soothing heat therapy to provide ergonomic support and pain relief, including for neck discomfort associated with poor sleep posture.

See “– Our Products” for more details.

Our Business Model

Business Segments

We engage in the design, development, branding and sale of smart, user-oriented health and wellness products. During the Track Record Period, we generated substantially all of our revenue from sales of our products. Among our four primary product categories, smart soothing wearables have historically been our largest segment, accounting for 85.3%, 82.4%, 70.9% and 69.2% of our revenue from product sales, respectively, in 2023, 2024, 2025 and for the five months ended May 31, 2026, while fitness recovery and toning gears increased as a share of revenue over the same periods, accounting for 9.4%, 13.2%, 24.2% and 23.4% of our revenue from product sales, respectively.

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Sales and Distribution

We sell through an integrated online and offline network, with a distributor-led model as our primary route to market, supplemented by growing direct sales. Under our distributor model, we have established long-term, mutually beneficial distributorships supported by a structured management system, leveraging distributors’ established channels and local market insight to scale efficiently and expand coverage. Distributor sales represented the majority of our product sales revenue during the Track Record Period, accounting for 90.8%, 88.1%, 80.9% and 78.4% in 2023, 2024, 2025 and for the five months ended May 31, 2026.

Online distribution is conducted largely through authorized distributors operating stores on major e-commerce and social commerce platforms, such as Tmall, JD. and TikTok. Offline distribution is primarily conducted through offline distributors selling through physical retail stores and their networks. Beginning in late 2024, we also operate direct-to-consumer stores at select offline locations, which we use to strengthen brand presence, improve consumer engagement and support product iteration.

See “– Our Sales Network and Pricing” for more details.

Our Customers

Our customers comprise distributors, and direct sales customers, which include corporations and individuals. Our revenue is meaningfully concentrated among major channel partners. During the Track Record Period, our five largest customers in each year/period during the Track Record Period accounted for 52.0%, 44.4%, 34.3% and 35.7% of our revenue, respectively, in 2023, 2024, in each year/period during the Track Record Period 2025 and for the five months ended May 31, 2026, and our largest customer in each year/period during the Track Record Period accounted for 16.4%, 14.0%, 11.1% and 9.2% of revenue in those years/periods, respectively.

See “– Customers” for more details.

Production and Supply Chain Management

We prioritize in-house production to support consistent quality, timely delivery and cost efficiency, while using outsourcing and procurement of certain finished goods to enhance operational flexibility, particularly when exploring new categories in established markets, such as knee and leg soothing wearables, and lumbar support cushions.

We have built the SKG Future Health Digital Manufacturing Base in Foshan, Guangdong, a comprehensive production facility designed to support the complete development-to-production lifecycle for our major products. Commencing operations in 2024, this manufacturing facility is equipped to perform key processes such as surface mount technology (“SMT”) assembly, component production (including ceramic air pump production for certain products), final assembly, and testing. We also engage third-party manufacturers primarily for certain non-core products, including certain soothing wearables, sleep pillows and fascia guns, while maintaining oversight through our design requirements, manufacturing standards and quality specifications. As of the Latest Practicable Date, as advised by our PRC Legal Advisor, our major products are not classified as medical devices and thus are not subject to medical device registration or filing obligations.

See “– Production and Supply Chain Management” for more details.

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Our Suppliers

We procure raw materials and components from third-party suppliers and manage supplier risk through multi-sourcing and ongoing evaluation. We also rely on third-party logistics and warehousing service providers to support distribution efficiency and nationwide coverage. During the Track Record Period, we did not encounter any difficulties in sourcing suppliers for raw materials, nor did we experience any significant production disruptions due to shortages. In 2023, 2024, 2025 and for the five months ended May 31, 2026, our purchases from our five largest suppliers in each year/period during the Track Record Period accounted for 26.1%, 14.3%, 33.5% and 34.0% of our total purchases for the same years/periods, respectively. Our purchases from our largest supplier in each year/period during the Track Record Period accounted for 14.9%, 4.2%, 12.5% and 16.7% of our total purchases for the same year/period, respectively.

See “– Suppliers” for more details.

Our business model also integrates user-centric product innovation, dynamic brand building, ongoing user engagement, into a cohesive system intended to drive sustainable competitiveness. Together, these capabilities help us track technological trends, respond quickly to customer needs, and continually improve product competitiveness and customer service, supporting sustainable growth and profitability. During the Track Record Period, our revenue remained relatively stable at RMB1,045.8 million in 2023 and RMB1,044.8 million in 2024, and further increased by 16.5% to RMB1,217.5 million in 2025. Revenue for the five months ended May 31, 2026 was RMB645.7 million, representing an increase of 52.0% from RMB424.9 million for the same period in 2025. Our net profit increased from RMB126.5 million in 2023 to RMB135.5 million in 2024, and remained relatively stable at RMB131.8 million in 2025. Our net profit for the five months ended May 31, 2026 was RMB61.6 million, up by 30.1% from RMB47.4 million for the same period in 2025. Our return on equity (ROE) was 20.1%, 18.4% and 17.1% in 2023, 2024 and 2025, respectively.

Our Technologies

We have built our technology platform to translate physical therapy concepts into consumer wearables that are effective, comfortable, and safe for everyday use. At the core is our ability to miniaturize medium-frequency pulse stimulation – traditionally constrained by bulky electronics and power isolation – through waveform modulation circuits, compact power conversion, and proprietary waveform algorithms, enabling deeper-penetrating pulse performance in small devices without compromising effectiveness. Building on this stimulation engine, we enhance coverage with multi-channel waveform control, coordinating electrode position, waveform, frequency, and duration across 2/4/6/8 electrodes to better emulate three-dimensional massage sensations such as knocking and kneading. We translate these capabilities into products through our TENS and EMS application technologies: our TENS solutions deliver customized low-current, low-voltage pulses via skin-friendly electrodes with precise control and sensor feedback to help relieve soreness, while our EMS solutions use defined pulse width and frequency ranges to drive targeted muscle contractions that help reduce stiffness and fatigue associated with prolonged sitting and poor posture.

Our devices are supported by an IoT connectivity layer that enables app-based control, human-computer interaction, OTA updates, and secure data interconnection with our health data platform for real-time monitoring. We reinforce safety and comfort using impedance-based pulse transient protection, adaptive clamping structures and integrated multi-head “finger-like” massage assemblies.

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We believe our technology accumulation is competitive within the industry. For example, according to Frost & Sullivan, we were one of the first to apply medium-frequency pulse technologies to smart soothing wearables, and one of the first to integrating oscillometric method with advanced piezoelectric ceramic technology. These technologies also constitute a kind of medical-grade applications. Collectively, our sustained investment in research and development has produced a cohesive portfolio of proprietary technologies that underpins our differentiation.

See “– Our Technologies” for more details.

Our Market Opportunities

As public awareness of proactive health management grows, consumer demand for technologies widely applied in medical fields and personalized health solutions is surging. This shift is fueling market expansion, positioning smart health wearables as a key growth driver within the broader health technology landscape.

Globally, the smart health wearables market was valued at US\$46.6 billion in 2025 and is projected to reach US\$94.7 billion by 2030, reflecting a CAGR of 15.1%. In China, the market reached RMB71.1 billion in 2025 and is expected to grow at a CAGR of 14.9%, reaching RMB142.1 billion in 2030. We are well positioned to capture these growth opportunities. Leveraging our user-centric innovation, technology foundation, efficient distribution model and comprehensive manufacturing capabilities, we have built a competitive advantage in the smart soothing wearables market. According to Frost & Sullivan, based on GMV in 2025, we ranked first in China’s smart soothing wearables market with a 21.6% market share, and first globally with a 4.6% market share.

STRENGTHS

A Leader in Smart Soothing Wearables Industry in China

Since 2016, we have been pioneering smart health wearables, a journey that has established us as the leader in smart soothing technologies in China. According to Frost & Sullivan, we ranked first among domestic players in China’s smart soothing wearables market in terms of GMV, and achieved a domestic market share in China of 21.6% in 2025.

What sets us apart is our commitment to integrating innovations from medical fields into consumer products. This empowers individuals to take charge of their well-being with ease. We have innovatively miniaturized professional technologies such as medium-frequency pulses and TENS, integrating them into compact wearable devices. This has driven the reshaping of industry-specific product categories and made us an important market leader. For example, our Series K-5 shoulder and neck soothing wearables, weighing only 125g, was one of the first to feature neck pressure sensors that help to automatically adjust pulse intensity, according to Frost & Sullivan. Our smart health watches combine the oscillometric method with advanced piezoelectric ceramic technology, delivering measurement accuracy within ± 3 mmHg for blood pressure monitoring. Furthermore, they could provide continuous, round-the-clock monitoring of vital signs, automatically issuing real-time alerts via SMS and app notifications to users. This critical feature ensures timely response in emergencies triggered by sudden changes in blood pressure, heart rate, or blood oxygen levels. Additionally, we have successfully pioneered a hybrid technology that synergizes electrical stimulation, mechanical vibration, and thermal therapy, powering our smart soothing wearables, according to Frost & Sullivan.

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These innovations, together with our continuous product iteration, have helped strengthen our technological capabilities and support the maintenance of our long-term competitiveness, while also contributing to the trust we have built with consumers.

The smart health wearables market is expected to experience rapid growth in the next five years, evolving from basic health monitoring to precision intervention. We believe our focus on innovation and user-centric design positions us to lead and shape the future of smart health wearables, both in China and around the world.

Product Portfolio Driven by User-Centric Innovation

We have built a comprehensive portfolio of smart health wearables designed for diverse everyday contexts – from home and office settings to fitness and travel. Built around user needs, our products receive strong customer recognition with many achieving blockbusters success thanks to their high-performance and reliability.

To ensure our products continuously evolve with user expectations, we have adopted a multi-channel feedback system. Online, we leverage AI, natural language processing, and big data analytics to capture and analyze user inquiries and feedback across the entire pre-sale, in-sale, and post-sale journey. This enables us to better understand purchase motivations, user pain points, and emerging needs. Beyond the sale process, our dedicated Voice of Customer (VOC) system allows users to share direct feedback and suggestions with us. Offline, our self-operated and distributor stores serve as the key customer touchpoints, offering hands-on product experience and capturing in-person insights. All user feedback collected online is aggregated and provided to our R&D team on a weekly basis, where it drives data-informed product development and design iteration.

This user-centric approach enables us to continuously create and refine products that address real user needs. Our portfolio has expanded to cover a full range of smart soothing wearables targeting the neck, waist, eyes and knees and evolved from pain relief solutions to comprehensive wellbeing support. During the Track Record Period, we launched more than 200 new products, well ahead of the industry standard according to Frost & Sullivan.

Innovation Powered by High-Performance Technology Engine

Innovation is at the core of our business and drives our sustained growth. Our continued investment in R&D has strengthened our capabilities in product innovation and enabled us to launch a number of pioneering products in the industry. For example, we were one of the first to apply medium-frequency pulse technologies to smart soothing wearables, and one of the first to integrating oscillometric method with advanced piezoelectric ceramic technology, significantly enhancing blood pressure measurement accuracy. Furthermore, we were the first to integrate pulse stimulation, mechanical vibrations, and thermal therapy into smart soothing wearables. We are also a pioneer in applying AI and IoT technology to develop a comprehensive health management system.

Our continued commitment to innovation has resulted in ownership of 1,554 registered patents worldwide, including 306 authorized invention patents, as of May 31, 2026. From 2022 to 2025, we were recognized by National Intellectual Property Administration (NIPA) as a national leader in intellectual property ownership. In 2023, we were recognized as one of the Postdoctoral Innovation Practice Bases in Shenzhen.

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Our technological leadership is built on the strength of our R&D team. We have established a multidisciplinary team of over 160 researchers as of May 31, 2026 with expertise spanning biomedical sciences, sensor technology, pulse electrotherapy, mechanical kneading, hybrid drive mechanisms, hardware engineering, software development and algorithm design. Many of our researchers are experts in their respective fields with extensive industry experience and academic backgrounds that drive our innovation forward. With the support of this talented team, we are well positioned to sustain our momentum in technological innovation and further strengthen our competitive advantage.

Effective Distribution Model Driving Market Reach

Our distribution system creates synergies in channel penetration and market expansion and became a core advantage driving our long-term sustainable development. Through our distribution model, we achieve full coverage of traditional and emerging e-commerce channels like Tmall, JD.com, and TikTok. Our strategic integration of online and offline channels generates a synergistic effect that drives cross-channel sales of products. As of May 31, 2026, our distribution network consists of over 250 offline stores and approximately 1,700 retail spots, with offline channels covering 30 provinces nationwide.

We streamline the management of our distribution channels through a dedicated IT platform. We fully leverage our strengths to provide distributors with comprehensive support including training, and marketing support. Distributors, utilizing their deep understanding of regional markets, accelerate our product’s penetration. On the same e-commerce platform, we usually promote different series of products across different distributors’ online stores, guiding them towards complementary development and avoiding internal competition. This strategy not only enhances market penetration of our products but also fosters a diversified and professional brand perception among consumers.

Compared to industry players relying primarily on direct sales, our distribution model demonstrates greater flexibility and mutual trust. The players who heavily relied on direct sales model may face challenges when expanding into distribution due to difficulties in balancing distributor interests. We believe that shared interests with distributors are key to their choice to partner with us and to our sustainable development. By empowering distributors to lead retail operations, we can focus more on R&D and products’ innovation. This specialization creates a virtuous cycle of mutual empowerment between us and our distributors.

Smart Manufacturing and Supply Chain Synergy Advantages

We built the SKG Future Health Digital Manufacturing Base, facilitating the entire R&D and production process including manufacturing, user experience, and testing. Our manufacturing base has achieved end-to-end digital management and control, fully automated information flow and real-time data collection from raw material outbound to production delivery. The base features high-precision automated SMT production lines, expanded production capacity, and a stringent quality control system, enabling rapid mass production of our new products while maintaining high yield rates. Additionally, the facility includes an advanced on-site laboratory dedicated to quality assurance and product validation, ensuring compliance with our rigorous standards. Combined with a fully digitized production line, this integration allows seamless monitoring, and continuous improvement across every stage of manufacturing.

Furthermore, we emphasize the deep collaboration with top supplier resources. Our highly efficient supply chain features a high level of automation in production. Through close

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cooperation with component, material, and module suppliers, we fully leveraged their technological capabilities and integrating them into our product development cycle.

Our Insightful Management Team

The story of SKG’s growth stems from our professional management team deeply rooted in the field of smart health technology. Our management team has strategically formulated and implemented an iconic product strategy, under which we have launched a series of iconic products widely recognized by consumers. In addition, leveraging strategic foresight, the management team has consistently invested in technology, R&D, and supply chain capabilities, demonstrating strong capability in brand incubation, which represents one of the key competencies in our pursuit of becoming a notable smart health technology group.

STRATEGIES

Drive Portfolio Expansion Toward Professional Solutions

We will continue to focus on pain relief and chronic diseases. Ongoing iterations of our existing smart soothing wearables enable us to deepen our presence in pain relief management. In addition, we plan to further develop our smart health devices, particularly the early warning watches and early warning wristbands, and household diagnostic all-in-one devices to address chronic disease management. Our early warning wristband is planned for launch in the third quarter of 2026, which performs continuous health monitoring and will proactively recommend medical consultation if abnormal fluctuations in key health indicators are detected.

Leveraging our technological strengths, we will expand our product portfolio to include devices with technologies widely used in medical fields and enter the professional pain relief market with products designed for consumers. We believe our products are not merely hardware devices; they serve as the foundation for our future health management services. For example, our smart health watches will further incorporate oscillometric blood pressure monitoring, wrist-based ECG functionality, blood glucose tracking, as well as heart rate, blood oxygen, and body temperature sensing. These features will allow us to provide reminders related to users’ daily living conditions, medication regimens, and other health factors in the future. Specifically, our digital chronic disease management solutions primarily include hypertension management solutions and cardiovascular disease screening and management solutions. Leveraging data collected from our smart health watches and applying our proprietary AI algorithms, we provide users of our products with personalized analytical solutions and regular reports on hypertension and cardiovascular health. In addition, we can coordinate with physicians to offer online guidance, encouraging our users to seek timely medical attention when necessary.

Looking ahead, we will continue to integrate our AI technology into our products. By incorporating advanced sensors, our product portfolio will proactively adapt to users’ health needs and deliver personalized adjustments in real time, which will strengthen our brand loyalty and drive long-term users’ retention.

Additionally, by integrating data from both our existing consumer-grade devices and future advanced products, we plan to combine large AI models with internet hospital platforms to provide a closed loop of services, enabling digital chronic disease management solutions that cover the full spectrum of detection, diagnosis, and intervention. For example, we plan to further develop our large AI models and enhance our core algorithm capabilities in the app for sleep stage analysis and early-stage detection of heart rate irregularities. According to Frost & Sullivan, our industry is shifting from “health tracking” to “health prediction and intervention,”

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marking the rise of proactive preventive healthcare. This creates a closed-loop of “monitoring–analysis–intervention–feedback,” empowering users to take charge of their own health decisions.

Increase R&D Investment

We plan to increase our investment in research and development, deepening our exploration of frontier technologies to establish a more resilient and forward-looking innovation ecosystem. Specifically, we will continuously expand and strengthen our R&D capabilities across medical electronics, sleep aid technologies, digital therapeutics, health diagnostics, vital sign monitoring, and physical and physiotherapy technologies – encompassing modalities such as sound, light, electrical, thermal, and magnetic interventions. To achieve this, we will attract top interdisciplinary talent, upgrade our R&D infrastructure.

Additionally, through closer collaboration among industry, academia, and research institutions – as well as enhanced synergy across the supply chain – we aim to accelerate the translation of technological breakthroughs into viable commercial products. For example, we have been continuously collaborating with universities and research institutions to conduct efficacy studies targeting specific body parts (such as the shoulder and neck) or symptoms (such as soreness, fatigue, and post-exercise recovery), thereby supporting the upgrade and iteration of the functionality and materials of our products. These initiatives will lay a strong foundation for sustainable business growth, continuous product improvement, and long-term technological leadership.

Strengthen Market Presence and Brand Image

We will continue to strengthen brand equity, enhance influence, and increase market recognition. To achieve this, we will continue integrating online and offline resources to deliver multi-dimensional brand experiences. Leveraging mainstream social media platforms such as TikTok, Rednote, and Weibo, we will expand content creation and community engagement. Through celebrity endorsements, influencer collaborations, cross-industry partnerships, and IP co-creations, we aim to enrich brand storytelling and boost interactivity and relevance. To strengthen our offline presence, we plan to increase store density in key regions and establish high-visibility touchpoints in strategic locations such as airports, high-speed rail stations, and core business districts. For example, in 2026, we plan to collaborate with our distributors to open over 60 new offline stores, with a focus on the East China and Northeast China.

We will also reinforce the alignment between our core products and brand philosophy. Looking ahead, we plan to open high-end experiential flagship stores to showcase the brand and facilitate customer interaction. As part of our marketing strategy, we will further focus on monitoring key online metrics such as branded search volume and direct conversion rates. We also intend to utilize prime locations (such as airports and high-speed railway stations) for brand displays to expand our influence among business professionals.

Expand Global Footprint and Enhance Omni-Channel Sales Network

According to Frost & Sullivan, the smart soothing wearables segment has also experienced rapid growth. For example, the global market size of smart soothing wearables expanded from US\$4.9 billion in 2020 to US\$9.1 billion in 2025, achieving a CAGR of 13.1%, which is projected to reach US\$18.6 billion by 2030 representing sufficient demand in the global smart soothing wearables market, as confirmed by Frost & Sullivan. To achieve this, we plan to allocate part of the net [REDACTED] for global brand building and omnichannel marketing to

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further enhance our brand awareness. See “Future Plans and Use of [REDACTED]” for more details. We aim to strengthen our global footprint and accelerate international business growth. Our plan includes increasing investment in global channels and marketing resources to build a broader, more efficient international sales network. To this end, we will forge diverse partnerships with multinational corporations and local distributors, prioritizing market coverage in key regions including the U.S., Southeast Asia, East Asia, and Europe.

Our growth strategy is anchored in long-term, stable distributor relationships. We will continue to advance our omni-channel approach, enhancing both the breadth and depth of offline channel development to strengthen market coverage and improve operational efficiency at the terminal level. To support this, we will upgrade our information management systems, equipping distributors with tools for sales data monitoring, inventory optimization, and user behavior analytics. We believe these capabilities will enable distributors to drive greater brand penetration and awareness across all touchpoints.

Pursuing Strategic Alliances to Expand Market Reach

We will also accelerate overseas expansion by acquiring overseas companies with brand, technology, and channel advantages. We view acquisition as a key future growth path, using external resource integration to efficiently enter new product categories and quickly access target markets. For instance, our acquisition of the OTO brand in 2025 will allow us to fully leverage its brand influence and channel foundation in Southeast Asia, helping us rapidly enter overseas markets and enhance overall overseas business scale. We will further seek potential investment and acquisition opportunities to invest in or acquire leading companies within the industry. To achieve this, we plan to allocate approximately [REDACTED]% of the [REDACTED], or [REDACTED] million, which is expected to be used for further integration of upstream and downstream industry resources and exploration of strategic partnerships. For details, see “Future Plans and Use of [REDACTED].” By synergizing organic growth with external acquisitions, we will steadily build a more competitive advantage in the future.

OUR PRODUCTS

Founded with the mission to promote health and wellness for all through the power of technology, we integrate proprietary technology with user-centric design to deliver smart, effective, and aesthetically pleasing health and wellness products. Our portfolio features smart soothing wearables with full-body options, fitness recovery and toning gears, smart health watches, and wellness-focused home products. During the Track Record Period, substantially all of our revenues were generated from the sale of our products. The following table sets forth a breakdown of revenues by product category both in an absolute amount and as a percentage of total revenues for the years/periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)						(Unaudited)			
Revenue from the sale of products										
Smart soothing wearables										
Shoulder and neck soothing wearables	509,167	48.9	522,158	50.3	500,119	41.4	192,435	45.7	237,398	37.1

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	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)						(Unaudited)			
Waist soothing wearables	252,089	24.2	205,684	19.8	209,843	17.4	75,353	17.9	134,386	21.0
Eye soothing wearables	82,498	7.9	92,274	8.9	93,024	7.7	33,316	7.9	42,706	6.7
Other smart soothing wearables ⁽¹⁾	44,582	4.3	35,408	3.4	52,867	4.4	19,978	4.7	27,922	4.4
Subtotal	888,336	85.3	855,524	82.4	855,853	70.9	321,082	76.2	442,412	69.2
Fitness recovery and toning gears	97,213	9.4	138,248	13.2	291,935	24.2	86,700	20.5	149,353	23.3
Smart health watches	47,997	4.6	23,608	2.3	7,128	0.6	3,690	0.9	5,560	0.9
Wellness-focused home products⁽²⁾	6,808	0.7	21,508	2.1	51,981	4.3	9,993	2.4	42,294	6.6
Total	1,040,354	100.0	1,038,888	100.0	1,206,897	100.0	421,465	100.0	639,619	100.0

Notes:

- (1) Other smart soothing wearables primarily include knee and leg soothing wearables.
- (2) Wellness-focused home products primarily consist of items such as smart massage sofa chairs and sleep pillows.

The following table sets forth a breakdown of revenue from the sale of products by geographical locations for the years/periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%	Revenue	%
	(in thousands, except for percentage)						(Unaudited)			
Chinese Mainland	961,028	92.4	974,817	93.8	1,060,806	87.9	386,710	91.8	556,491	87.0
Other countries and regions ⁽¹⁾	79,326	7.6	64,071	6.2	146,091	12.1	34,755	8.2	83,128	13.0
Total	1,040,354	100.0	1,038,888	100.0	1,206,897	100.0	421,465	100.0	639,619	100.0

The following table sets forth a breakdown of gross profit and gross profit margin from the sale of products by geographical locations for the years/periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(in thousands, except for percentage)						(Unaudited)			
Chinese Mainland	472,746	49.2	479,460	49.2	521,963	49.2	198,319	51.3	268,686	48.3
Other countries and regions ⁽¹⁾	44,295	55.8	36,138	56.4	80,628	55.2	19,524	56.2	45,125	54.3
Total	517,041	49.7	515,598	49.6	602,591	49.9	217,843	51.7	313,811	49.1

Note:

- (1) Other countries and regions primarily included our revenue from the United States, Hong Kong and Singapore.

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The following table sets forth a breakdown of sales volume and average selling prices by product type for the years/periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(in thousand)	RMB	(in thousand)	RMB	(in thousand)	RMB	(in thousand)	RMB	(in thousand)	RMB
Smart soothing wearables										
Shoulder and neck soothing wearables . .	2,410	211.2	2,353	221.9	2,275	219.9	932	206.4	1,153	205.8
Waist soothing wearables	1,040	242.5	706	291.3	711	295.3	260	289.5	616	237.3
Eye soothing wearables .	349	236.5	384	240.1	355	262.0	129	258.7	178	239.3
Other smart soothing wearables	244	182.8	186	190.1	291	181.8	117	170.8	133	209.7
Subtotal	4,043	219.7	3,629	235.7	3,631	235.7	1,439	223.2	2,081	218.3
Fitness recovery and toning gears	594	163.7	873	158.4	1,578	185.0	476	182.0	701	196.2
Smart health watches .	139	344.5	87	272.2	29	248.6	12	299.0	17	329.7
Wellness-focused home products	57	119.2	140	154.1	166	312.3	75	133.8	128	330.4
Total	4,833	215.3	4,729	219.7	5,404	223.3	2,002	210.5	2,927	218.6

The following table sets forth a breakdown of sales volume and average selling prices of our products by geographical locations for the years/periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(in thousand)	RMB	(in thousand)	RMB	(in thousand)	RMB	(in thousand)	RMB	(in thousand)	RMB
Chinese Mainland	4,614	208.3	4,543	214.6	5,024	211.2	1,898	203.8	2,753	202.2
Other countries and regions	218	363.4	185	345.4	381	383.7	104	332.8	174	478.1
Total	4,833	215.3	4,729	219.7	5,404	223.3	2,002	210.5	2,927	218.6

Note:

- (1) Other countries and regions primarily included our revenue from the United States, Hong Kong and Singapore.

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Smart Soothing Wearables

We offer a comprehensive range of smart soothing wearables, each designed to target specific areas of the body for comfort and relief. We ranked first among domestic players in China’s smart soothing wearables market in terms of GMV, with a domestic market share in China reaching 21.6% in 2025, according to Frost & Sullivan. The following table sets forth the breakdown of our sales volume by type of our smart soothing wearables for the years/periods indicated:

Shoulder and Neck Soothing Wearables

The shoulder and neck soothing wearables were the first products we introduced to the market. Today, we have built a comprehensive product portfolio addressing the widespread issue of cervical and shoulder discomfort, a condition increasingly associated with modern lifestyles. Our offerings of shoulder and neck soothing wearables span fashion, classic, and high-end luxury models, meeting the diverse needs of users across different age groups, professions, and consumption levels.

Models	Series	Target Users	Sample Pictures
High-end Luxury Model	G7	<ul style="list-style-type: none"> high-end business professionals 	
	P7		
Classic Model	G5	<ul style="list-style-type: none"> Urban white-collar workers 	
	H5		
Fashion Model	4098 III	<ul style="list-style-type: none"> New professionals 	
	H3		

Our shoulder and neck soothing wearables are mainly categorized into those designed for the shoulder area and those designed for the neck area. As of the Latest Practicable Date, we have primarily launched six series of shoulder and neck soothing wearables with the recommended retail prices ranging from RMB299 to RMB1,999.

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Our neck soothing wearables integrates multiple advanced technologies, combining physical massage, pulse stimulation and thermal therapy to deliver multi-tiered solutions. A key innovation is our integrated massage head design, which embeds electrical pulse and heating components directly within the massage heads. This proprietary design enables both vibration dot-matrix massage and rolling kneading massage, which are further augmented by TENS and EMS pulse currents and a thermal compress function.

Designed for convenience, our neck soothing wearables feature lightweight, ergonomic, and highly portable design – ideal for use at home, in the office, or while traveling. Many models feature smart APP connectivity, allowing users to customize massage modes, intensity levels, and temperature settings to their personal preferences. Premium, skin-friendly materials are used throughout, ensuring both comfort and long-lasting durability.

Like our neck soothing wearables, our shoulder soothing wearables also integrate a variety of our advanced technologies. By combining advanced pulse stimulation and thermal therapy, our shoulder soothing wearables deliver deep relaxation and fatigue relief, making them suitable for use in home, office, and in-car scenarios. The Series H, a flagship model of our shoulder soothing wearables, stands out for its strong kneading action and versatile multi-modal massage. Its built-in integrated physical massage heads could replicate manual techniques such as kneading, tapping, and shiatsu.

Through the integration of advanced technologies, contemporary design, and positive user experiences, we fostered a loyal user base and made our shoulder and neck soothing wearables the best-sellers among our products. During the Track Record Period, the total sales volumes of our shoulder and neck soothing wearables were approximately eight million units.

Waist Soothing Wearables

As of the Latest Practicable Date, we have launched three primary categories of waist soothing wearable spanning fashion, classic and high-end luxury models, with the recommended retail prices ranging from RMB299 to RMB1,599.

Models	Series	Target Users	Sample Pictures
High-end Luxury Model	G7	• high-end business professionals	
Classic Model	G5	• Urban white-collar workers	
Fashion Model	G3	• Generation Z consumers and white-collar workers	

Our waist soothing wearables are designed to deliver deep massage, thermal therapy, and fatigue relief for the lumbar spine and its surrounding muscle groups. They are specifically developed for individuals experiencing lumbar discomfort arising from prolonged sitting, long-distance driving, household chores, or post-exercise recovery, such as white-collar workers, drivers, and the elderly. They utilize a combination of medium-frequency pulses and biomimetic massage heads, along with multiple massage modes and intensity adjustments to provide targeted relief. Our waist soothing wearables have integrated proprietary medium-frequency pulse technology, which leads the industry with its stable and continuous output according to Frost & Sullivan.

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A key innovation in our waist soothing wearables is the unified belt design, offering a lightweight and flexible solution that enhances breathability and water resistance while significantly reducing their overall thickness and weight. As a result, our waist soothing wearables are washable, easy to store, and highly portable for use across a variety of scenarios.

We have established a multi-tiered product matrix, spanning from classic to high-end models, to meet the diverse waist health and wellness needs of a wide range of consumers.

Our waist soothing wearables’ adaptability to different scenarios directly addresses the pain point and market demand for less bulky, more convenient alternatives to traditional massagers.

Eye Soothing Wearables

As of the Latest Practicable Date, we have launched three primary categories of eye soothing wearables, including fashion, classic and high-end luxury models, with the recommended retail prices ranging from RMB439 to RMB1,699.

Models	Series	Target Users	Sample Pictures
High-end Luxury Model	E9	<ul style="list-style-type: none"> High-end business professionals 	
	K7	<ul style="list-style-type: none"> Middle class and white-collar workers 	
	E7	<ul style="list-style-type: none"> Teenagers 	
Classic Model	U5	<ul style="list-style-type: none"> Urban white-collar workers 	
	K5		
Fashion Model	E3-2	<ul style="list-style-type: none"> New professionals 	

Our eye soothing wearables are designed to relieve eye fatigue and relax ocular muscles. They address common issues caused by prolonged screen use, extensive reading, sleep deprivation and other lifestyle factors. Targeting office workers, students, and the elderly, our eye soothing wearables combine core technologies such as airbag compression massage, thermal therapy, and multi-frequency vibration with features like simulated manual kneading powered by

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tungsten-alloy micro-vibration motors, and integrated music healing and smart controls. This synergy delivers a comprehensive solution providing massage, thermal therapy, and overall eye care.

Our eye soothing wearables deliver relaxation through 6-airbag or 9-airbag systems, and up to 20 precision massage techniques targeting key ocular acupoints. This design simulates the effects of professional manual kneading to effectively relieve muscle tension around the eyes. A constant thermal therapy function, operating at 38–42°C, provides soothing warmth to alleviate dryness and soreness while promoting local circulation for a refreshed feeling. For more targeted relief, certain models like our K7 feature alternating thermal and cooling therapy, utilizing semiconductor ceramics to help reduce puffiness and the appearance of dark circles. The user experience is further enhanced by an integrated audio component, offering built-in calming music or curated content developed in collaboration with professional music teams. Features such as intuitive APP control and foldable designs ensure portability and user convenience.

Our eye soothing wearables feature multiple independent massage heads precisely aligned with acupoints around the eyes. The use of high-quality materials, including silicone, fabric, and metal, allows us to cater to varied aesthetic preferences and functional requirements.

Other Smart Soothing Wearables

Our other smart soothing wearables primarily comprise knee soothing wearables. As of the Latest Practicable Date, we have primarily launched three distinct series of knee soothing wearables, including W5, W3 and B3, with the recommended retail prices ranging from RMB399 to RMB900.

Models	Series	Target Users	Sample Pictures
Classic Model	W5	<ul style="list-style-type: none"> Urban sports lovers 	
Premium Model	W3	<ul style="list-style-type: none"> Elderly 	
Fashion Model	B3	<ul style="list-style-type: none"> Urban sports lovers 	

Our knee soothing wearables are designed to provide comprehensive knee care and target pain relief by combining vibration kneading and thermal therapy. Our smart knee soothing wearables deliver powerful and dynamic kneading focused on the knee joint. They also incorporate large-area red light illumination for effective thermal therapy and the integrated

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silicone design offers an ergonomic fit and ideal contact for maximum massage efficiency. Adjustable massage modes and heating levels allow for personalized massage, catering to various user needs.

Our knee soothing wearables employ technologies such as high-frequency vibration motors and dual-point massage heads to target joints and surrounding muscles with precision. In particular, the combination of high-frequency vibration and thermal therapy is highly effective in addressing the needs of middle-aged and elderly users, who often experience knee stiffness and discomfort.

Fitness Recovery and Toning Gears

Our fitness recovery and toning gears primarily includes abdominal toners and fascia guns. In 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026 our sales volumes of fitness recovery and toning gears reached approximately 593.7 thousand units, 873.0 thousand units, 1,578.0 thousand units, 476.4 thousand units and 775.0 thousand units.

Abdominal Toners

Our abdominal toners are designed to provide targeted and comprehensive care for the abdominal region, promoting relaxation and well-being. As of the Latest Practicable Date, we have launched three primary categories of abdominal toners covering fashion, classic and high-end luxury models, with the recommended retail prices ranging from RMB599 to RMB2,199.

Models	Series	Target Users	Sample Pictures
High-end Luxury Model	Q7	<ul style="list-style-type: none">High-end business professionals	
Classic Model	K7	<ul style="list-style-type: none">Urban white-collar workers	
Fashion Model	G3	<ul style="list-style-type: none">New professionals	

Our abdominal toners are designed to relax abdominal muscles, support core toning, and address issues such as abdominal laxity that can result from a sedentary lifestyle, diet, or lack of exercise. Our abdominal toners are particularly popular among wellness-conscious consumers and fitness enthusiasts. They leverage a combination of high-frequency vibration, EMS, and thermal therapy to deliver a multi-faceted solution encompassing massage, muscle stimulation, and body contouring support.

The Series K7, a representative model, showcases our dedication to product innovation. It integrates vibration modules comprising six sets of 12mm-diameter motors, precisely targeting the six abdominal muscle groups, delivering a powerful and precise massage.

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We also utilize premium materials such as medical silicone and proprietary gold ion fabric, which are skin-friendly and offer excellent heat retention. A unique pull-strap design enables bidirectional pressure application, ensuring a secure and customized fit for waist sizes ranging from 750mm to 1,200mm.

Fascia Guns

Our fascia guns are engineered for deep tissue muscle relaxation and recovery, making them indispensable tools for athletes, fitness enthusiasts, and individuals seeking relief from muscle soreness and stiffness. They are simple to use and highly portable. As of the Latest Practicable Date, we have launched three primary series of fascia guns, including X7, F7 and F5, with the recommended retail prices ranging from RMB299 to RMB999.

Models	Series	Target Users	Sample Pictures
High-end Luxury Model	X7	• fitness enthusiasts	
	F7	• Middle class	
Classic Model	F5	• White-collar workers	

Our fascia guns are characterized by their high-frequency impact and deep percussive action. These capabilities are powered by advanced technologies including high-performance brushless motors and a suite of interchangeable massage heads. Key technical specifications include:

- **High-Frequency Impact:** Our high-performance brushless motors generate percussion frequencies ranging from 1,000 to 3,200 strikes per minute, which rapidly alleviates tension within the fascial layers of muscle tissue.
- **Deep Percussive Stroke:** Our fascia guns deliver stroke depths of 7mm to 14mm to reach deep muscle tissue. For example, our X7 model features a 14mm stroke depth designed to effectively target and release lactic acid build-up in deep muscle layers.

Our products are crafted from durable, skin-friendly materials to ensure safety and comfort, and they are equipped with long-lasting batteries to support extended therapy sessions. Besides, each of our fascia guns comes with a set of four to six ergonomically designed, interchangeable massage heads (including spherical, flat, and U-shaped). This allows users to target different muscle groups with varying levels of intensity and precision.

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Key performance metrics of our certain fascia guns include a maximum percussion speed of 3,200 strikes per minute and a stroke depth of up to 14mm. We have implemented a tiered product structure of our fascia guns, spanning basic and high-end models, catering to a wide demographic from students to professionals.

Smart Health Watches

We launched our smart health watches in 2022, offering professional health data monitoring and in-depth wellness analytics. These smart health watches are designed to provide comprehensive health monitoring features, including real-time heart rate tracking/PPG, ECG, heart rate monitoring, detailed sleep analysis, and advanced activity monitoring (such as steps and calories), as well as health risks alerts such as heart health/myocardial infarction/stroke. As of the Latest Practicable Date, we have launched three primary series of smart health watches: S7, GT5 and V7II, with the recommended retail prices ranging from RMB499 to RMB2,999. In 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026, our sales volumes of smart health watches reached approximately 139.3 thousand units, 86.7 thousand units, 28.7 thousand units, 12.3 thousand units and 16.9 thousand units. The following table summarizes the positioning, target users and key features of our major smart health watch series:

Models	Series	Target Users	Sample Pictures
Flagship Model	S7	Middle-aged and elderly population	
Sports Model	GT5	Young adults and sports enthusiasts	
Fashion Model	V7II	Young generation	

Utilizing advanced biosensor technology and data analytics, our smart health watches enable users to proactively monitor their health status and receive personalized wellness reports through a dedicated mobile application.

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Our smart health watches are equipped with multiple alert functions. Certain of our flagship models (such as the S7) utilize the oscillometric method to deliver precise blood pressure monitoring. Our watches support automatic, periodic measurements, alongside 24/7 blood oxygen monitoring and continuous heart rate tracking, enabling early detection of potential health irregularities. In particular, our high-end models feature:

- **Sudden Blood Pressure Fluctuation Alert.** By monitoring data like heart rate and HRV through our smart health watches, our system estimates the trend of blood pressure. An alert is triggered if two consecutive readings show a change that exceeds a predefined threshold, indicating a sudden and potentially dangerous fluctuation.
- **Hypertension Risk Alert.** Our smart health watches could perform a comprehensive analysis to determine if a user is at risk of developing hypertension. They combine oscillometric blood pressure measurements with trend analysis, assessing the users’ risk level based on the classification and progression of recent blood pressure readings.
- **Sleep Quality Anomaly Alert.** Employing AI technology, our smart health watches could provide a comprehensive evaluation of sleep quality and identifies potential risk trends. The assessment is based on a synthesis of data including sleep duration, sleep and wake times, and heart rate variations during sleep.
- **High/Low Heart Rate Alert.** An alert is triggered after a cloud-based algorithm confirms that the users’ heart rate has continuously remained above or below a predefined risk threshold for a 10-minute period.
- **Abnormal Blood Pressure Trend Alert.** An alert is triggered if the difference between the average systolic or diastolic blood pressure over the most recent week and those from the previous week exceeds the average from the predefined risk value.
- **Fatigue Level Warning.** Our smart health watches could predict the users’ near-term risk of significant fatigue through comprehensive analysis and AI. Our watches could integrate multi-modal data collected over several consecutive days, including sleep patterns, physical activity levels, and heart rate data.

Furthermore, as illustrated by our GT5 model, our certain smart health watches support over 100 distinct sports modes, independent Bluetooth calling, and high-precision GPS positioning for accurate outdoor activity tracking. They are further equipped with large, high-resolution displays, convenient magnetic charging, and an extended battery life of up to nine days under typical usage scenarios.

Designed for active lifestyles, our smart health watches are crafted from durable, lightweight, and waterproof materials and feature vibrant, energy-efficient displays.

Wellness-Focused Home Products

In addition to our core product categories – which include smart soothing wearables, fitness recovery and toning gears, and smart health watches – we have also strategically expanded our offerings to include a diversified portfolio of Wellness-focused home products, such as smart massage sofa chairs and sleep pillows. These products underscore our commitment to innovative design and superior quality, offering solutions engineered to enhance daily well-being. In 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026, our sales volumes of

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wellness-focused home products reached approximately 57.1 thousand units, 139.6 thousand units, 166.4 thousand units, 74.7 thousand units and 128.0 thousand units.

Smart Massage Sofa Chairs

Our smart massage sofa chairs are designed to integrate advanced massage functionality with the aesthetics of contemporary home furniture. They address the muscle fatigue and suboptimal health conditions affecting the cervical, lumbar and gluteal regions, which are often associated with prolonged sitting and modern lifestyle stresses. As of the Latest Practicable Date, we primarily have three primary series of smart massage sofa chairs: T9, T5 and H5, with the recommended retail prices ranging from RMB10,999 to RMB52,999.

Models	Series	Target Users	Sample Pictures
Smart Luxury Massage Chair	T9	<ul style="list-style-type: none"> High Income Elites 	
Premium Quality Massage Chair	T5	<ul style="list-style-type: none"> Young-to-middle-aged Houseowners 	
Smart Massage Sofa	H5	<ul style="list-style-type: none"> Businessman in Tie-1 Cities 	

Our smart massage sofa chairs provide comprehensive full-body or targeted relaxation and therapeutic benefits through a combination of mechanical massage, thermal therapy, and air pressure techniques. Designed for integration into home environments such as living rooms and studies, they meet the dual consumer demand for comfortable home furnishings and effective personal wellness solutions.

In line with our other core products, our smart massage sofa chairs are developed with our advanced technologies and design concepts. The Series H, for example, offers 12 distinct massage modes and 3D smart adjustments tailored to the shoulders, back, and hips. It incorporates advanced thermal therapy, with selected models equipped with graphene far-infrared moxibustion and large-area heating to ease muscle stiffness and fatigue.

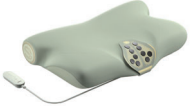
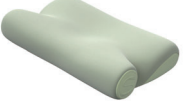
Furthermore, featuring high-tech fabrics and a Nordic-inspired minimalist aesthetic, our smart massage sofa chairs strike a perfect balance between style and function. Their compact design – for example, the H5 model occupies roughly half the space of a traditional massage chair – makes them ideal for homes with limited room.

Our smart massage sofa chairs have carved out a distinct market position. The product portfolio is strategically structured, with the H5 model addressing the executive demand and the T9 model catering to the premium tier, the T5 model catering to the young-to-middle ages houseowners, allowing us to achieve broad market acceptance with a well-rounded product matrix.

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Sleep Pillows

Our sleep pillows are one of our offerings targeting the rapidly expanding market for health-conscious sleep solutions. Our product portfolio comprises a multi-tiered range of sleep pillows, designed to cater to diverse consumer segments. As of the Latest Practicable Date, we primarily have Series P sleep pillows, with the recommended retail prices ranging from RMB369 to RMB899. The following table summarizes the positioning, target users and key features of our major sleep pillow series:

Models	Series	Target Users	Sample Pictures
Premium Model	P5	White-collar workers and senior middle-class individuals suffering from sleep issues or neck discomfort	
Classic Model	P3 III	Affluent urban professionals and high-net-worth individuals seeking high-quality lifestyle products	
Quality Model	P1 II	Urban professionals and office workers prioritizing quality and comfort	

Our sleep pillows are scientifically engineered to reduce pressure on the cervical spine and enhance sleep quality. This is achieved by integrating advanced materials, ergonomic design, and smart wellness technologies such as graphene far-infrared heating and sound-based sleep induction. A key feature across all our sleep pillows is their ergonomic, multi-zone design, which delivers tailored support to the head, neck, and shoulders based on sleeping posture, which effectively mitigate strain and improve spinal alignment.

We have integrated advanced technologies into sleep pillows, including features such as graphene heating, multi-zone ergonomic support and memory foam application.

OUR TECHNOLOGIES

We have established a technological foundation through a steadfast commitment to research and development. By consistently investing in innovation, we have developed significant technological capabilities that provide a distinct competitive advantage in the industry. This deep accumulation of technological capabilities not only enhances our product offerings but also reinforces our dedication to technology leadership strategy.

The table below illustrates the proprietary technologies developed through our in-house research and development efforts.

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Technology Category	Core Technology	Technical Advantages and Manifestations
Miniaturized Physical Health Technology . . .	Miniaturized Medium Frequency Pulse Technology	We have adopted innovative waveform signal carrier modulation circuit, miniaturized step-up and step-down technology, and corresponding waveform generation algorithm, using static loss power components to improve power supply efficiency. Thus, the traditional medium frequency medical device waveform was integrated into wearable devices without loss of effect, bringing better massage experience to users.
	Multi-channel Waveform Control Technology	To optimize the problem of fixed action area and single technique caused by single-channel waveform output of dual electrodes, we have used the waveform generation device for time-sharing multiplexing. The controller precisely controls the electrode position, number of pieces, output waveform, frequency and duration, and outputs to 2/4/6/8 electrodes.
	Transcutaneous Nerve Electrical Stimulation (TENS) Application Technology	We have integrated the pulse generation device of the soothing wearables with the skin-friendly electrode, sending customized low-current, low-voltage pulse through the electrode to the skin contact area to relieve muscle soreness. Meanwhile, we have applied high-precision waveform control system, high-sensitivity current sensor feedback system, and wearable human-computer engineering design to effectively enhance the use effect and experience.
	Neural Muscle Electrical Stimulation (EMS) Application Technology	The company used a bidirectional pulse group with a pulse width of 200-400μs and a frequency of 20-50Hz to stimulate specific muscle groups through skin contact electrodes, causing muscle contraction movements, consuming heat and reducing muscle stiffness and fatigue, enhancing muscle toughness and vitality, and effectively relieving various discomforts caused by muscle relaxation, prolonged sitting and improper posture.
IoT and Intelligent Technology	Cervical Health Assessment and Detection Technology	We have placed a six-axis sensor inside the floating massage head of our shoulder and neck soothing wearables, which is in close contact with the neck. On one hand, it detects the curvature state of the user’s cervical spine and assesses its health status through big data analysis, providing users with health guidance services. On the other hand, it detects the neck movement state and calculates the activity of neck joints and muscles through algorithms. During periods of prolonged sitting, it provides intelligent cervical care solutions by massaging the muscles with electric pulses.
	IoT Platform Data Interconnection Technology	Based on Bluetooth BLE, WIFI and other interconnection technologies, we have realized intelligent control, human-computer interaction, OTA upgrade and other functions between IoT device terminals and mobile terminals.
	Pulse Transient Protection Technology	Cervical massager products usually output current directly according to the modulated gear. When users use improperly or wear unreliably, it will cause current discomfort, thereby affecting user experience. Based on impedance detection technology, we monitor the contact impedance between electrodes. When the contact is unreliable or the wearing is cancelled, the protection mechanism is activated to cut off the output. When the contact is reliable, the gear is gradually upgraded to restore the usage state, optimizing the user’s operation experience and solving the discomfort caused by instantaneous pulse to the skin.

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Technology Category	Core Technology	Technical Advantages and Manifestations
Wearable Industrial Design Technology	Adaptive Clamping and Wearing Technology	To meet the comfort requirements of users with different neck circumferences, we have launched a structure combining a one-piece bracket with soft and hard rubber. The “Ω” shape design and skin-friendly flexible materials enable users to achieve adaptive clamping after wearing, enhancing the fit and comfort of wearing.
	Integrated Massage Head Design Technology	Referring to the human hand massage scenario, we designed the massage head assembly into multiple finger-sized massage heads and integrated the pulse and heating components into the massage heads. Using vibration matrix massage, driven by an independent motor, the massage heads simulate the real techniques and tactile sensations of human hand massage.

PRODUCT RESEARCH AND DEVELOPMENT

We believe our success is largely attributable to our product research and development capabilities, which enable us to consistently bring innovative and stylish products to the market. Our approach is driven by user needs, allowing us to systematically develop impactful products. We follow a unique approach to product innovation that focuses on delivering our core value, while also making ongoing improvements to the technology. This combination of product innovation and iterative upgrades enhances our products’ competitiveness. Throughout the Track Record Period, we have embraced a forward-thinking R&D philosophy, “researching one generation ahead, developing the next, and mass-producing the current.”

Our product research and development process is comprised of four major stages. The R&D process is structured to provide high-quality and reliable massage technology products across all categories and for all scenarios. Our product research and development process can be summarized below.

- *Technical Prototype Pre-research Phase.* In this initial stage, we conduct technical pre-research based on product requirements, planning, and technology roadmaps. The objective is to validate the feasibility of product demands, functional requirements, and the underlying technology platform. Success in this phase is confirmed by a technical prototype demonstrating its alignment with product needs and sufficient technological maturity for progression. The outcome is ultimately confirmed by our quality and user experience departments to ensure desired performance and component/technology acceptance.
- *Product Pre-research Phase.* Upon successful technical prototype review, we enter the product pre-research phase. Here, we address any outstanding issues from the previous review and complete the holistic design for hardware, software, and structural components. We conduct preliminary evaluations of manufacturing processes and costs, and finalize critical component selections. Following an overall solution review, we proceed with sampling for product pre-research, conducting further acceptance and user experience testing to resolve performance and usability issues, ensuring product parameters align with initial requirements.
- *Functional Prototype Development Phase.* After the product pre-research machine is approved, we transition to the functional prototype phase. This stage focuses on fully finalizing the technical solution and product design, ensuring cost control, and

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confirming that no critical issues remain in quality testing and experience validation. All mold-related and manufacturability concerns are reviewed and addressed, bringing the product to a state ready for tooling investment.

- *Trial Production Phase.* Following tooling investment, the product enters the trial production phase. This stage primarily focuses on verifying design, mold mass-producibility, and manufacturing mass-producibility. Based on issues identified during trial production, we typically arrange two or three trial runs to ensure all improvements are achieved. Upon successful trial production, we initiate small-batch production to confirm that final molds, product parameters, and performance meet mass production requirements. Subsequently, our R&D, engineering, and quality teams finalize technical and quality parameters, release the ultimate product technical version and drawings, and formalize standard control documents, enabling our products’ full-scale mass production.

Our product research and development department is comprised of multiple teams dedicated to user research planning, industrial design, structural design and project engineering. These teams collaborate closely to guarantee the seamless implementation of the product research and development process. As of May 31, 2026, our research and development team consisted of 168 employees, with many designers who have extensive industrial and product development experience. During the Track Record Period, we have developed over 200 new products. In 2023, 2024, 2025 and for the five months ended May 31, 2026, our product research and development expenses were RMB95.5 million, RMB79.2 million, RMB73.3 million and RMB38.4 million, respectively, representing 9.1%, 7.6%, 6.0% and 5.9% of our revenue in the corresponding years/periods.

BRANDING AND MARKETING

Brand Building

Our competitiveness is deeply rooted in our brand reputation. We firmly believe that the superior quality of our products and services is the foundation for our brand reputation and the word-of-mouth referrals from our satisfied customers are the most powerful marketing tool for us.

We recognize the importance of long-term investment in brand building. As part of our branding strategies, we strive to maintain consistency in our brand perception across all communication channels in which we operate, ensuring that all our marketing initiatives are consistent with our core brand values of health, technology, fashion, and professionalism, and maximizing the exposure of our brand and products to our target customers.

Marketing Initiatives

We market our brand and products on an ongoing basis through various marketing initiatives, including collaboration with our sales channels, partnerships with reputable KOLs, and establishment of membership programs.

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We utilize cross-channel marketing efforts to solidify our strong presence across our multichannel sales network, including:

Online Marketing

We have established a robust online marketing framework through digital channels, with a primary focus on social media platforms like Douyin and Rednote. Our strategy integrates content creation, user interaction, and direct e-commerce conversion.

We attract and inform potential customers on those platforms with content that addresses modern health concerns (such as cervical care for frequent technology users), demonstrates practical massage methods, and showcases applicability of our products in various scenarios. This vividly illustrates how our products seamlessly fit into and improve daily life. The foundation of our brand trust is built upon user-generated reviews and lifestyle content shared by key opinion consumers.

We also engage KOLs from the health, technology, and lifestyle fields. We enlist medical professionals, tech reviewers, and influential bloggers to lend their professional perspectives and authoritative voices, offering in-depth interpretations of our products’ technology and effectiveness. Furthermore, we develop our brand and present our products through a mix of high-quality short-form videos, selective variety-show integrations, and elevator-screen advertising.

We generally collaborate with KOL/KOC/celebrity endorser agencies to engage KOLs/KOCs/celebrity endorsers for promotional activities. During the Track Record Period, there is no reliance on a particular KOL, KOC or celebrity endorser to promote our products.

The salient terms of the typical agreements with KOL/KOC/celebrity endorser agencies are set forth as follows:

Term: The term of the agreement is determined by the advertising publication period mutually agreed upon by the parties, typically one year.

Service scope: KOL/KOC agencies engage KOLs/KOCs/celebrity endorsers to conduct marketing campaigns to promote our products.

Fee arrangement: We typically pay a service fee in a fixed amount and/or as a percentage of sales amount generated during live streaming.

Intellectual property: We generally retain the intellectual property rights for materials supplied to KOLs/KOCs/celebrity endorsers for the creation of promotional content. KOLs/KOCs/celebrity endorsers typically retain intellectual property rights for their work products.

Product sales and post-sale customer service: We are responsible for providing products for sale and for post-sale customer services.

Termination: Agreements can typically be terminated upon expiry, by mutual consent, or in the event of a substantial breach by either party.

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Celebrity Endorsements and IP Collaborations

We have significantly raised brand awareness by partnering with celebrity endorsers and public figures. In 2023, 2024, 2025 and for the five months ended May 31, 2026, we engaged one, four, five and one public figures for our marketing activities, respectively. Besides, we also pursue a refined IP collaboration strategy. Rather than simple logo placement, our alliances with globally renowned IPs, such as Pokémon, involve deep co-creation spanning product design, packaging, and marketing content. By launching co-branded products such as the Pokémon-themed eye soothing wearables, we successfully combine the emotional appeal of the IP with our technological strength, attracting a broad base of Gen Z and young family consumers. Our alliances agreements with globally renowned IP partners are generally spanning for one year. Under the agreements, we pay licensing fees to these IP partners, which consist of a fixed base fee plus additional royalties calculated based on the quantity of products produced by us. The IP partners retain all intellectual rights to their respective IP. After deducting the licensing fees, the profits from the relevant co-branded products belong to us.

Offline Marketing and Experiential Engagement

We are actively expanding our offline interactive store network to create physical spaces that integrate product experience, brand showcase, and customer interaction. Our interactive stores feature dedicated product experience zones where consumers can try various health-care wearables, gaining an intuitive sense of the comfort and wellness benefits delivered by our products.

Through curated pop-up stores, shopping-mall displays, outdoor advertising, and other scenario-based activities, we extend product experiences into more everyday settings and bring the brand closer to consumers. These offline touchpoints let users feel our product strengths directly, while expert consultants provide demonstrations and guidance to help them find the most suitable health solutions, cultivating long-term brand loyalty.

Our OTO Brand

In line with our strategy to accelerate overseas expansion by acquiring companies with brand, technology, and channel advantages, on June 30, 2025 (the “**acquisition date**”), we completed the full acquisition of 100% equity interests in OTO Bodycare (H.K.) Limited, OTO International (Macau) Company Limited and OTO Wellness Pte. Ltd. (collectively, the “**OTO Portfolio**”) from independent third parties, being the joint and several liquidators of a public company in liquidation. We believe will enable us to fully leverage its brand influence and channel foundation. The total consideration of HK\$5.0 million was determined based on our internal business valuation with reference to the fair value of the identifiable net assets of the OTO Portfolio as of the acquisition date, amounting to approximately RMB4.6 million. This acquisition aligns with our strategic criteria regarding brand, technology, and channel advantages, as OTO’s established brand recognition and sales networks complement and facilitate the deployment of our existing technology advantages into overseas markets.

The OTO-branded series of products are marketed across multiple countries and regions, including but not limited to Singapore, Hong Kong and Macau. After the acquisition of OTO brand in 2025, we obtained exclusive control over the OTO brand and full entitlement to the profits derived from OTO-branded products. We enjoy exclusive rights to sell our OTO-branded products.

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OTO-branded products’ target markets are characterized by a global footprint, with a strategic focus on Asia and emerging markets. The OTO brand is positioned in the wellness-focused home products and targeted at users with professional massage needs, with its main products focusing on smart massage sofa chairs, ergonomic chairs, electric height-adjustable desks. We believe that the OTO-branded series of products is an expansion of our business scope. Our OTO brand operates under a light-asset business model, collaborating with high-quality supply chain manufacturers. Currently, the OTO brand does not engage in any self-built production capacity arrangements. By integrating our proprietary technologies with OTO’s brand and channels, we aim to revitalize the acquired brand and accelerate our global market expansion. The OTO Portfolio recorded a net loss for the year ended December 31, 2025, primarily driven by its capital constraints on brand marketing and operations inherent to its distressed financial status prior to our acquisition. For details, see Note 31 to the Accountants’ Report included in Appendix I to this document.

OUR SALES NETWORK AND PRICING

We sell our products through an extensive and diverse multichannel sales network to reach a wide range of customers, integrating offline and online channels. Our offline channels comprise (i) sales to distributors, and (ii) sales directly to our end-customers via our offline store. We also achieved success in our online sales and became business partners with major leading e-commerce and social media platforms, such as Tmall, JD, Douyin, Amazon and TikTok through sales via online stores primarily operated by our distributors.

Our sales model is primarily a distributor-led model, supplemented by a direct sales model for specific channels. During the Track Record Period, our revenue from the distributor model accounted for approximately 90.8%, 88.1%, 80.9% and 78.4% of our total revenue from product sales in 2023, 2024, 2025 and for the five months ended May 31, 2026, respectively.

The following table sets forth a breakdown of revenue by our sales channels in an absolute amount and as a percentage of total revenue from product sales for the years/periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>										
							<i>(Unaudited)</i>			
Revenue from the sale of products										
Distribution sales										
Online distribution . . .	578,450	55.6	585,926	56.4	553,591	45.9	209,444	49.7	279,156	43.7
Offline distribution . . .	366,577	35.2	329,820	31.7	423,060	35.0	141,984	33.7	222,061	34.7
Subtotal	945,027	90.8	915,746	88.1	976,651	80.9	351,428	83.4	501,217	78.4
Direct sales ⁽¹⁾	84,663	8.1	116,365	11.2	208,877	17.3	64,354	15.3	130,665	20.4
Others ⁽²⁾	10,664	1.1	6,777	0.7	21,369	1.8	5,683	1.3	7,737	1.2
Total	1,040,354	100.0	1,038,888	100.0	1,206,897	100.0	421,465	100.0	639,619	100.0

The following table sets forth a breakdown of sales volume and average selling prices of our products by sales channel for the years/periods indicated.

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	For the Year Ended December 31,						For the Five Months Ended May 31			
	2023		2024		2025		2025		2026	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(in thousand)	RMB	(in thousand)	RMB	(in thousand)	RMB	(in thousand)	RMB	(in thousand)	RMB
Distribution sales										
Online distribution . . .	2,670	216.7	2,675	219.1	2,550	217.1	1,029	203.6	1,431	195.0
Offline distribution . . .	1,930	190.0	1,811	182.1	2,328	181.7	810	175.3	1,230	180.6
Subtotal	4,600	205.5	4,486	204.1	4,878	200.2	1,839	191.1	2,661	188.4
Direct sales⁽¹⁾	190	445.8	214	542.8	404	517.4	132	488.5	223	585.2
Others⁽²⁾	43	246.9	29	235.5	123	174.0	31	181.6	42	182.4
Total	4,833	215.3	4,729	219.7	5,404	223.3	2,002	210.5	2,927	218.6

Notes:

- (1) Revenue from direct sales is primarily generated through our self-operated online stores. We also commenced our direct sales through offline channels in late 2024.
- (2) Others represent revenue generated from ODM sales and consignment sales.

Distribution Sales

Given the diversity and large volume of our product offerings and end customers and the significant variations in market conditions and customer preferences across different regions, we strategically collaborate with online and offline distributors who possess extensive sales channels to expand our market reach, gain insights into customer needs, and drive the sale of our products while enhancing our brand awareness. During the Track Record Period, certain of our distributors operated in overlapping channels, i.e. some of our online and offline distributors were overlapping. But they may not operate outside their authorized scope.

Substantially all of our distributors were primarily engaged in the business of distributing consumer goods in China. Our distributors amplify our market presence through their established networks and deep local insights. Our relationship with distributors is a buy-out model. We have a buyer and seller relationship with distributors who place orders with us based on their sales estimates and needs. We provide recommended retail prices to the distributors, and charge the distributors a mutually agreed price for our products. The revenue from our sale of products to distributors is recognized when the products have been delivered and accepted by distributors for domestic sales or when cleared at customs and loaded onto a vessel for export sales. Our distributorship model are in line with industry norm.

We also engaged overseas distributors to expand our market presence. We engaged 23, 23, 51 and 21 new overseas distributors in 2023, 2024, 2025 and for the five months ended May 31, 2026, and terminated 16, 16, 20 and 45 overseas distributors during the same years/periods, respectively. As of December 31, 2023, 2024, 2025 and as of May 31, 2026, the total number of our overseas distributors was 36, 43, 74 and 50, respectively. Most of our overseas distributors are based in Hong Kong, China. For the salient terms of our standard overseas distribution agreements, see “– Distribution Sales – Online Distribution” and “– Distribution Sales – offline Distribution” for details.

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To ensure high-quality sales and services, we implement a rigorous selection process and ongoing evaluation of our distributors. Our selection and evaluation criteria include industry qualifications, financial strength, prior experience with top-tier brands, sales network, industry background and resources, creditworthiness, commitment to long-term partnerships, among others.

We have established a comprehensive set of policies and a centralized system to monitor and manage our distributorships. Key aspects of our management and control include:

- *Price Monitoring.* We have a dedicated market inspection team that monitors online and offline prices which helps maintain uniform pricing and prevents unauthorized discounting.
- *Anti-Cannibalization.* We maintain uniform recommended pricing for both online and offline distributors to reduce channel conflict. Additionally, we grant distributors specific authorizations for sales channels, promoted products, and geographical regions and we typically designate specific distribution areas in offline channels or platforms in online channels to each distributor through distribution agreements. Our market-inspection teams monitor for unauthorized cross-channel or cross-regional activity on an ad hoc basis, and we encourage distributors to report suspected violations. In addition, each of our products carries a unique identification code that enables us to trace back its distribution path, helping to prevent diversion across different channels or regions. Where violations are identified, we will require prompt rectification, and such findings may impact the distributor’s performance evaluation.
- *Distributor Inventory Management.* We evaluate major distributors’ inventory data primarily by reviewing sales records using third-party e-commerce data management tools and through on-site inspections. Our sales and marketing team analyzes distributors’ sales plans and targets, providing strategic recommendations to enhance their performance and prevent inventory backlogs. Additionally, we maintain regular communication with key distributors to monitor sales progress and estimate inventory levels. Feedback from distributors offers valuable insights into actual market demand, enabling us to develop accurate sales and production forecasts and maintain optimal inventory levels.

We believe the risk of channel stuffing in our distribution network is low and recommended retail prices are strictly followed across our channels. This is supported by our buy-out model, strict credit terms, regular monitoring of distributors’ sell-through data, and our policy of generally not accepting product returns unless they relate to quality issues. For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, our trade and bills receivables turnover days were 15 days, 15 days, 20 days and 24 days, respectively. We generally require distributors to make full payment prior to product delivery, while under some circumstances, we may grant our distributors a credit term of no more than 60 days. We do not allow returns of products sold to distributors, except for defective products.

In 2023, 2024, 2025 and for the five months ended May 31, 2026, we generated revenue of RMB945.0 million, RMB915.7 million, RMB976.7 million and RMB501.2 million, respectively, from distribution, representing 90.8%, 88.1%, 80.9% and 78.4% of our total revenue from the sale of products in the same years/periods, respectively.

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Online Distribution

Our online presence is primarily maintained through a network of authorized distributors who operate flagship and specialty stores on major e-commerce platforms. Customers pay for those products through the e-commerce platforms, which will subsequently settle the payments with our distributors according to the policies of these platforms.

Our online distributors include major e-commerce platforms who directly sell our products to end consumers, such as JD.com and Tmall’s platform-operated stores, and other online distributors who operate their own stores on the e-commerce platforms.

In 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026, our revenue generated from online distribution was RMB578.5 million, RMB585.9 million, RMB553.6 million, RMB209.4 million and RMB279.2 million, accounting for 55.6%, 56.4%, 45.9%, 49.7% and 43.7% of our revenue from the sale of product in the respective years/periods.

The following table sets forth the movement in the number of our online distributors for the years/periods indicated:

	For the Year Ended December 31,			For the Five Months Ended May 31,
	2023	2024	2025	2026
Number of online distributors at the beginning of the year/period	77	86	57	37
Number of new online distributors for the year/period	26	12	9	8
Number of terminated online distributors for the year/period	17	41	29	9
Net increase/(decrease) in number of online distributors for the year/period	9	(29)	(20)	(1)
Number of online distributors at the end of the year/period . . .	86	57	37	36

In 2023, 2024, 2025 and for the five months ended May 31, 2026, we terminated business relationships with 17, 41, 29 and nine online distributors, respectively, primarily due to our evaluation of their sales performance and the expiration of collaboration. In particular, the increase in the number of terminated online distributors from 17 in 2023 to 41 in 2024 was primarily due to our evaluation and consolidation of online distributors in accordance with our policies and strategies. During the same years/periods, we onboarded 26, 12, nine and eight new online distributors.

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We generally enter into standardized framework agreements with online distributors. The key terms of the agreements primarily include:

Duration	The term of our contract is typically one year, subject to annual renewal.
Designated platform	The online distributors are generally not allowed to sell the products outside of their designated online platforms and specific stores as listed in the agreement without our written approval.
Minimum sales targets	We generally do not set minimum purchase requirements nor sales targets, except for some circumstances where we may impose annual incentive targets to determine rebates and credit ratings.
Pricing and Rebates	We maintain a unified retail pricing policy across all channels. We provide our online distributors with an agreed-upon supply price that allows for a reasonable profit margin. We also offer various rebates, including annual, quarterly, and special promotion rebates, based on their sales performance.
Payment	We generally require online distributors to make full payment prior to product delivery. Under some circumstances, we may grant our online distributors a credit term of no more than 60 days.
Marketing	Distributors shall actively cooperate with promotional campaigns organized by us and to proactively carry out product promotion and marketing activities approved by us. Distributors bear the costs and responsibilities for promoting and selling the products.
Logistics	We are generally responsible for delivering our products to the locations agreed between online distributors and us.
Transfer of risk	The online distributors generally bear the risk of loss or destruction of the product after acceptance.
Exclusivity	The agreements contain exclusivity clauses that restrict distributors from selling similar products from our competitors.
Warranty	We typically undertake to provide free repair services if quality issues arise within one year, with the logistics costs to be borne by the online distributors. Under such circumstances, we would not provide refunds, nor will the online distributors be entitled to claim associated costs from us.
Termination	Agreements can be terminated upon expiration or for breach of contract, such as violations of pricing policies and our other management regulations.

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Offline Distribution

We also cooperate with offline distributors to expand our customer base and promote sales. Offline distributors typically sell our products through offline stores or their distribution network and sales network with business clients. In 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026, we generated revenue of RMB366.6 million, RMB329.8 million, RMB423.1 million, RMB142.0 million and RMB222.1 million, respectively, from offline distribution, representing 35.2%, 31.7%, 35.0%, 33.7% and 34.7% of our total revenue from the sale of products in the respective years/periods.

The following table sets forth the movement in the number of our offline distributors for the years/periods indicated:

	For the Year ended December 31,			For the Five Months Ended May 31,
	2023	2024	2025	2026
Number of offline distributors at the beginning of the year/period	75	95	110	143
Number of new offline distributors for the year/period	41	57	69	34
Number of terminated offline distributors for the year/period	21	42	36	63
Net increase/(decrease) in number of offline distributors for the year/period	20	15	33	(29)
Number of offline distributors at the end of the year/period	95	110	143	114

In 2023, 2024, 2025 and for the five months ended May 31, 2026, we terminated cooperation with 21, 42, 36 and 63 offline distributors, respectively, primarily due to our evaluation of their sales performance and the expiration of collaboration. In particular, the increase in the number of terminated offline distributors from 21 in 2023 to 42 in 2024 was also primarily due to our evaluation and consolidation of offline distributors in accordance with our policies and strategies. During the same years/periods, we onboarded 41, 57, 69 and 34 new offline distributors based on our marketing strategies.

We maintain a buyer-seller relationship with our distributors, and we do not grant product-exclusive distribution rights, though we typically grant regional exclusivity to our offline distributors. We implement our sales rebate policy to incentive our offline distributors based on actual sales performance and does not involve the imposition of binding sales targets. We have adopted a tiered rebate mechanism linked to different performance levels. Distributors

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are eligible for rebates based on the specific tier achieved within a given period. The salient terms of our standard offline distribution agreements during the Track Record Period are set out below:

Duration	The term of the agreement is typically one year, with renewal on an annual basis.
Designated distribution area	The offline distributors are generally not allowed to sell our products outside of their designated distribution area or channel.
Minimum sales targets	We generally do not set minimum purchase requirements nor sales targets, except for some circumstances where we may impose annual incentive targets to determine rebates and credit ratings.
Payment	We typically require offline distributors to make payments prior to the delivery of products. Under some circumstances, we may grant our offline distributors a credit term of no more than 60 days.
Selling prices	We provide a suggested retail price for our offline distributors to follow.
Marketing	Distributors shall actively cooperate with promotional campaigns organized by us and to proactively carry out product promotion and marketing activities approved by us. Distributors bear the costs and responsibilities for promoting and selling the products.
Logistics	We are generally responsible for the delivery of products to any address designated by distributors.
Transfer of risks	The risks transfer to offline distributors after we deliver the products to the logistics providers.
Exclusivity	The agreements contain exclusivity clauses that restrict distributors from selling similar products from our competitors.
Sub-distribution	Our distributors are permitted to engage sub-distributors within their designated geographic area. Any sub-distributor that uses our brand to operate offline stores needs to obtain prior authorization from us. We do not otherwise enter into direct agreements with sub-distributors. Thus we largely rely on our distributors to manage their sub-distributors, activities and to monitor the performance of such subdistributors.

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Warranty

We typically do not allow our distributors to return products except for limited reasons, including product quality issues. We typically undertake to provide free repair services if quality issues arise within one year, with the logistics costs to be borne by the offline distributors. Under such circumstances, we would not provide refunds, nor will the offline distributors be entitled to claim associated costs from us.

Termination

The agreement will terminate upon expiration or by mutual agreements, or other means as set forth in the agreement. We generally have the right to terminate the agreement with distributors who breach the distribution agreement.

In 2023, 2024, 2025 and for the five months ended May 31, 2026, the number of sub-distributors obtained our prior authorization was 21, 17, 12 and 18. The fluctuations were primarily attributable to our optimization to the distribution structure.

To our knowledge, during the Track Record Period, all our distributors were Independent Third Parties. We implement the same service guidelines and policies for all of our distributors. To our knowledge, our distributors, or their respective associates, do not have any past or present family, business, employment, or financial relationships with us or our subsidiaries, our shareholders, directors or senior management, or any of their respective associates.

Direct Sales

Our direct sales channels are essential for building long-term consumer trust and loyalty. In 2023, 2024, 2025 and for the five months ended May 31, 2026, we generated revenue of RMB84.7 million, RMB116.4 million, RMB208.9 million and RMB130.7 million, respectively, from direct sales, representing 8.1%, 11.2%, 17.3% and 20.4% of our total revenue in the same years/periods, respectively.

The following table sets forth a breakdown of revenues by our online and offline direct sales both in an absolute amount and as a percentage of total revenues for the years/periods indicated.

	Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>										
<i>(Unaudited)</i>										
Direct Sales										
Online Direct Sales										
– Self-operated store	84,663	100.0	113,996	98.0	159,915	76.6	58,889	91.5	88,957	68.1
– Others	–	–	530	0.5	4,351	2.0	2,352	3.7	3,361	2.6
Subtotal	84,663	100.0	114,526	98.4	164,266	78.6	61,241	95.2	92,318	70.7
Offline Direct Sales										
– Self-operated store	–	–	1,838	1.6	36,601	17.6	2,835	4.4	32,979	25.2
– Others	–	–	–	–	8,010	3.8	278	0.4	5,368	4.1

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	Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>						<i>(Unaudited)</i>			
Subtotal	-	-	1,838	1.6	44,611	21.4	3,113	4.8	38,347	29.3
Total	<u>84,663</u>	<u>100.0</u>	<u>116,365</u>	<u>100.0</u>	<u>208,877</u>	<u>100.0</u>	<u>64,354</u>	<u>100.0</u>	<u>130,665</u>	<u>100.0</u>

During the Track Record Period, our revenue from our self-operated online stores increased continuously, primarily due to our successful expansion on major e-commerce platforms, particularly Douyin, as well as Amazon, to enhance direct consumer engagement. During the period from 2024 to 2025, our revenue from offline direct sales increased significantly, primarily due to the consolidation of the acquired OTO entities, which expanded our offline store network.

We have established our online direct sales presence through our self-operated online stores on major e-commerce platforms such as Amazon, TikTok and Douyin. Our presence on these leading e-commerce platforms enables us to efficiently reach a broad consumer base and deliver products directly. This strategy not only enhances shopping convenience but also strengthens our brand presence, and we are able to hear from customers directly to iterate our product portfolios. Consumers can place orders directly in our online stores and securely complete transactions through integrated online payment channels.

We launch offline flagship stores as a complement to our existing sales channels to directly engage with consumers and gather their feedback. As of May 31, 2026, we operated two SKG flagship stores and one SKG interactive store, all located in tier-one cities. These stores prominently feature the unique aesthetics of SKG and provide one-stop shopping experiences to our customers. Our flagship stores generally located in prime shopping malls in tier-one cities, with a floor area of approximately 40 square meters or more. Our flagship stores primarily serve brand presentation and sales functions, while our interactive store places greater focus on user experience, offering services such as product experience and training sessions. The layout of those stores is carefully curated to showcase our products in a way that makes it easy for consumers to explore and select what they need. Through direct interaction with customers, we gain a deeper insight into their preferences for product offerings and shopping experiences, and therefore continuously improve our offerings.

Pricing

We set product prices based on multiple factors, including the market positioning of our brands and products, materials costs, comparable market prices, prevailing market conditions, and our manufacturing and operational expenses. We maintain a consistent pricing strategy and we participate in various promotional campaigns across all sales channels and countries where we operate. We may participate in promotional campaigns organized by third-party e-commerce platforms. For sales to distributors, our products are typically sold at a discount off the recommended retail prices, considering factors such as purchase volume, marketing and promotional expenses for designated channels, and the potential reach to end consumers.

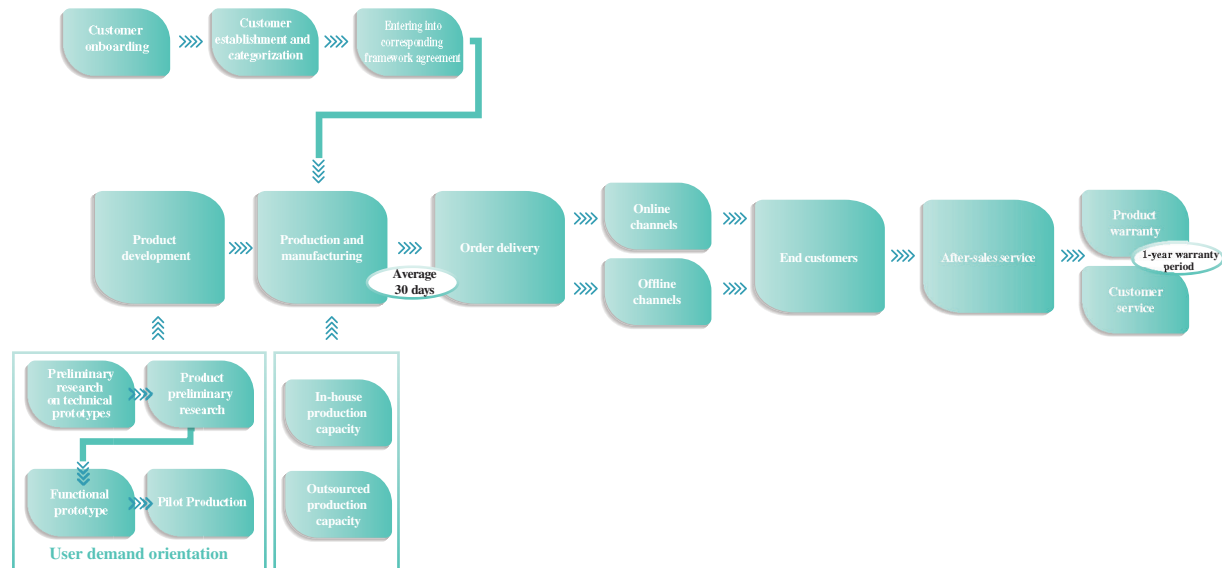
Our Sales and Marketing Team

We have established a dedicated and structured sales and marketing team to drive our business growth both domestically and internationally. As of May 31, 2026, our sales and

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marketing team consisted of 266 employees. Our sales and marketing team is primarily organized into two main divisions: the China Marketing and Sales Center and the Overseas Business Center.

The following flowchart illustrates the process from customer acquisition to after-sale services:



Our China Marketing and Sales Center, comprising 172 employees as of May 31, 2026, is responsible for all marketing and sales activities within China. In the domestic market, we primarily adopt a distributor-led model, supplemented by direct sales. This strategy allows us to leverage the extensive sales networks and local market resources of our distributors to effectively expand our market share and product coverage across the country. We believe that empowering our distributors is key to mutual success. Therefore, we provide comprehensive support through our marketing resources, including executing unified brand promotion campaigns, assisting with product marketing initiatives, and offering professional training and in-store support. Through these efforts, we are committed to continuously nurturing and growing our network of distributors to expand our market reach.

Our Overseas Business Center, consisting of 94 employees as of May 31, 2026, focuses on local brand promotion, network development, and marketing activities in our target international markets. To achieve our overseas sales targets and global promotion objectives, this team implements a dual-channel strategy that involves (i) operating direct-to-consumer (DTC) cross-border e-commerce platforms; and (ii) developing channels with local distributors.

Our overseas sales process generally covers order placement, production scheduling, packaging, freight, and warehousing. Freight is handled according to product type and customs rules. Products are then stored across domestic and overseas warehouses depending on channel and delivery needs.

Our overseas sales team is responsible for the entire overseas marketing process, including product pricing, placing production demand orders, customer engagement, contract execution, warehousing, marketing activities and after-sales service, ensuring that we are well-represented internationally. The overseas team works closely with our headquarters to ensure global brand alignment while tailoring messaging and strategies to the unique needs of each market.

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PRODUCTION AND SUPPLY CHAIN MANAGEMENT

We have established a comprehensive production system, enabling us to independently complete key processes such as research and development design, product assembly and burning, performance testing, and packaging for our major products. Our manufacturing strategy employs in-house production as the primary model, supplemented by outsourced production, allowing us to flexibly adjust based on downstream order demands and production plans. Based on our product strategies, production costs, delivery cycles and other factors, we have increasingly procured finished goods directly from suppliers for our non-core products, thus we can achieve an optimal allocation of our supply chain resources, when maintaining our product quality and enhancing operational efficiency.

Besides, we enhanced our production and supply chain management through “produce-to-order” and “procure-to-order” strategies. “Produce-to-order” refers to our practice of formulating monthly production schedules for the manufacturing department according to customers’ monthly demand forecasts, with manufacturing carried out in accordance with these order requirements. And “procure-to-order” means that our procurement department purchases raw materials based on those aforementioned customers’ orders.

Production Facilities

Production facility in operation

We produce a majority of our key products including shoulder and neck soothing wearables, waist soothing wearables and eye soothing wearables with our in-house production plant. We operate our production facility in Foshan, Guangdong, which began operation in 2024 and occupied 33,353.4 square meters as of May 31, 2026. During the Track Record Period, we used to lease a third-party production facility for manufacturing purpose, until the lease expired in January 2024. Since then, we started to use our self-owned facility for production. Our production facility has comprehensive manufacturing capabilities, including SMT assembly, ceramic air pump production, product assembly and testing.

The table below sets forth details on the production capacity, production output, and utilization rate of our production plant for the years/periods indicated.

	For the Year ended December 31,			Five Months Ended May 31,
	2023	2024	2025	2026
Production capacity (thousand units) ⁽¹⁾	3,396	2,746	2,602	1,344
Production output (thousand units)	3,480	2,701	2,536	1,113
Capacity utilization rate ⁽²⁾	102.5%	98.4%	97.5%	82.8%

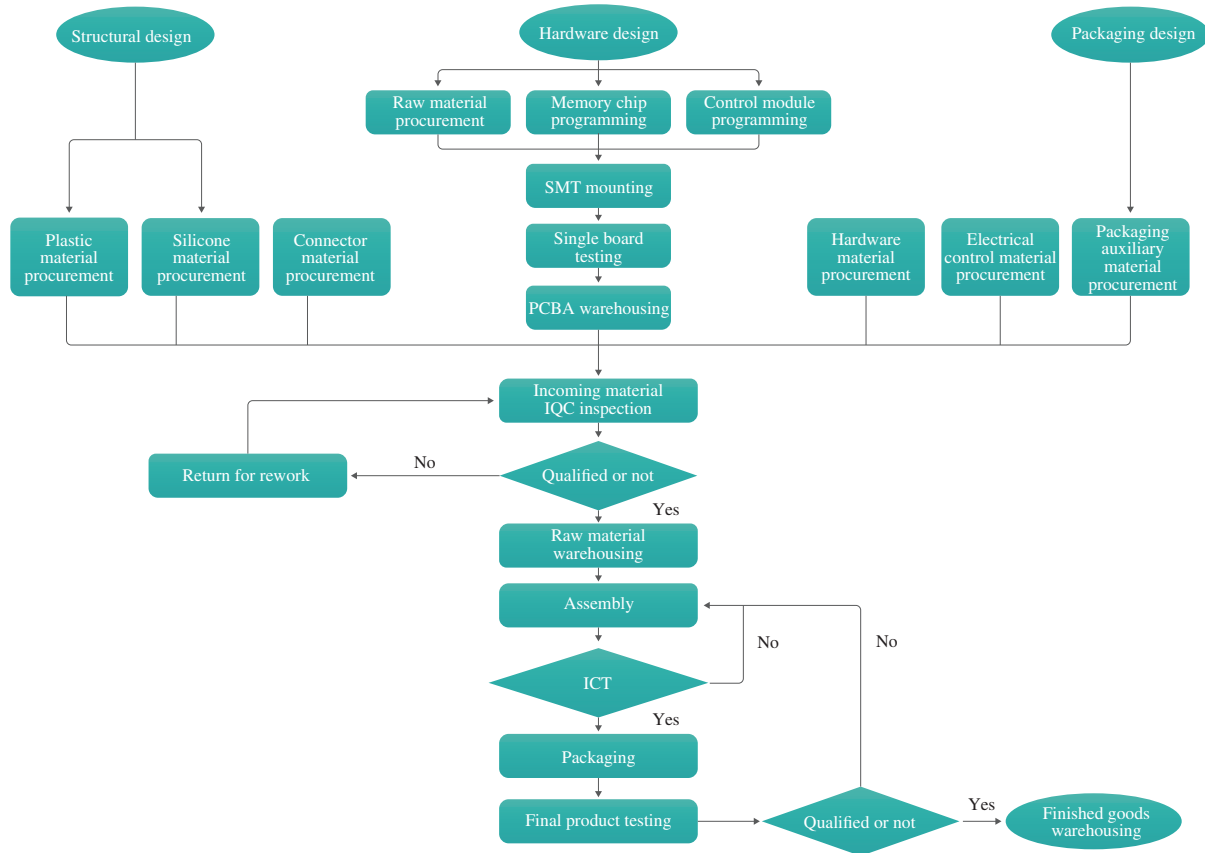
Note:

- (1) Our production capacity is determined based on the actual hourly operating capacity of our manufacturing equipment and lines, multiplying it by the daily operating time of eight hours, and further multiplying by the actual number of operating days in a year/period. Our production capacity decreased during the Track Record Period, primarily due to a reduction in the number of manufacturing equipment in use driven by an increase in the proportion of our outsourced production in response to market fluctuations and diverse demands of our customers.

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- (2) Capacity utilization rate is calculated as dividing production output by the production capacity for the same year/period. Our capacity utilization rate may run over 100% because our actual daily operating time which determined our production output may exceed eight hours.

The following diagram illustrates the key stages in the production process of smart health wearables at our in-house production facility.



We have developed and implemented stringent and comprehensive safety protocols, including the procedures for handling certain equipment, routine checks and maintenance of equipment, mandatory work stoppage during extreme weather conditions, among others. For risks related to the production, see “Risk Factors – Risks Relating to Our Business and Industry – Any disruption of our production facilities could reduce or restrict sales and materially and adversely affect our business”.

Production Facility Under Construction

We are currently developing an industrial base in Foshan, Guangdong, scheduled for completion in 2027. This facility serves as a supplement to the production capacity of our Foshan product facility, and is envisioned as a comprehensive hub that integrates product research and development, advanced manufacturing, rigorous testing, and secure storage. In addition to offering comprehensive manufacturing capabilities similar to the Foshan product facility, the Foshan industrial base places greater emphasis on R&D and testing of our product portfolio. Beyond consolidating core capabilities, the industrial base is strategically designed to complement industries resources, shorten supply chains, and enhance operational efficiency. By optimizing logistics and reducing costs, we aim to create an integrated ecosystem that delivers greater value for stakeholders across our supply chain.

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We believe the construction of the industrial base represents a strategic initiative to further expand our manufacturing capabilities. We will adjust the expected production capacity of this industrial base based on our future market strategies and R&D focus. The base is expected to require a total investment of approximately RMB250 million, which is funded through our operating cash flow and project loans.

Outsourced Production

We mainly outsource the production of certain low-value, non-core products, including certain types of our soothing wearables, sleep pillows and fascia guns. In 2023, 2024, 2025 and for the five months ended May 31, 2026, we had maintained collaborations with 25, 32, 41 and 36 third-party manufacturers to support our production needs, respectively, and the costs of outsourced goods constituted 24.3%, 38.6%, 47.2% and 52.2% of the total cost of sales for the corresponding years/periods. In 2023, 2024, 2025 and for the five months ended May 31, 2026, the outsourced goods constituted 27.8%, 43.6%, 53.8% and 66.1% of our total sales volume of our products, respectively.

In selecting these third-party manufacturers, we prioritize criteria such as certifications, proven track records, manufacturing capabilities, technological expertise, R&D capacities, product quality, service offerings, pricing, and their commitment to long-term partnerships. We continuously monitor the performance of our external manufacturers and conduct seasonal and annual evaluations during our collaborations.

We maintain stringent control over the manufacturing process of the external manufacturers by providing design, manufacturing standards and quality control standards. Additionally, we hold key patents and technologies related to production, further fortifying our control over the manufacturing process. We are able to secure a stable relationship with our manufacturing partners at competitive market prices as we believe our good trade reputation, large production scale and long-term relationships with our partners make us one of their preferred business counterparties. During the Track Record Period, we did not encounter any material losses or product liabilities associated with the manufacturing process of our third-party manufacturers.

We generally enter into framework agreements with our external manufacturers. The salient terms of such agreements are as follows:

Quality assurance	The third-party manufacturers are responsible for the quality of the products.
Minimum purchase quantity	The agreements generally do not set minimum purchase requirements.
Pricing	Pricing is determined on the basis of third-party price comparisons.
Payment and credit term	Payments are typically made on a 30-day credit term, using either wire transfers or bankers' acceptance.
Logistics	The third-party manufacturers are generally responsible for delivering the products to the locations instructed by us.
Exclusivity	The third-party manufacturers are required to refrain from offering similar services to competing products within the same category.

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Duration	The duration of the agreement is typically for two years.
Intellectual property	We own all intellectual property rights associated with the relevant products manufactured by the third-party manufacturers.
Liability	The third-party manufactures are responsible for all product liabilities and claims. We are entitled to be indemnified for any loss rises from product quality defects.
Termination	The agreement will terminate upon expiration or by mutual agreement, or other means as set forth in the agreement. We generally have the right to terminate the agreement with third-party manufacturers who breach the agreement.

Inventory Control

We have implemented a comprehensive inventory management system and stringent control policies to maintain optimal inventory levels and ensure operational efficiency. Our inventories, which mainly consist of raw materials and finished products, are centrally managed through our integrated SAP system, which provides our management with real-time visibility into our inventory levels across our entire network. We develop our procurement and production plan by considering the individual needs of our different products, production cycles, and sales forecasts to ensure prompt responses to market needs.

Our inventory management is governed by a systematic workflow with internal controls at each key stage:

- *Receipt and Inspection.* We enforce a strict incoming quality control (“**IQC**”) process for all raw materials delivered by suppliers. Only materials that pass our quality inspection are accepted, registered in our SAP system, and moved to our warehouses. This ensures that only qualified materials enter our production cycle.
- *Segregated Storage and Environmental Control.* Our warehouses feature clearly demarcated zones for different inventory categories, such as qualified materials, finished products, defective items, and materials pending inspection. This segregation prevents the misuse of non-conforming items and maintains the integrity of our inventory. We also implement environmental controls, including the regular monitoring of temperature and humidity, to protect our inventory from damage.
- *First-In, First-Out (FIFO) Principle.* We strictly adhere to the FIFO principle for both the issuance of raw materials for production and the dispatch of finished goods to customers. This practice is a core component of our inventory management, designed to minimize the risk of inventory obsolescence and ensure product freshness.
- *Regular Stock-taking and Reconciliation.* To ensure the accuracy of our inventory records, we conduct regular physical stock-takes. Our warehouse staff perform initial counts, which are then verified by our finance department, typically on a monthly basis. Any discrepancies between physical counts and our system records are promptly investigated, and adjustments are made upon approval, ensuring book-to-physical consistency.

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- *Management of Obsolete and Slow-Moving Inventory.* We have a proactive process to manage the risk of inventory aging. Our system helps identify materials and products approaching their expiration dates or that have been slow-moving. These items are then subject to re-inspection by our quality control team. Based on the re-inspection results, items are either cleared for continued use or designated for write-off in accordance with our internal policies.

During the Track Record Period, we had maintained appropriate inventory levels. As of December 31, 2023, 2024, 2025 and May 31, 2026, we had RMB70.1 million, RMB60.9 million, RMB87.5 million and RMB97.7 million of inventories, respectively, and our inventory turnover days were 54 days, 45 days, 44 days and 42 days, respectively.

Warehousing and Logistics

During the Track Record Period, we utilized the warehouses located within our production base in Foshan, Guangdong, mainly for raw materials and finished products and engaged third-party logistics service providers to optimize our logistics chain and enhance our logistics agility. As of May 31, 2026, we engaged one warehouse service providers to help us manage the warehouses in our production base in Foshan, Guangdong. We developed policies and procedures for inventory management. Our inventory management strategy is dynamic and responsive, taking into account the individual needs of different product categories and adjusting inventory levels based on careful analysis of production cycles and sales forecasts to ensure efficiency and responsiveness to market demands.

During the Track Record Period, we primarily engaged reputable third-party logistics service providers. We select our logistics partners based on a comprehensive evaluation of their reputation, operational scale, service quality, pricing, and track record. As of the Latest Practicable Date, we have four major logistics service providers to support our nationwide logistics needs.

We enter into framework agreements with our logistics service providers that clearly define service levels, pricing mechanisms, and the allocation of responsibilities. Key terms of our logistics agreements typically include:

- *Service Standards and Requirements.* Our logistics partners are contractually obliged to provide vehicles and facilities that are in good technical condition and suitable for the specific characteristics of our products. They are required to take necessary protective measures, such as moisture-proofing, rain-proofing, and anti-shock measures, to ensure the safe and undamaged delivery of our products. To enhance operational efficiency, we typically require our partners to integrate with our systems, such as using electronic waybills and scheduling fixed pick-up times at our designated warehouses.
- *Liability and Insurance.* Our agreement stipulates that the logistics providers bear the risks associated with the transportation process. They are held liable for any product shortages, damages, or losses that occur from the point of pick-up until the goods are signed for by the recipient. The providers are required to indemnify us for such losses, typically at the original sales price of the products. Furthermore, our logistics partners are contractually required to purchase necessary insurance for the goods they transport on our behalf.

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- *Pricing and Payment Terms.* Pricing is generally determined based on agreed-upon rate cards, which may be subject to adjustments during peak seasons or holidays. Our payment terms are typically structured on a monthly settlement basis. We follow a formal reconciliation process where we verify service records and waybills with our partners before processing payments.

To ensure consistent service quality, we have engaged third-party warehousing service providers to manage our self-owned warehouses, and we have implemented a performance evaluation and penalty mechanism for our third-party warehousing service providers. According to our internal policies, we can impose penalties for service failures, such as failing to follow the FIFO principle, incorrect shipments, or improper handling of goods, which may be deducted from their monthly service fees. This mechanism ensures our partners adhere to our high operational standards.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material losses in association with warehousing, and we had not experienced any material disruptions in the delivery of our products or incurred any losses due to late delivery or mishandling of products by our logistics service providers.

QUALITY CONTROL

Our smart health and wearables products, including the raw materials and components incorporated into them, are required to comply with strict safety and other standards. Our products undergo rigorous testing and validation from product design and development, procurement, production and storage and delivery to ensure that they meet industry standards and customer expectations.

We possess an industry-leading laboratory dedicated to quality control. This laboratory is primarily used to test the reliability of our new products, conduct aging tests, and evaluate performance metrics such as temperature resistance and impact resilience. The laboratory features a high degree of automation and covers a total area of over 1,000 square meters, equipped with over 300 sets of advanced equipment and staffed by experienced testing personnel.



The laboratory’s testing scope covers all of our products. It provides comprehensive in-house technical support for the entire lifecycle of our products, from various validation and analysis experiments during the R&D and trial production phases to quality monitoring during mass production, significantly shortening our product development and verification cycles.

Quality Control Team

As of May 31, 2026, our quality control team comprised 54 employees. Our dedicated quality control team is responsible for overseeing our overall quality strategies, policies and ensuring minimal deviation from set procedures. They also keep abreast of the latest standards and policies, to ensure our compliance with relevant requirements. The quality control team is responsible for the full value chain of quality prevention and assurance in product realization,

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including product R&D, experimental verification, suppliers, production processes, product release, and after-sale service, ensuring continuous improvement of customer satisfaction. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major customer complaints on product quality or any product liability claims, product recalls, material incidents or legal consequences, which, individually or taken together, resulted in a material and adverse effect on us.

Quality Control Procedures

We have established comprehensive quality control and internal control procedures covering the entire product realization process. Non-conforming products identified during production, whether at the incoming materials, in-process or finished goods stage, are classified into three tiers: critical non-conformities posing safety or regulatory risks; major non-conformities causing functional loss or impairment; and minor non-conformities affecting user experience without compromising core performance. Affected products are immediately isolated and subject to a structured disposition process, which may include rework, repair, conditional acceptance or scrapping, and products with safety-related defects are strictly prohibited from being released. Any production quality anomaly triggers a formal accountability mechanism under which responsible personnel are subject to performance-based consequences.

For quality issues identified post-sale, we distinguish between a product “performance failure,” being a situation where a product fails to meet its design specifications or applicable performance requirements, and a “product return,” which covers all circumstances in which a sold product is sent back by a customer, including returns within the statutory no-reason return period or for reasons unrelated to product performance. Since not all returns reflect a genuine quality problem, we track failure-related and non-failure-related returns separately. Post-sale responses are scaled to severity: complaints involving fewer than 100 units of the same model with the same defect, or a defect rate below 1%, are handled through our standard complaint and corrective action process, while batch incidents or those with safety or regulatory implications trigger formal escalation, senior management oversight, and where warranted, a product replacement or recall.

Our products carry appropriate safety warnings and usage instructions to reduce the risk of user harm from improper use. For products with heating or electrical stimulation functions, warnings cover risks such as overheating and skin sensitivity reactions, and usage guidelines set out recommended session durations, intensity settings and contraindications. Our customer service team follows structured response protocols to assist customers who report adverse experiences, and is trained to distinguish between product defects and issues caused by use outside recommended parameters.

Our internal control consultant has reviewed our internal control policies, measures and procedures with respect to quality control, and is of the view that, the internal control measures with respect to quality control we currently have in place, if implemented on a continuous basis, are effective and adequate in reasonably minimizing non-compliance incidents in relation to product quality.

Quality Control on Supply Chain

We exercise close oversight over our third-party manufacturers and suppliers. All suppliers are classified by the criticality of the materials or components they provide and shall meet mandatory qualification requirements before onboarding. All suppliers covering core raw materials, key components and outsourced finished goods must pass an on-site audit by our

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supplier evaluation team before approval. Approved suppliers are assessed monthly on quality performance, and those whose performance deteriorate must take corrective action within a set period, failing which they may be downgraded or removed from our approved supplier list. Where a quality incident is caused by a supplier’s materials, the supplier bears the associated losses and may face additional contractual penalties. For third-party manufacturers, our quality assurance team oversees the investigation of customer complaints attributable to those manufacturers and supervises the implementation of any remediation plan.

CUSTOMERS

During the Track Record Period, our customers consisted of distributors, e-commerce platforms, and direct sales customers, which include corporate customers and individual customers. In 2023, 2024, 2025 and for the five months ended May 31, 2026, our five largest customers in each year/period during the Track Record Period accounted for 52.0%, 44.4%, 34.3% and 35.7%, of our total revenue for each year/period, respectively. Our largest customer in each year/period during the Track Record Period accounted for approximately 16.4%, 14.0%, 11.1% and 9.2% of our revenue for the years ended December 31, 2023, 2024, 2025 and for the five months ended May 31, 2026, respectively.

The following table summarizes information about our five largest customers by revenue during the Track Record Period:

Five months ended May 31, 2026

No.	Customer	Products supplied/ services rendered	Revenue <i>RMB'000</i>	% of total revenue	Credit periods	Payment methods	Years of commencement of business relationship
1	Customer A ⁽¹⁾	Wearable health products and portable health products	59,481	9.2%	Within 60 days	Wire transfers	2007
2	Customer B ⁽²⁾	Wearable health products and portable health products	56,198	8.7%	Within 60 days	Wire transfers	2018
3	Customer C and its affiliates ⁽³⁾	Wearable health products and portable health products	54,213	8.4%	Within 60 days	Wire transfers	2018
4	Customer D ⁽⁴⁾	Wearable health products and portable health products	31,259	4.8%	Within 60 days	Wire transfers	2023
5	Customer E and its affiliates ⁽⁵⁾	Wearable health products and portable health products	29,660	4.6%	Within 60 days	Wire transfers	2018
Total			230,811	35.7%			

Notes:

- (1) Customer A is a private company headquartered in China that engages in the e-commerce operation and products distribution. Founded in 2007, Customer A’s registered capital is RMB1.0 million.

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- (2) Customer B is a private company headquartered in China that engages in the distribution of small appliances and household appliances. Founded in 1998, Customer B’s registered capital is RMB30.0 million.
- (3) Customer C is a private company headquartered in China, that engages in the brands operation and products distribution of household appliances. Founded in 2019, Customer C’s registered capital is approximately RMB5.0 million. Prior to the establishment of Customer C, we commenced our business relationship with one of its current affiliates in 2018.
- (4) Customer D is a private company headquartered in China that engages in the e-commerce operation of household appliances brands. Founded in 2013, Customer D’s registered capital is RMB1.0 million.
- (5) Customer E is a private company headquartered in China that engages in the sales and distribution of electronic devices. Founded in 2010, Customer E’s registered capital is RMB1.0 million.

Year ended December 31, 2025

No.	Customer	Products supplied/ services rendered	Revenue	% of total revenue	Credit periods	Payment methods	Years of commencement of business relationship
			RMB'000				
1	Customer C and its affiliates	Wearable health products and portable health products	135,150	11.1%	Within 60 days	Wire transfers	2018
2	Customer A	Wearable health products and portable health products	103,768	8.5%	Within 60 days	Wire transfers	2007
3	Customer D	Wearable health products and portable health products	64,332	5.3%	Within 60 days	Wire transfers	2023
4	Customer E and its affiliates	Wearable health products and portable health products	61,296	5.0%	Within 60 days	Wire transfers	2018
5	Customer F and its affiliates ⁽¹⁾	Wearable health products and portable health products	53,696	4.4%	Within 60 days	Wire transfers	2018
Total			418,242	34.3%			

Note:

- (1) Customer F is a private company headquartered in China, that engages in the e-commerce operation. Founded in 2019, Customer F’s registered capital is RMB0.1 million.

Year ended December 31, 2024

No.	Customer	Products supplied/ services rendered	Revenue	% of total revenue	Credit periods	Payment methods	Years of commencement of business relationship
			RMB'000				
1	Customer C and its affiliates	Wearable health products and portable health products	146,426	14.0%	Within 60 days	Wire transfers	2018
2	Customer A	Wearable health products and portable health products	129,994	12.4%	Within 60 days	Wire transfers	2007
3	Customer F and its affiliates	Wearable health products and portable health products	72,712	7.0%	Within 60 days	Wire transfers	2018
4	Customer E and its affiliates	Wearable health products and portable health products	62,536	6.0%	Within 60 days	Wire transfers	2018

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No.	Customer	Products supplied/ services rendered	Revenue <i>RMB'000</i>	% of total revenue	Credit periods	Payment methods	Years of commencement of business relationship
5	Customer G and its affiliates ⁽¹⁾	Wearable health products and portable health products	51,909	5.0%	Within 60 days	Wire transfers	2013
Total			463,577	44.4%			

Note:

- (1) Customer G is a private company headquartered in China, that engages in the e-commerce operation and products distribution. Founded in 2016, Customer G's registered capital is RMB2.0 million.

Year ended December 31, 2023

No.	Customer	Products supplied/ services rendered	Revenue <i>RMB'000</i>	% of total revenue	Credit periods	Payment methods	Years of commencement of business relationship
1	Customer C and its affiliates	Wearable health products and portable health products	171,546	16.4%	Within 60 days	Wire transfers	2018
2	Customer H and its affiliates ⁽¹⁾	Wearable health products and portable health products	132,345	12.7%	Within 60 days	Wire transfers	2020
3	Customer F and its affiliates	Wearable health products and portable health products	88,138	8.4%	Within 60 days	Wire transfers	2018
4	Customer A	Wearable health products and portable health products	82,668	7.9%	Within 60 days	Wire transfers	2007
5	Customer G and its affiliates	Wearable health products and portable health products	69,076	6.6%	Within 60 days	Wire transfers	2013
Total			543,773	52.0%			

Note:

- (1) Customer H is a private company headquartered in China, that engages in the distribution of 3C digital products and general intelligence products. Founded in 2017, Customer H's registered capital is RMB10.0 million. Customer H is a subsidiary of a company listed on the Shenzhen Stock Exchange. The listed company headquartered in Shenzhen, China was founded in 1998, focusing on the distribution and retail of digital products.

To the best knowledge of our Directors, none of our Directors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital immediately following the completion of the [REDACTED] had an interest in any of our five largest customers during the Track Record Period.

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SUPPLIERS

We procure raw materials and components from third-party suppliers based on our forecasted production plan for our various types of products. To reduce production costs, we also outsource certain components of our finished products, including electronic parts, silicone parts, plastic parts and packaging parts. In 2023, 2024, 2025 and for the five months ended May 31, 2026, our raw material and components costs represented 59.1%, 45.9%, 39.8% and 35.4% of our cost of sales, respectively. Our procurement department handles the acquisition of raw materials, all of which were supplied by domestic suppliers during the Track Record Period.

We maintain multiple sources for our raw materials to minimize potential interruptions to our business operations and avoid over-reliance on any single supplier. Since the prices of raw materials are influenced by the general supply-demand cycle, we closely monitor these conditions and adjust our procurement plans accordingly in response to anticipated shortages or price changes. During the Track Record Period, fluctuations in the prices of major raw materials did not impact our operational planning or product development. This was primarily due to our well-established supply chain. We maintain close relationships with our suppliers, viewing this as a key competitive advantage essential for maintaining a competitive pricing structure and ensuring supply stability. During the Track Record Period, we did not encounter any difficulties in sourcing suppliers for raw materials or experience any significant production disruptions due to shortages.

We have policies and procedures in place to guarantee the quality of raw materials sourced from our suppliers. When choosing our suppliers, we carry out thorough due diligence and take into account multiple factors, including but not limited to their market reputations, and industry experience. We require all of our suppliers to comply with our supply management policies. Our supply chain team is responsible for conducting a comprehensive inspection of product samples to ensure they meet our technical specifics and requirement. Additionally, we conduct regular inspections of suppliers. We generally require suppliers to rectify any quality issues promptly upon being detected or notified. Besides, we keep a list of backup suppliers who can provide similar key parts and materials, so we can handle capacity limits or supply chain issues.

In 2023, 2024, 2025 and for the five months ended May 31, 2026, our purchases from our five largest suppliers in each year/period during the Track Record Period accounted for 26.1%, 14.3%, 33.5% and 34.0% of our total purchases for the same years/periods, respectively. Our purchases from our largest supplier in each year/period during the Track Record Period accounted for 14.9%, 4.2%, 12.5% and 16.7% of our total purchases for the same year/period, respectively.

The following table summarizes information about our five largest suppliers by purchase amounts during the Track Record Period:

Five months ended May 31, 2026

No.	Supplier	Products/services provided	Purchased amount RMB'000	% of total purchase	Credit periods	Payment methods	Years of commencement of business relationship
1	Supplier A ⁽¹⁾	Finished goods	77,959	16.7%	30 days	Wire transfers/bills payable	2023

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No.	Supplier	Products/services provided	Purchased amount <i>RMB'000</i>	% of total purchase	Credit periods	Payment methods	Years of commencement of business relationship
2	Supplier B ⁽²⁾	Project construction contracting	22,988	4.9%	N/A	Wire transfers/bills payable	2022
3	Supplier C ⁽³⁾	Finished goods	25,351	5.4%	30 days	Wire transfers/bills payable	2021
4	Supplier D ⁽⁴⁾	Promotion and campaign review services	20,545	4.4%	Prepayment	Wire transfers	2020
5	Supplier E and its affiliates ⁽⁵⁾	Raw materials	11,972	2.6%	30 days	Wire transfers/bills payable	2023
Total			158,815	34.0%			

Notes:

- (1) Supplier A is a private company primarily engages in the manufacturing and the sale of healthcare devices. Founded in 2013, it is headquartered in Fujian, China. Its registered capital is RMB10.0 million.
- (2) Supplier B is a private company primarily engages in project construction and residential decoration. Founded in 2017, it is headquartered in Guangdong, China. Its registered capital is RMB40.0 million.
- (3) Supplier C is a private company primarily engages in the designing and the sale of healthcare equipment and massagers. Founded in 2017, it is headquartered in Shenzhen, China. Its registered capital is RMB60.0 million.
- (4) Supplier D is a private company primarily engages in the content marketing, influencer marketing and live e-commerce. Founded in 2011, it is headquartered in Shanghai, China. Its registered capital is approximately RMB100.2 million.
- (5) Supplier E is a private company, primarily engages in the R&D, manufacturing, component processing and the sale of machinery equipment. Founded in 2021, it is headquartered in Guangdong, China. Its registered capital is RMB10.0 million.

Year ended December 31, 2025

No.	Supplier	Products/services provided	Purchased amount <i>RMB'000</i>	% of total purchase	Credit periods	Payment methods	Years of commencement of business relationship
1	Supplier A	Finished goods	114,946	12.5%	30 days	Wire transfers/bills payable	2023
2	Supplier E and its affiliates	Raw materials	80,810	8.8%	30 days	Wire transfers/bills payable	2023
3	Supplier F ⁽¹⁾	Promotion, campaign review and project management services	49,089	5.3%	Prepayment	Wire transfers/bills payable	2025

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No.	Supplier	Products/services provided	Purchased amount RMB'000	% of total purchase	Credit periods	Payment methods	Years of commencement of business relationship
4	Supplier C	Finished goods	35,224	3.8%	30 days	Wire transfers/bills payable	2021
5	Supplier G ⁽²⁾	Finished goods	28,362	3.1%	30 days	Wire transfers/bills payable	2023
Total			308,431	33.5%			

Notes:

- (1) Supplier F is a private company primarily engages in the R&D, transferring and consulting of network technology and computer software technology. Founded in 2015, it is headquartered in Shenzhen, China. Its registered capital is RMB10.0 million. It is a top-up service provider for promotional traffic on the Douyin e-commerce platform, receives prepayments from us, which are used to fund product marketing and promotional activities on Douyin.
- (2) Supplier G is a private company primarily engages in the technology development and the sale of electronic products and massagers. Founded in 2012, it is headquartered in Shenzhen, China. Its registered capital is RMB5.0 million.

Year ended December 31, 2024

No.	Supplier	Products/services provided	Purchased amount RMB'000	% of total purchase	Credit periods	Payment methods	Years of commencement of business relationship
1	Supplier H ⁽¹⁾	Finished goods	40,645	4.2%	30 days	Wire transfers	2023
2	Supplier A	Finished goods	30,338	3.1%	30 days	Wire transfers	2023
3	Supplier I ⁽²⁾	Promotion, platform commission, warehousing and logistics services	25,066	2.6%	Payment upon delivery of service	Wire transfers	2019
4	Supplier J ⁽³⁾	Account registration and adding value services	21,667	2.2%	Prepayment	Wire transfers	2024
5	Supplier C	Finished goods	21,081	2.2%	30 days	Wire transfers	2021
Total			138,797	14.3%			

Notes:

- (1) Supplier H is a private company primarily engages in the manufacturing and the sale of healthcare devices. Founded in 2022, it is headquartered in Guangdong, China. Its registered capital is RMB3.0 million.
- (2) Supplier I is a subsidiary of an e-commerce corporation headquartered in Washington, U.S., primarily engages in the refined management of the corporation’s business. It is an overseas e-commerce platform that is primarily used for paid advertising placements, aimed at expanding our brand reach and increasing search traffic.
- (3) Supplier J is a private company primarily engages in the sale of internet products and the consulting of enterprise management. Founded in 2004, it is headquartered in Hangzhou, China. Its registered capital is approximately RMB163.8 million.

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Year ended December 31, 2023

No.	Supplier	Products/services provided	Purchased amount <i>RMB'000</i>	% of total purchase	Credit periods	Payment methods	Years of commencement of business relationship
1	Supplier B	Project construction contracting	187,551	14.9%	N/A	Wire transfers	2022
2	Supplier C	Finished goods	37,634	3.0%	30 days	Wire transfers	2023
3	Supplier K ⁽¹⁾	Raw materials	37,157	2.9%	30 days	Wire transfers	2022
4	Supplier I	Promotion, platform commission, warehousing and logistics services	36,529	2.9%	Payment upon delivery of service	Wire transfers	2019
5	Supplier L ⁽²⁾	Raw materials	31,021	2.5%	30 days	Wire transfers	2020
Total			329,892	26.1%			

Notes:

- (1) Supplier K is a private company primarily engages in the manufacturing and the sale of engineering plastics, synthetic resins and other plastic products. Founded in 2018, it is headquartered in Guangdong, China. Its registered capital is RMB0.5 million.
- (2) Supplier L is a private company primarily engages in the R&D, consulting, manufacturing, transferring, the sale and promotion of products and technology. Founded in 2016, it is headquartered in Guangdong, China. Its registered capital is RMB60.0 million.

To the best knowledge of our Directors, none of our Directors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital immediately following the completion of the [REDACTED] had an interest in any of our five largest suppliers during the Track Record Period.

During the Track Record Period, none of our five largest customers were also suppliers, and none of our five largest suppliers were also customers.

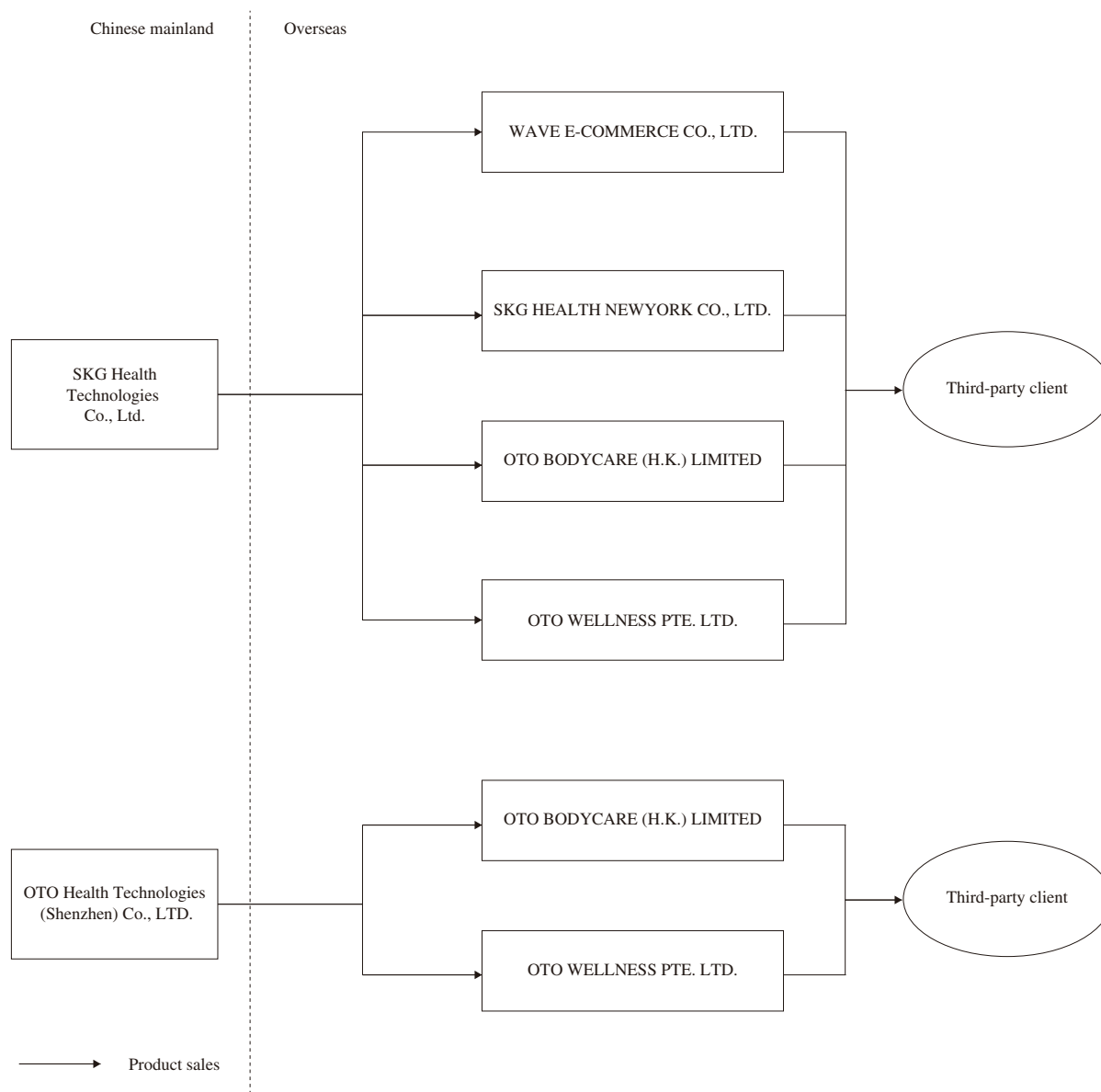
TRANSFER PRICING ARRANGEMENTS

We, our subsidiaries conduct intra-group transactions in accordance with our transfer pricing policy. We follow the fundamental principle that intra-company transactions must be conducted on an arm's length basis.

We operate through subsidiaries in several jurisdictions, including Chinese Mainland, Hong Kong, Macau, the U.S. and Singapore. In the ordinary course of our business, we engage in various intra-group transactions to facilitate our operations. These transactions primarily consist of (i) the sale of finished products and procurement of materials between our entities, and (ii) the provision of intra-group services, such as processing services.

All cross-border transactions within the SKG Group are product purchase and sales transactions. The following illustrates the transaction flow diagram of our intra-group transactions during the Track Record Period.

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The table below sets forth the amount of our intra-group transactions and a breakdown by nature for the years/periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentage)</i>										
<i>(Unaudited)</i>										
Sale of finished products and procurement of materials	581,880	99.9	870,603	95.7	1,047,411	93.4	419,575	93.1	606,908	94.2
Processing services	—	—	34,536	3.8	64,974	5.8	27,560	6.1	33,665	5.2
Others	449	0.1	4,083	0.5	8,628	0.8	3,359	0.8	3,762	0.6

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	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentage)									
	(Unaudited)									
Total	582,329	100.0	909,222	100.0	1,121,013	100.0	450,494	100.0	644,335	100.0

The Organization for Economic Co-operation and Development (“the OECD”), an international organization of cross-border cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administration (“the OECD TP Guidelines”), which is generally followed by the relevant tax jurisdictions involved in the related party transaction worldwide. According to the OECD TP Guidelines, our intra-Group transactions should be priced at arm’s length principle.

We have engaged an independent professional tax advisor (the “Transfer Pricing Consultant”) to review our intra-group transactions during the Track Record Period. In its assessment, the Transfer Pricing Consultant adopted the transactional net margin method and resale price method. The Transfer Pricing Consultant conducted a benchmark study by selecting comparable independent companies to establish arm’s-length profit ranges. Based on this analysis, the Transfer Pricing Consultant concluded that the profits earned by each of our relevant group entities for their functions performed were consistent with the arm’s-length principle in all material respects.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalties, investigations, inquiries or transfer pricing audits carried out by local tax authorities in relation to these intra-group transactions. Based on the analysis of Transfer Pricing Consultant, our Directors are of the view that our intra-group transactions were in line with the arm’s length principle and we were in compliance with the relevant transfer pricing laws and regulations during the Track Record Period and up to the Latest Practicable Date.

Our Directors confirm that in ensuring ongoing compliance with the applicable transfer pricing laws and regulations, we plan to take the following measures:

- review and monitor the transfer pricing arrangements from time to time, and continue to engage third party tax advisers to carry out review on transfer pricing initiatives to ensure our transfer pricing arrangements are in line with the arm’s length principle;
- provide training to teams responsible of such transactions, keeping them informed of transfer pricing laws and regulations in different jurisdictions; and
- continue to monitor the profitability of our subsidiaries and controlled affiliated entities and adjust pricing arrangements as appropriate.

IMPACT OF THE TARIFFS

Since February 2025, the U.S. administration has cumulatively imposed additional 145% tariffs on Chinese imports. On April 11, 2025, China responded by increasing tariffs on U.S. goods to 125%. On May 12, 2025, China and the U.S. announced that an agreement has been reached, under which the U.S. would reduce the tariff on Chinese imports to 30% from its current 145%, while Chinese duties on U.S. imports will fall to 10% from 125%.

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As of the Latest Practicable Date, these changes had not had a material adverse effect on our operations. On the one hand, we generated revenue from markets of other countries and regions, including the United States, and those revenue from other countries and regions accounted for 7.6%, 6.1%, 12.0% and 13.0% of our total revenue for the years ended December 31, 2023, 2024, 2025 and for the five months ended May 31, 2026, respectively. On the other hand, most of our materials and components are sourced domestically, with none imported from the United States. As a result, the impact of tariffs on our overall cost structure or revenue is not material.

To address potential tariff risks, we plan to further diversify our procurement sources, optimize logistics and customs processes, and, where appropriate, negotiate with suppliers and customers to share tariff impacts. We also monitor international trade policy changes and consider localized production in target markets to further reduce cross-border duty exposure. These initiatives are designed to enhance the our resilience against evolving global trade environments.

Given our limited export and import activities during the Track Record Period and up to the Latest Practicable Date, our Directors are of the view that the recent tariffs have had no material or immediate direct or indirect impact on our supply chain, production, operations and financial performance during the Track Record Period and up to the Latest Practicable Date. Furthermore, as we currently do not target nor plan to shift our strategic focus to the U.S. market, our Directors are of the view that the recent tariffs will not have any material adverse impact, directly or indirectly, on our operations or financial performance in the near to mid-term. Based on the independent due diligence work performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor to disagree with the Director’s view that the recent tariffs have had no material or immediate direct or indirect impact on its supply chain, production, operations and financial performance during the Track Record Period and up to the Latest Practicable Date.

CUSTOMERS SUPPORT

After-sale Service

We are responsible for after-sale services for all products sold by us or sold to end users by our distributors. To deliver on this commitment, we have established a comprehensive system to manage all post-purchase interactions with our customers. We strictly comply with applicable laws and regulations. As the laws and regulations governing after-sales services differ for online and offline product sales, the corresponding after-sales services may vary accordingly.

Customers may return the products purchased through overseas e-commerce platforms within 30 days of delivery for a full refund, provided the return is initiated within the allowed period and the product meets the applicable conditions regarding category and condition. For orders placed on domestic e-commerce platforms, we generally allow users to return online purchases within seven days of the purchase without providing a reason by initiating the return. Users may also exchange defective products within 15 days of the purchase by submitting a service order for quality issues. After receiving the service order, the store will review it, and if it meets the requirements, will provide the corresponding return or exchange service. Products purchased from offline stores are not eligible for seven-day no-reason returns. If a performance failure or other quality issue occurs within 15 days of the purchase date, the user may replace the product at the store where the product was purchased. If a performance failure or other quality issue occurs after 15 days of the purchase, we will provide repair services in accordance with applicable laws and regulations.

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Accessible and Multi-Channel Support

We provide our customers with multiple convenient channels to access support, ensuring their queries and issues are addressed promptly. Our dedicated Customer Service Group is reachable through: (i) A national service hotline; (ii) an official WeChat account, offering real-time online chat with service agents; and (iii) a dedicated WeChat Mini Program. Our service representatives are well-trained and equipped with standardized protocols and detailed troubleshooting guides to handle a wide range of inquiries.

Centralized Repair and Systematic Complaint Handling

For any product repairs, customers can mail their products to our centralized repair facility. The process is designed to be systematic and transparent. To further enhance customer convenience, we offer a complimentary door-to-door courier service for picking up products that are within the warranty period. Our service level objectives are to complete in-warranty repairs within 3-7 business days and out-of-warranty repairs within 7-15 business days, excluding shipping time.

During Track Record Period, we had approximately 2,100 customer complaints, which accounts for less than 0.01% of our total products sales volume during the Track Record Period. Customer complaints primarily concern user experience and product quality. We have implemented a rigorous and structured process for handling customer complaints to ensure they are resolved effectively and to drive continuous improvement. This process includes formal complaint logging, classification and routing to the appropriate internal departments, and a cross-functional investigation for product quality issues. Complaints are further categorized by severity into three types: safety and regulatory complaints, batch quality incident complaints, and non-batch quality incident complaints. Upon receipt of a complaint referral, the responsible department is required to provide a temporary corrective measure within 24 hours and a long-term corrective plan within two business days. For potential safety, regulatory, or significant batch quality incidents, we have a formal escalation protocol and a product recall framework to ensure such matters are managed by senior management with the utmost priority. Customer complaints and related feedback are systematically compiled into monthly, quarterly, and annual reports, as well as ad hoc thematic reports, which serve as structured inputs for improvements in management decision-making, product development, service quality, and internal processes.

During the Track Record Period, the total number of products returned by our customers amounted to approximately 37.1 thousand units, 72.3 thousand units, 109.0 thousand units and 49.3 thousand units in 2023, 2024, 2025 and for the five months ended May 31, 2026, respectively, representing approximately 0.8%, 1.5%, 2.0% and 1.7% of our total products for the corresponding years/periods. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product recalls, product returns, product liability claims, warranty expenses or customer complaints that had a material adverse effect on our business, and we have not been subject to any regulatory penalties arising from any of the foregoing.

Warranties

We offer a comprehensive warranty policy on our products, which is a key part of our customer service commitment. Our customers may have their products replaced for specific types of defects or quality issues as required under the relevant laws and regulations. The key terms are as follows:

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- *Return and Replacement.* In compliance with relevant laws and regulations in Chinese Mainland, we generally allow users to return our products for any reason within seven days from the date of purchase for products bought through authorized online channels, and to exchange any defective products within 15 days from the date of purchase.
- *Standard Warranty.* We provide a one-year limited parts and labor warranty on our products from the date of purchase and free of charge. For products repaired under warranty, we provide a 90-day limited warranty on the replaced components and parts.
- *Extended Warranty Program.* Customers are eligible for a complimentary one-year extension of their warranty period, extending total coverage to two years for many of our products, by registering their purchase through our official WeChat account or Mini Program.
- *Product-Specific Warranties.* We offer enhanced warranties for certain product categories. For example, our large-format products such as massage chairs come with a five-year warranty on key components, including the core motor and motherboard, in addition to complimentary in-home installation services.

Pursuant to the framework agreements with our outsourcing partners, in general our partners should repair any of our products with material quality issues and compensate us for any actual losses if the material quality issues are due to their assembling process. Pursuant to our supply agreements with our suppliers, suppliers are typically required to reimburse us for warranty expenses resulting from defects in their supplied materials or products.

For the years ended December 31, 2023, 2024, 2025 and for the five months ended May 31, 2026, our warranty expenses amounted to RMB0.6 million, RMB4.4 million, RMB2.3 million and RMB1.5 million, respectively. The increase in warranty expenses from RMB0.6 million in 2023 to RMB4.4 million in 2024 was primarily because we identified that certain products had operational noise levels exceeding our internal quality control standards, which prompted us to carry out batch repair and optimization of the affected products in accordance with our quality control policy to maintain a high standard of customer experience. The underlying issue has been resolved, and products manufactured thereafter are no longer affected by this problem.

INTELLECTUAL PROPERTY

We believe that our brand and our intellectual property rights, including our trademarks, patents, domain names, are important to our future business development. In optimizing the value of our intellectual property rights, we effectively manage, safeguard and protect them in both domestic and overseas markets. Details of our materials intellectual property rights are set out in “Appendix V – Statutory and General Information – B. Further Information About Our Business – 2. Intellectual Property Rights.” As of May 31, 2026, we had 525 registered trademarks, 129 trademark applications and 384 patent applications in China. We held a global portfolio of 1,554 registered patents, including 1,517 registered in China. For the material patents held by our Group, see “Appendix V – Statutory and General Information – B. Further Information About Our Business – 2. Intellectual Property Rights – (b) Patents.”

We actively defend against infringement of our intellectual property rights and any counterfeiting of our products. We recognize that counterfeiters copy our newly developed products and designs and that counterfeiting may continue to affect our brand image. Therefore,

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consistent with our commitment to product quality control, we maintain high vigilance in monitoring counterfeiting and aggressively guard against counterfeiting by engaging in cooperative relationships with our distributors and other companies to assist us in the detection of counterfeit products by inspecting suspicious products. When counterfeit products are detected, we dedicate top management support and resources to enforce our rights. As of the Latest Practicable Date, we are not involved in any outstanding material lawsuit or threatened action with respect to our intellectual property rights.

During the Track Record Period, we were not aware of any material incident of counterfeit products which adversely affected our operations.

During the Track Record Period, we were not aware of any material incident involving infringement of intellectual property rights by us which adversely affected our operations.

INFORMATION TECHNOLOGY

We believe that an advanced information technology (“IT”) infrastructure is a key driver of our operational efficiency, customer experience, and future growth. To enhance our operational efficiency, we have implemented a variety of IT systems to ensure the efficient operation of each business segment. Our IT architecture is comprised of several interconnected platforms that empower our core business functions.

- *Core Operational System (ERP)*. The backbone of our operations is our SAP system, an Enterprise Resource Planning (ERP) platform. It covers our core backend functions, including procurement, inventory management, logistics scheduling, and financial accounting. By leveraging the SAP system, we achieve automated interfacing between our procurement and supply chain, which improves our inventory turnover efficiency and reduces manual errors.
- *Product Lifecycle Management (PLM)*. We have implemented a comprehensive PLM system, which serves as a fully integrated information platform unifying all operational stages from R&D to manufacturing and supply chain. This system is seamlessly integrated with our core enterprise software, including ERP, MES, OA and supplier management systems, creating a cohesive digital infrastructure, ensuring operational efficiency and data integrity.
- *Manufacturing Execution System (MES)*. To enhance manufacturing efficiency and ensure accurate product traceability, we have implemented an MES system to standardize management across production, quality, and warehouse operations. Used by all key manufacturing personnel, the system breaks down interdepartmental information barriers, enables production data visualization, and guarantees full traceability of finished goods.
- *Internal Collaboration Platform*. To foster organizational synergy and streamline internal workflows, we use Feishu and an OA (Office Automation) system for internal communication, approval processes, research and development, as well as work task management.

We comply with relevant laws and regulations, establishing strict information protection policies and procedures that cover all aspects of data collection, storage, use, and sharing. We also conduct regular security audits and assessments, continuously improving and enhancing our

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information protection system to address increasingly complex information security challenges, ensuring the safety of personal information for users and employees.

During the Track Record Period, we were not aware of any material IT system breakdown which adversely affected our operations.

DATA PRIVACY AND SECURITY

With the prior notification to our consumers, we collect and maintain certain consumer information during the ordinary course of business. We primarily collect our customers’ personal information, including basic profile data and consumption records, through various applications that we independently operate and that are integrated with our products. Such collection is conducted only for user registration, log-in, and the use of our applications’ functions (such as online shopping mall and after-sales services). All such personal information collection activities have obtained our customers’ prior informed consent or are otherwise based on legitimate legal grounds.

To support the functionalities of our self-operated applications and to provide users with customer services, we entrust third parties to process personal information under contractual arrangements or through third-party software development kits embedded in our operating applications. In the course of such arrangements, only the necessary personal information is transmitted to the third parties, and, in accordance with the laws of the PRC, such transmission has been disclosed to our customers. We also collect data from our distributors from time to time, including their contact information, banking details information and specific order information. That information contains only product and channel data and does not involve any personal information of end customers.

During the Track Record Period and up to the Latest Practicable Date, we have not received any notification from the relevant PRC authority that the data processed has been determined to be important data or core data, was not involved in any investigation of data processing activities in PRC that affect or may affect national security, national economy or public interest, and have not conducted any cross-border data transmission from the territory of the PRC.

We have two data centers to store necessary data in Shenzhen and Foshan, respectively, and we also procure domestic public cloud server resources from third parties. All public cloud servers used for our business data collected in China are all located within the territory of the PRC. For our overseas business, we deployed data centers in the locations where our global business is conducted, such as North America, Europe, and Singapore, allocating storage locations according to our customers’ regions. There is no cross-transmission or interconnection of our customers’ data between any of these data centers.

We strictly comply with data privacy and security regulations. We have established a comprehensive data security and information management system to ensure the integrity of our systems and the privacy of our data. We have implemented several security measures, including firewalls, intrusion prevention systems, regular penetration tests, and disaster recovery plans. We have developed strict internal control and data accessing mechanisms and detailed approval and operation procedures regarding data storage and processing, and established a set of internal protocols on data security, which set forth detailed, stringent requirements in relation to the use, disclosure and protection of confidential information. We have a comprehensive data backup system to encrypt and store data on servers in different locations in order to minimize the risk of

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data loss. We also conduct data restoration tests to examine the status of the backup system on a regular basis.

Our PRC Legal Advisor is of the view that we have been in compliance with the relevant PRC laws and regulations relating to cybersecurity, data security and personal information protection in all material aspects during the Track Record Period and up to the Latest Practicable Date.

EMPLOYEES

We believe our employees are our most valuable asset and are fundamental to our success. We are dedicated to attracting, developing, and retaining top talent by fostering a supportive work environment, offering competitive compensation and benefits, and providing comprehensive training and career development opportunities.

As of May 31, 2026, we had 972 full-time employees, including 858 based in China and 114 outside China. The following table sets forth the number of our employees by function as of May 31, 2026.

Function	Number of Employees	% of Total
Research and development	168	17.3
Sales and marketing	266	27.4
Production	291	29.9
General and administration	247	25.4
Total	972	100.0

Remuneration and Welfare Contributions

We offer competitive remuneration packages to attract and retain talented employees. Our compensation structure typically includes a base salary, performance-based bonuses, and other allowances. Bonus payments are generally discretionary and based on both individual and overall business performance. We have established a clear and objective system for promotion and remuneration, as detailed in our internal policies, which ensures that both management track and professional track employees enjoy equivalent compensation and benefits at corresponding levels.

As required by applicable PRC laws and regulations, we participate in various employee social security plans for our employees, which include pension, medical insurance, unemployment insurance, maternity insurance, and work-related injury insurance, as well as contributions to a housing provident fund. We are required to make contributions to these plans at specified percentages of our employees’ salaries, bonuses, and certain allowances, up to a maximum amount specified by the local government from time to time.

We have established a comprehensive system for talent recruitment, training, and development to support our employees’ growth and our strategic objectives.

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Recruitment, Training and Development

Recruitment and Promotion

We recruit employees through various channels, including online recruitment platforms, campus job fairs, and employee or industry referrals. For management positions, we prioritize internal promotion to provide our employees with clear career advancement paths, while also selectively recruiting high-level external talent for key positions. Our selection process is rigorous, governed by our Cadre Appointment and Selection Management Measures, and assesses candidates based on a combination of performance, integrity, capabilities, and adherence to our corporate values.

Training and Development

We are committed to the continuous learning and development of our employees. We have established a systematic training framework managed by our in-house training academy, which is responsible for empowering employees at all levels. Our training system includes:

- *New Employee Onboarding and Mentoring Program.* We have implemented a structured onboarding process, as outlined in our New Employee One-on-One Mentoring Interview Management Measures. Each new employee is assigned a direct supervisor as a mentor who conducts regular one-on-one interviews to provide guidance, set clear probationary period objectives, and help the employee integrate into our team and corporate culture.
- *Comprehensive Training Curriculum.* Our training programs are designed based on systematic needs analysis conducted in collaboration with business departments. We offer a wide range of courses covering professional skills, management capabilities, and corporate culture.
- *Leadership Development.* We place significant emphasis on cultivating our management team. Our related policies outline a specific leadership competency model and require that candidates for management roles have prior experience as mentors, ensuring a culture of knowledge-sharing and talent cultivation from within.
- *Specialized Training for Manufacturing Personnel.* For our manufacturing employees, we have a dedicated training system detailed in our Manufacturing Employee Training Management Measures. All new production-line workers must complete mandatory training covering safety protocols, quality control standards, and specific operational procedures. They are only permitted to formally assume their positions after passing assessments from our technology, quality, and production departments, ensuring the quality and safety of our manufacturing process.

We believe that our training and development system has been successful in enhancing employee skills and fostering a culture of continuous improvement. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in the recruitment or retention of employees. We believe that we maintain a good working relationship with our employees and, up to the Latest Practicable Date, we have not experienced any significant labor disputes or strikes.

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Social Insurance and Housing Provident Funds

Under applicable PRC laws and regulations, we are required to participate in government sponsored employee benefit plans, including social insurance, housing provident funds, and other welfare-related programs. Contributions to these plans must be made in amounts equal to specified percentages of employees’ salaries, bonuses, and allowances, up to a cap determined by local government regulations at the locations where our employees are based. During the Track Record Period and as of the Latest Practicable Date, we did not fully contribute to social insurance and housing provident funds based on the actual salaries of our employees primarily because (i) the applicable PRC laws and regulations governing social insurance and housing provident funds vary by region, which added complexity to our compliance efforts; and (ii) certain employees were unwilling to pay the social insurance and housing provident funds in full as it requires additional contributions from them. For the risks in relation to social insurance and housing provident funds, see “Risk Factors – Risks Relating to Our Business and Industry – We may be subject to additional contributions of social insurance and housing provident funds and late payments and fines imposed by relevant governmental authorities, which may materially and adversely affect our business and results of operations.”

Legal Consequences

According to PRC laws and regulations, under-contribution to social insurance may subject us to compensate for the delayed payment amount within a prescribed period and to pay a daily overdue charge of 0.05% of the delayed payment amount. Failure to comply within the prescribed timeline may lead to fines ranging from one to three times the overdue amount. Additionally, pursuant to applicable PRC laws and regulations, if the employer fails to register and establish an account for housing provident fund contributions, the authority could order the employer to correct it within a prescribed time limit, where failure to do so at the expiration of the time limit shall result in a fine of not less than RMB10,000 nor more than RMB50,000 being imposed. Similarly, if there is any failure to pay the full amount of housing provident fund as required, the competent housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, the authorities may seek enforcement through the PRC courts. We might also be subject to potential labor disputes arising from such arrangements with the relevant employees.

Pursuant to the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Guidelines of the Executive Meeting of the State Council to Practically and Effectively Stabilize the Collection of Social Insurance Payments (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative authorities are prohibited from organizing centralized collection efforts for historical social insurance arrears.

According to the Interpretation II of the Supreme People’s Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the “**Interpretation II**”) promulgated by the Supreme People’s Court on July 31, 2025 and implemented on September 1, 2025, any agreement between an employer and an employee, or any undertaking by the employee, purporting to waive statutory social insurance contributions shall be deemed void by the people’s court; if an employer fails to make social insurance contributions as required by law, and the employee invokes Article 38(3) of the Labor Contract Law of the PRC to terminate the labor contract and seek economic compensation, the people’s court shall uphold the employee’s claim. Considering that (i) the Interpretation II does not repeal any currently effective PRC laws or regulations relating to

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social insurance; (ii) the Interpretation II does not expand the scope of any applicable penalties relating to social insurance; and (iii) during the Track Record Period and up to the Latest Practicable Date, there have been no material employee complaints, reports, or related litigation or arbitration proceedings against the Group, our PRC Legal Advisor and our Directors are of the view that the Interpretation II has no material adverse impact on the Group’s operation or financial condition. Based on the independent due diligence work performed by the Sole Sponsor and the view of the Company’s PRC Legal Advisor, nothing has come to the attention of the Sole Sponsor to disagree with the Director’s view that the Interpretation II has no material adverse impact on the Group’s operations and financials.

Internal Control and Remedial Measures

We have taken and will continue to maintain the following internal control measures to ensure compliance with the social insurance and housing provident fund contribution requirements under the relevant laws and regulations to the extent practicable:

- Strengthen training on the proper implementation of social insurance and housing provident fund regulations for all relevant handling personnel, to ensure our compliance with applicable laws and regulations;
- Strengthen our communication with the local competent authorities to ensure our compliance with the regulatory requirements of the local competent authorities;
- Establish an internal control team to monitor our ongoing compliance with the social insurance and housing provident fund contributions regulations and oversee the implementation of any necessary measures; and
- Consult external legal adviser regularly to assess whether we are subject to relevant risks of non-compliance.

Our PRC Legal Advisor and our Directors are of the view that the aforementioned failure to fully contribute to social insurance and housing provident funds would not have a material adverse effect on our business, financial condition or results of operations, based on the following considerations: (i) consultations with certain competent government authorities and they indicate that they had not received any employee complaints regarding social insurance and housing provident funds and typically would not voluntarily initiate regulatory actions to require supplementary contributions or impose penalties in the absence of such complaints; (ii) during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties related to social insurance or housing provident fund contributions; (iii) as of the Latest Practicable Date, we had not received any notifications from the relevant government authorities requiring payment of shortfalls or overdue charges for social insurance or housing provident funds; (iv) Mr. Liu, Ms. Xu and Future Life Investment, members of our Controlling Shareholders, have provided an indemnification undertaking for any potential outstanding contributions or penalties and (v) as advised by our PRC Legal Advisor based on the aforementioned, provided that the current social-insurance and housing-fund statutes and the implementation and oversight requirements of local authorities remain materially unchanged and in the absence of material employee complaints, the likelihood of being subject to material administrative penalties or collection of historical arrears is remote. As a result, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date.

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Nevertheless, we cannot assure you that the relevant local governmental authorities will not take a contrary view or require us to pay outstanding amounts, late fees or fines, pecuniary penalties or other administrative actions on us. Any investigations, penalties, or legal disputes related to noncompliance with labor laws could adversely impact our business, financial condition and results of operations. See “Risk Factors – Risks Relating to Our Business and Industry – We may be subject to additional contributions of social insurance and housing provident funds and late payments and fines imposed by relevant governmental authorities, which may materially and adversely affect our business and results of operations.” for details.

COMPETITION

The market of smart health wearables is growing rapidly. According to Frost & Sullivan, the market size of smart health wearables in China has grown from RMB36.4 billion in 2020 to RMB71.1 billion in 2025, with a CAGR of 14.3% from 2020 to 2025, and the smart health wearables market in China is expected to develop at a CAGR of 14.9% from 2025 to 2030, reaching RMB142.1 billion.

We operate in smart soothing wearables industry in China and around the globe. According to Frost & Sullivan, the global market competition pattern of smart soothing wearables is relatively fragmented, industry concentration is not high and the competition is rather fierce, while the smart soothing wearables market in China is slightly higher than that of the global market and still relies on further channel penetration and product optimization. According to Frost & Sullivan, we ranked first in terms of GMV, with a 4.6% market share, taking the lead in the global smart soothing wearables market in 2025. In the meantime, we ranked first in terms of GMV, with 21.6% market share in China’s smart soothing wearables market, according to Frost & Sullivan.

We mainly compete with a number of domestic and international brands in the smart health wearables industry in China. Our competitors may have greater brand recognition or financial resources than we do, and they may be able to respond more quickly than we can to emerging market trends. See “Risk Factors – The industry in which we operate is highly competitive. If we fail to compete successfully with our existing or potential competitors, our business, financial condition and results of operations may be materially and adversely affected.”

THIRD-PARTY PAYMENT ARRANGEMENT

During the Track Record Period, certain Third-party Payment Customers settled their payments with us through the accounts of third-party payors designated by these Third-party Payment Customers. In 2023, 2024, 2025 and for the five months ended May 31, 2026, the number of Third-party Payment Customers that made payments to us through such third-party payors was 11, 13, ten and one, respectively. For the same years/periods, the third-party payments remained below 1% of our total revenue for the corresponding year/period, respectively. During the Track Record Period, no individual Third-party Payment Customer had made material contribution to our revenue.

The Third-party Payment Customers’ use of the Third-party Payment Arrangement was primarily because of the payment convenience due to their internal fund management policies or their internal commercial arrangements. For example, for the convenience of the customers due to their internal fund management policies, such as when a specific Third-party Payment Customer which is an affiliate of a corporate group, entered into the contract with us, while such customer does not have rights to make the payment from its own bank account and all payments are settled through designated bank account of the group such customer belongs to based on

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their internal policy. The third-party payors were primarily located in China and primarily (i) the entities within the same corporate group or under common control with the Third-Party Payment Customers who initially purchased the products from us, or (ii) individuals who are the employees of such Third-Party Payment Customers.

As of the Latest Practicable Date, we had ceased all the current Third-party Payment Arrangements except for the transaction with a commercial bank’s affiliate. The commercial bank’s affiliate is responsible for procuring our products and presenting them as gifts to the commercial bank’s clients in the course of the bank’s business operations. In accordance with the bank’s internal policies, all payments for such gift purchases must be made through the bank’s credit card center. Therefore, that bank’s affiliate is our Third-party Payment customer, but the payment is made through the bank’s another department, i.e. the credit card center. In 2024, 2025 and for the five months ended May 31, 2026, the aggregate amount of third-party payments from such commercial bank we received was RMB0.5 million, RMB1.0 million and RMB1.7 million, respectively and accounted for an insignificant percentage of less than 0.1% of our total revenue in each year/period during the Track Record Period. Given that the commercial bank’s internal policies are not expected to change in the short term, we expect to continue to maintain the business relationship with commercial bank utilizing the Third-party Payment Arrangement.

We have adopted internal control measures to mitigate risks relating to the Third-party Payment Arrangements. In exceptional circumstances where a third-party payment arrangement is deemed necessary, a stringent approval process must be followed. We will require the Third-party Payment Customers and the third-party payor to enter into formal third-party agreements with us. And we have established a third-party payment ledger to record the relationships between Third-party Payment Customers and the third-party payor. We intend to continuously monitor the effectiveness of our internal control measures to promptly address any identified deficiencies. Our Directors, as advised by the internal control consultant, are of the view that the internal control measures adopted by the Group is adequate and effective. Our internal control consultant has performed a review of our internal control measures and did not identify any material issues. Based on the independence due diligence work performed by the Sole Sponsor and having considered the work and procedures performed by the internal control consultant, nothing has come to the attention of the Sole Sponsor to disagree with the view of the Directors.

As advised by our PRC Legal Advisor, (i) the third-party payment arrangements do not violate any mandatory provisions of applicable laws or regulations in China; (ii) during the Track Record Period and up to the Latest Practicable Date, we were not requested to refund funds; and (iii) we have not been subject to any administrative penalties, nor have any actual or pending disputes or disagreements involving any third-party payment arrangement, the risk that we are found obligated to return the funds is remote.

Since we have implemented comprehensive control measures to govern Third-party Payment Arrangements, and the related revenue was minimal to our business during the Track Record Period, our Directors are of the view that the risks relating to Third-party Payment Arrangement is immaterial and has been properly managed.

AWARDS AND RECOGNITIONS

Our commitment to product excellence, innovative technology and brand influence has been widely recognized by reputable industry organizations and government authorities. The

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following is a selection of the major awards and recognitions we have received during the Track Record Period and as of the Latest Practicable Date.

Awards/Recognition	Award Year	Awarding Body
Guangdong Provincial Manufacturing SingleChampion Enterprise	2026	The Industry and Information Technology Department of Guangdong Province
Ranked No. 1 Globally in Sales Value of Smart Soothing wearables for Three Consecutive Years (2022–2024)	2025	Frost & Sullivan
Certificate for Inclusion in the Guangdong Key Trademark Protection List	2025	Key Trademark Protection Committee of Guangdong Trademark Association
Massager Gold Award 2024	2024	JD Gold List
Global Choice – SKG Neck Massager G7Pro-Fold	2024	EBRUN
Hugo Award – SKG Brand with Chinese Cultural Influence for Overseas Markets	2024	Hugo Cross-border
China Outstanding Patent Award for Design (Shoulder and Neck Massager)	2023	China National Intellectual Property Administration
2023 Cultural Brand Award of “The Growing of the Great Brand”	2023	CCTV
Contemporary Good Design Award Best Smart Product 2023	2023	Red Dot Design Award
Red Dot Winner 2023 (W7-2 Waist Massager)	2023	Red Dot Design Award

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Overview

Our Board of Directors (the “**Board**”) provides ultimate oversight for our ESG strategy, ensuring that we operate ethically, responsibly, and in compliance with all applicable laws and regulations.

Accordingly, our Board has adopted a comprehensive ESG Policy which sets forth our objectives and provides guidance on integrating ESG considerations into our daily operations. Following the [REDACTED], we are committed to complying with the reporting requirements of the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules and will publish an annual ESG report.

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had complied with all applicable PRC laws and regulations in relation to social, health, safety, and environmental matters in all material aspects, and we had not been subject to any material fines or other penalties due to such non-compliance.

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ESG Governance Structure

Our ESG governance structure is designed to provide top-down leadership and effective implementation. The Board has the ultimate responsibility for overseeing all ESG-related matters, including our ESG vision, strategies, and goals. To facilitate this, we have established an ESG committee under the Board, which is responsible for formulating and advising on significant ESG policies, monitoring the implementation of our ESG initiatives, and regularly reviewing our progress and performance. It is disclosed that the Board has received ESG related training to ensure that it possesses the requisite knowledge and skills to effectively discharge its ESG governance responsibilities.

Supporting the committee is an ESG working group, composed of representatives from key departments such as production, supply chain, R&D, human resources, and legal. This group is responsible for executing ESG initiatives, collecting and analyzing performance data, and reporting progress to the committee.

ESG Risk Management and Strategy

We acknowledge that ESG related issues may have an impact on our business operations. In accordance with the *Environmental, Social and Governance Reporting Code*, we assess the materiality of ESG topics from our operational perspective through our internal *Risk and Opportunity Management Measures and Process Risk Response Matrix*. The assessment results are further reviewed by our ESG working group and the Board, which enables us to identify the key ESG topics relevant to our business as well as certain quantitative performance disclosure items.

Material Topic	Risk Description ¹	Residual Risk Level	Control Measures	Quantitative Disclosure Indicator
Product Quality and Customer Rights	The safety and reliability of our products and the protection of customer rights are of utmost importance. Any deficiency may adversely affect customer satisfaction, damage our brand image, result in a decline in revenue and give rise to potential legal liabilities.	Low	We have implemented stringent quality control measures throughout the entire product lifecycle and established a comprehensive customer support system. We also conduct regular customer satisfaction surveys to identify areas for improvement.	Number of major quality incidents (cases)

¹ Failure to comply with relevant laws and regulations, significant customer attrition, and operational disruptions, among other circumstances, all represent material ESG risks that may have a material adverse effect on the Group.

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Material Topic	Risk Description ¹	Residual Risk Level	Control Measures	Quantitative Disclosure Indicator
Information and Privacy Security	Processing user data exposes us to risks relating to data breaches and privacy infringements, which may result in disruptions to our product and service operations, legal liabilities, and adverse impacts on our financial condition and operating results.	Low	We have adopted strict measures including data encryption, access controls for sensitive customer information and confidentiality agreements for employees. We also provide regular information security training for our staff.	Number of data breach incidents (cases)
Employee Health, Safety and Rights	Given that we operate our own manufacturing facilities, ensuring employees’ health and safety is a critical responsibility. Workplace accidents or breaches of labour laws may disrupt operations and harm our reputation.	Low	We adhere to applicable labour laws, provide periodic safety training, enforce strict machine-operation procedures and equip employees with appropriate personal protective equipment.	Number of workplace injury cases (cases)
Supply Chain Management . . .	Our reliance on external suppliers for raw materials and components exposes us to potential ESG risks within the supply chain, such as unethical labour practices or environmental non-compliance. These may result in shortages of raw materials and production disruptions, adversely affecting our financial condition.	Low	We have implemented a comprehensive supplier management system and incorporated ESG standards into supplier selection, evaluation and audit processes.	Number of supplier workplace injury incidents (cases)
Business Ethics . .	Any corruption or misconduct may lead to regulatory investigations, business disruptions, reputational damage and weakened investor confidence.	Low	We have established a stringent code of conduct applicable to all employees and business partners. We conduct regular anti-corruption training and maintain a confidential whistle-blowing mechanism.	Number of concluded corruption litigation cases (cases)

The above five key ESG topics have been assessed under our *Risk and Opportunity Management Measures* as posing only minor potential economic losses with a low likelihood of occurrence, and none of these risks has resulted in any material penalties affecting the Group’s financial position or operations.

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Environmental Protection

We are committed to minimizing the environmental impact of our operations, particularly those related to our production facilities. We have implemented environmental management policies. For the years ended December 31, 2023, 2024, 2025 and for the five months ended May 31, 2026, our expenditures relating to environmental compliance matters did not exceed RMB150,000 for each year/period, primarily consisting of costs incurred for the handling of hazardous and non-hazardous waste.

Metrics and Targets

We monitor key environmental metrics to track our performance and identify opportunities for improvement. The primary sources of our environmental impact are electricity and water consumption at our production and office facilities, and the generation of production-related and domestic waste. Our business primarily involves office operations and product assembly and does not require the extensive use of volatile or hazardous chemicals. Accordingly, our operations do not generate toxic gas emissions that would have a material impact on the environment.

The following table sets forth key metrics on our greenhouse gas emissions, energy and water consumption during the Track Record Period.

	For the Year Ended December 31,			For the Five Months Ended May 31,
	2023	2024	2025	2026
Scope 1 emissions (tCO ₂ e)	N/A	N/A	N/A	N/A
Scope 2 emissions (tCO ₂ e)	1,703.96	2,855.05	2,686.45	993.62
Total electricity consumption (MWh)	2,746.10	4,601.21	4,329.50	1,601.33
Total water consumption (tonnes)	41,150.00	42,565.00	54,421.00	25,787.00
Hazardous waste generated (tonnes)	0.03	0.10	4.35	1.75

In 2025, our greenhouse gas emissions intensity, electricity consumption intensity and water consumption intensity were 2.21 tCO₂e per RMB million revenue, 3.56 MWh per RMB million revenue and 44.70 tonnes per RMB million revenue, respectively, each of which was lower than the industry averages of 6.10 tCO₂e per RMB million revenue, 13.31 MWh per RMB million revenue and 108.60 tonnes per RMB million revenue.

Based on our analysis of historical environmental data and on the premise of maintaining a comparable operating scale, we have established environmental targets aimed at controlling and continuously reducing greenhouse gas emissions and water consumption. Details of the measures adopted to achieve these targets can be found in the section “Conservation Initiatives and Climate Response”. Our specific environmental targets are as follows:

- Greenhouse Gas Emissions: Reduce greenhouse gas emissions intensity by 10% by 2028, using 2024 as the baseline year.
- Energy Consumption: Reduce electricity consumption intensity by 10% by 2028, using 2024 as the baseline year.

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- **Water Efficiency:** Reduce water consumption intensity by 3% by 2027, using 2024 as the baseline year.

Conservation Initiatives and Climate Response

We have implemented various initiatives to conserve resources and address the risks posed by climate change.

- *Green and Renewable Energy.* We utilise green energy through the installation of photovoltaic power generation facilities, which serves to continuously reduce greenhouse gas emission intensity associated with our production and operational activities.
- *Energy Conservation.* We promote energy efficiency by ensuring all non-essential lighting and equipment are turned off after working hours and optimizing the use of heating and air conditioning. We continuously seek to upgrade to more energy-efficient production equipment.
- *Water Conservation.* We enhance water conservation by displaying informational posters to promote responsible usage and conducting regular maintenance to prevent leaks in our facilities.
- *Waste Management.* We promote paper-saving by adopting electronic office processes and encouraging double-sided printing. In our production facilities, we classify waste for proper handling and disposal and actively seek ways to minimize production waste.
- *Climate Change Risks.* We recognize that climate change poses both physical risks (e.g., extreme weather disrupting production and logistics) and transition risks (e.g., new regulations and market shifts). We manage these risks by enhancing the resilience of our supply chain and focusing on energy efficiency in our operations.
- *Product and Packaging Recycling and Reuse.* The Group’s product packaging, including cardboard boxes and other paper-based components, is recyclable and biodegradable, while plastic films, plastic trays and other materials are also recyclable. We print recycling symbols on our outer packaging to clearly indicate recyclability and promote proper recycling and reuse by consumers. We also operate a trade in programme to facilitate the recycling of used products, which are dismantled for reuse in demonstration units, with any remaining parts handled by qualified third-party recyclers.

Social Responsibility

Employee Wellbeing, Safety and Health

Our employees are our most valuable asset. We are committed to providing a safe, inclusive, and empowering workplace. We strictly comply with all applicable labor laws and have formulated internal systems governing employee remuneration, benefits, performance appraisal, and promotion. We prioritize employee health and safety through regular training, health checks, and a comprehensive safety management system at our production sites.

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	For the year ended December 31,			For the Five Months Ended May 31,
	2023	2024	2025	2026
Number of workplace injury cases	2	5	3	0

During the Track Record Period, our workplace injuries comprised both commuting traffic accidents and production-related incidents. In each of 2023, 2024 and 2025, we recorded one production-related workplace injury case, while the remaining cases in each respective year were attributed to commuting accidents. To prevent recurrence of similar incidents, we have implemented traffic-safety awareness programmes for employees.

We conducted investigations into the three production related injury cases mentioned above. These incidents occurred in the assembly workshop of our Foshan facility and were primarily caused by inadequate environmental conditions in certain work areas and insufficiently standardised operating procedures and inadequacies in the safety protection features of certain production equipment. These incidents resulted in minor injuries to two employees and a mild injury to one employee. We have expressed our sympathies to the affected employees and provided lawful compensation, followed by comprehensive rectification of all identified occupational health and safety hazards.

To further address potential safety weaknesses and enhance the working environment, we have adopted the following measures: (i) strengthening safety inspections by management to promptly identify and eliminate hazards; (ii) upgrading workplace environments and related equipment; (iii) revising and improving operational procedures and relevant internal rules; and (iv) organising mandatory safety training for all employees.

Diversity, Equity and Inclusion

We are committed to fostering an inclusive and equitable workplace. We embrace diversity in hiring and provide equal employment opportunities, strictly prohibiting discrimination of any kind. To foster a cohesive culture, we conduct various employee engagement activities, such as team-building events, holiday celebrations, and maintain open communication channels, including town hall meetings.

Professional Development

We have implemented a structured and tiered training system to support the professional growth of our employees. Our programs include new employee onboarding, professional skills training, and management development courses. By adopting standardized training model, we empower employees to realize their career potential while building a strong talent pipeline for us.

Product Responsibility

In accordance with the ISO 9001 Quality Management System, we have established quality control and continuous improvement measures and developed our Quality Manual and Quality Control Plan Management Measures to ensure product quality. We conduct training to enhance employees’ quality awareness and technical skills. To ensure customer satisfaction, we have implemented the Customer Complaint Handling and Improvement Management Measures to ensure timely response to complaints. For details, see “– Quality Control.”

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Supplier Management

We have formulated the Supplier Onboarding Management Measures, under which ESG related factors – including suppliers’ integrity, business ethics, social responsibility, environmental protection obligations and workplace safety – are incorporated into the fundamental principles for supplier selection. Suppliers are required to refrain from any unlawful or non-compliant practices and must sign an environmental protection undertaking. We also require suppliers to comply with our anti-corruption policies. Pursuant to our Supplier Management Measures, suppliers with unsatisfactory quality performance ratings will be disqualified.

Anti-corruption

We have established the Anti-corruption Policy Management Provisions, which set out anti-corruption requirements applicable to all employees and business partners. We have implemented the Whistle-blower Protection and Reward System to encourage the reporting of corruption or misconduct, supported by strict processes for investigation and confidentiality protections. Employees receive training on antifraud, anticorruption and anti-money-laundering.

During the Track Record Period and up to the Latest Practicable Date, the Group did not record any incidents of corruption.

Marketing and Advertising Compliance

We strictly comply with applicable laws and regulations in our marketing and promotional activities. To ensure the accuracy of our marketing materials and to avoid any misleading or false representations, we have established the Advertising and Promotion Guidelines, which set out clear review standards for promotional materials relating to general consumer goods, medical device products, promotional campaigns and livestreaming content. Under these guidelines, marketing materials for general consumer products must not contain wording that may be confused with medical claims, while advertisements for medical device products must undergo mandatory advertising review and obtain the required approval publication number before dissemination. These measures ensure that all marketing information is truthful, clear, accurate and not misleading. In addition, we maintain verifiable supporting materials such as notarised evidence or substantiation documents to demonstrate the accuracy and traceability of marketing content. This ensures accountability and reinforces compliance across all marketing activities.

INSURANCE

Pursuant to PRC regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in China. We also purchase supplemental commercial medical insurance for our employees.

In line with general market practice, we do not maintain any business interruption insurance, which is not mandatory under PRC laws. We do not maintain key man life insurance or insurance policies covering damages to our network or information technology systems. We believe that our insurance coverage is in line with industry practice in the PRC, including with respect to the terms and coverage of the insurance policies. However, there is no assurance that the insurance policies we maintain are sufficient to cover all of our operational risks. Our management will evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed. See “Risk Factors – Risks Relating to Our

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Business and Industry – We have limited insurance coverage, which could expose us to significant costs and business disruption.” in this Document. During the Track Record Period, we did not make any material insurance claim in relation to our business.

PROPERTIES

As of the Latest Practicable Date, we owned six properties and leased eight properties in the PRC to support our business operations. Our properties are primarily used for our offices, research and development centers, production facilities, warehouses and offline flagship stores.

Owned Properties

As of the Latest Practicable Date, we held the following material owned properties in the PRC: (i) as of the Latest Practicable Date, we held the land use rights to six parcels of land in the PRC with an aggregate site area of approximately 53,650.66 sq.m.; and (ii) as of the Latest Practicable Date, we owned five buildings in the PRC with an aggregate gross floor area (“GFA”) of approximately 98,164.91 sq.m.

As of the Latest Practicable Date, we had obtained all requisite land use rights certificates and building ownership certificates for all properties we owned, and as of the Latest Practicable Date, one of the aforementioned parcels of land located in Foshan city had been mortgaged to a bank as security for banking facilities with a maximum amount of up to RMB450 million. Our PRC Legal Advisors has confirmed that the use of these parcels of land does not contravene the use specified in the land use rights certificates.

Leased Properties

Our corporate headquarters are located in Shenzhen, Guangdong Province, China. As of the Latest Practicable Date, we leased eight properties in the PRC with an aggregate GFA of approximately 5,174.03 sq.m. for warehouse, operation or office purposes, and we leased 16 properties overseas with an aggregate GFA of approximately 3,347.51 sq.m. for operation or office purposes. The lease agreements for these properties generally have terms ranging from one to two years. We do not anticipate any significant difficulties in renewing the leases upon their expiration. We believe our current facilities are sufficient to meet our present needs.

Pursuant to PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, five of our lease agreements were not registered with the relevant authorities. According to our PRC Legal Advisor, the failure to complete such registration process does not affect the validity of the relevant property lease agreements, and a maximum penalty of RMB10,000 may be imposed for the non-registration of each lease agreement.

During the Track Record Period and up to the Latest Practicable Date, our leases for the leased property with registration defects were not challenged by relevant authorities that had resulted or involved us as the defendant in disputes, lawsuits or claims in connection with the rights to lease and use such property. Those leased properties are primarily used for warehouse or office purposes, and no material business operations are conducted at those leased properties. In light of the nature of the defect mentioned above, should these issues prevent the continued use of the leased property, we anticipate being able to promptly locate suitable alternative premises without incurring significant losses. Our Directors are of the view that these defects will not have a materially adverse impact on our business, operations, or financial results.

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Property Valuation

The Property Valuation Report from JLL, an independent property valuer, set out in Appendix III of this document, sets out details of our selective property interest as of May 31, 2026. JLL valued the property interest at an amount of RMB196.3 million as of May 31, 2026. Except for the property interest set forth in the Property Valuation Report from JLL, no other property interests are used for property activities as defined under Rule 5.01 of the Listing Rules. No single property interest that forms part of our non-property activities had a carrying amount representing 15% or more of our total assets as of May 31, 2026.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant government authorities that are material to our business operations. We are required to renew such certificates, permits and licenses from time-to-time, and we are continually overseeing the compliance with the relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in renewing the licenses, approvals and permits, and currently we do not expect any material difficulties in such renewal.

The following table sets forth certain material licenses, approvals and permits:

License/Permit/Approval	Holder	No.	Granting Authority	Grant Date	Expiration Date
Import or Export	Our Company	4403960V52	Fuzhong Customs	2009.11	N/A
Recordation	Future Sunflower	44229609Z8	Shunde Customs	2020.03	N/A
(進出口相關備案)	Future Shenzhen	4403961CQF	Fuzhong Customs	2020.12	N/A
	Future Hainan	46121601HE	Yecheng Customs	2022.01	N/A
	Future Technology Hainan	461216003E	Yecheng Customs	2024.01	N/A
	Future Technology Hainan	4612180010	Yecheng Customs	2024.01	N/A
	Future Foshan	4422960G9N	Shunde Customs	2025.09	N/A
	OTO Shenzhen	44031652HG	Fuzhong Customs	2025.08	N/A

As advised by our PRC Legal Advisor, our major products manufactured and sold during the Track Record Period do not fall within the scope of the compulsory product certification catalogue and therefore do not require compulsory product certification.

As of the Latest Practicable Date, as advised by our PRC Legal Advisor, our major products are not classified as medical devices and thus are not subject to medical device registration or filing obligations. During the Track Record Period, our products related to medical devices accounted for less than 1% of our total revenue. Besides, as advised by local legal advisers in the major jurisdictions in which we operate, we are not obligated to obtain any additional licenses (including any medical device licenses) or other additional certificates to conduct business in these jurisdictions.

LEGAL COMPLIANCE AND PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

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During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions.

According to our PRC Legal Advisor, the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

Intellectual Properties Related Litigations

In March 2022, Tengfei Technology initiated proceedings against our Company alleging infringement of its utility model patent in respect of certain waist massager products (the “**Tengfei Dispute**”). The parties reached a settlement in July 2022 without any admission of liability. In November 2023, Tengfei Technology commenced a second proceeding based on the same patent. Following our Company’s invalidation application, the China National Intellectual Property Administration declared the patent entirely invalid in March 2025, and the court dismissed the proceeding in April 2025. Tengfei Technology’s administrative appeal was rejected in November 2025, with the judgment having become effective by the Latest Practicable Date. According to our PRC Legal Advisor, as the underlying patent has been invalidated, Tengfei Technology no longer has a legal basis to assert infringement claims against our Group, and the Tengfei Dispute will not have a material adverse effect on our Group’s business operations or financial condition.

Save for the Tengfei Dispute, up to the Latest Practicable Date, our Group is involved in four ongoing patents invalidation proceedings, challenging patents relating to structural or process features of certain massage apparatuses, waist massagers, therapy modules, massage belts and belt manufacturing processes applied in waist massage (G7/K5/W7-2 series) products, which contributed approximately 6.2%, 14.4%, 8.8% and 5.9% of the total revenue of our Group for the years ended December 31, 2023, 2024, 2025 and for the five months ended May 31, 2026, respectively. As advised by our PRC Legal Advisor, these administrative proceedings do not involve any infringement of third-party intellectual property rights, nor do they give rise to any third-party claims against the Group. Accordingly, our Company’s rights to possess and use the underlying technologies remain unaffected. Each of the relevant products is protected by a portfolio of multiple patents, and the invalidation of any individual patent does not compromise the overall patent protection afforded to the product. Furthermore, as our Group continually upgrades and iterates its products, the invalidation of these four patents is not expected to adversely affect the development or rollout of next-generation products. Based on the foregoing and the opinion of our PRC Legal Advisor, our Directors are of the view that the patents invalidation proceedings, individually or in aggregate, will not have a material adverse impact on our Group’s operations or financial performance.

Foshan Plant Project

In August 2022, our Group entered into a state-owned construction land use rights grant contract with the Foshan Municipal Natural Resources Bureau, undertaking to complete construction of the plant project by September 9, 2025 (the “**Foshan Plant Project**”). As of the Latest Practicable Date, construction remained incomplete. Throughout the delay period, our Group maintained proactive communication with the relevant governmental authority, providing regular progress updates and submitting extension applications in a timely manner. The relevant authority granted a grace period of 109 days from the original deadline and, by letter dated February 3, 2026, approved in principle a one-year extension to September 9, 2026. Construction

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works are currently in progress, with basement structures completed and remaining works ongoing. Our Group currently expects to complete the project by September 9, 2026.

Pursuant to the grant contract, a penalty of 0.5% of the land grant price (RMB30.23 million), being RMB151,150, would be payable for every three months of delay beyond the approved extension period. According to our PRC Legal Advisor, our Group has not been subject to any penalties to date, and the possibility of enforcement action by the relevant authority is considered remote given the approved extension. Even if penalties were imposed, the amount would not have a material adverse effect on our Group’s business operations or financial condition. To mitigate the risk of further delay, our Group has enhanced its project management protocols and strengthened oversight of construction progress to ensure adherence to the revised timeline. Our Group will engage with the relevant authority to seek further extension prior to the expiry of the current extension period, if necessary.

Internal Control Measures

We have taken the following enhanced internal control measures to prevent the non-compliance event and manage our legal proceeding risks, and protect and avoid infringement of IP rights:

- Our legal department has organized and will regularly organize compliance training for employees to enhance their awareness of the requirements of applicable laws and regulations;
- Establish an internal control team to monitor our ongoing compliance and oversee the implementation of any necessary measures; and consult external legal adviser regularly to assess whether we are subject to relevant risks of non-compliance;
- For patent application and approval, the application materials are handled by externally appointed professional agencies. All the related submissions are reviewed sequentially in the system by patent engineers and senior patent engineers before filing with the related authorities;
- The IP department initiates annual fee payment reviews based on the iteration cycle and intended use of each patent. After approval by R&D and finance department, payments are made to ensure the continued validity of core patents and protect the value of technological assets;
- Upon identifying potential infringement, the IP department works with legal adviser to conduct internal investigations and physical comparisons, assessing whether the related technology can continue to be used. If infringement is confirmed, management is informed to decide on actions such as licensing negotiations or litigation, aiming to remove infringing products or obtain license fees; and
- To prevent unauthorized acquisition of R&D results by employees, suppliers, or third parties, R&D staff shall sign confidentiality agreements upon joining us. Our computers are equipped with watermarking, encryption, and USB port restrictions, and internal communication software is encrypted and monitored.

As of the Latest Practicable Date, no material deficiencies have been identified in these risk assessment processes for compliance, and the internal control consultant has provided no

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further comment following a follow-up review regarding the implementation of enhanced internal control measures.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Board is ultimately responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving our strategic objectives, and for ensuring that we establish and maintain appropriate and effective risk management and internal control systems. We have established a risk management and internal control system comprising a comprehensive set of policies and procedures that we consider appropriate for our business operations. Our management is responsible for the design, implementation and ongoing monitoring of these systems to identify, evaluate and manage the significant risks faced by us.

We have engaged an independent internal control consultant to conduct a comprehensive review of the effectiveness of our internal control measures across key operational and financial processes. The scope of this review included, among others, entity-level controls, financial reporting, operational workflows, legal compliance, and information technology security. Based on their review, no material deficiencies were identified as of the Latest Practicable Date. As of the Latest Practicable Date, our Directors are of the view that we have implemented adequate and effective internal control procedures for our operations.

Our risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss. We have implemented control measures to manage various risks, primarily including the following aspects:

Operational Risk Management

We face operational risks inherent in our daily business activities, which may arise from inadequate or failed internal processes, human error, system failures, or external events. To manage these risks, we have implemented a series of operational policies and standardized procedures for our key business segments, including research and development, procurement, production, sales, and logistics. Each department is responsible for identifying and reporting risks within its purview. Furthermore, we conduct regular assessments of our operational risks, and our internal audit function reports the findings to the Audit Committee and the Board for continuous improvement.

Financial Reporting Risk Management

To ensure the accuracy and reliability of our financial reporting, we have established a set of internal controls and accounting policies. These include an accounting manual, a comprehensive budget management system, treasury and cash management policies, and detailed expense reimbursement procedures. Our finance department, led by our Chief Financial Officer, is responsible for implementing these policies. We utilize an integrated ERP system to manage our financial data, which helps monitor our budget execution and expenses in real-time. We also provide regular training to our finance personnel to ensure they are up-to-date with the latest accounting standards and our internal financial policies.

Human Resources Risk Management

Our success depends significantly on our ability to attract, train, and retain qualified personnel. We have put in place an employee handbook and a code of conduct which are

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distributed to all employees. These documents outline our internal rules and guidelines regarding work ethics, confidentiality, intellectual property protection, anti-corruption, and prevention of fraud. All our employees enter into employment contracts that contain clauses on confidentiality and intellectual property ownership. For further details on risks related to human resources, see “Risk Factors – Risks Relating to Our Business and Industry – Our success relies on key management and other highly qualified personnel with specialized skills”.

Information Technology and Data Security Risk Management

As a technology-driven company, the security and integrity of our information systems and data are critical to our operations. We have implemented various measures to manage IT-related risks, including performing regular data backups, deploying network firewalls and anti-virus software, and implementing access controls for our key systems. We have also formulated an information security management policy that provides clear guidelines on data classification, data usage, personal information protection, and incident response procedures.

Legal Compliance and Intellectual Property Risk Management

Our operations are subject to a wide array of laws and regulations. To manage compliance risks, we have a dedicated legal department responsible for monitoring changes in applicable laws and regulations, ensuring we obtain and maintain all necessary licenses and permits, and reviewing material contracts. To protect our valuable intellectual property, our legal team, in conjunction with our R&D department, manages the process of applying for, registering, and maintaining our patents, trademarks, and other intellectual property rights.

Internal Audit

We have established an internal audit function that is independent of our business operations and reports directly to the Audit Committee. The primary role of our internal audit function is to conduct independent reviews of the adequacy and effectiveness of our risk management and internal control systems, and to provide recommendations for improvement. The Audit Committee oversees the internal audit function, reviews its findings, and ensures that management takes appropriate and timely corrective actions. For more details on our Audit Committee, see “Directors and Senior Management.”