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Application Proof of

SKG Health Technologies Co., Ltd.
未來穿戴健康科技股份有限公司

(the "**Company**")

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

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SKG Health Technologies Co., Ltd.
未來穿戴健康科技股份有限公司

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

[REDACTED]

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

Sole Sponsor, **[REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED]**

中信建投國際
CHINA SECURITIES INTERNATIONAL

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The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] and/or the [REDACTED] below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. In such case, an announcement and supplemental document will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at cn.skg.com and the [REDACTED] will be canceled and relaunched at the revised number of [REDACTED] and/or the revised [REDACTED] range in accordance with the requirements under Rule 11.13 of the Listing Rules (which include the [REDACTED] of a supplemental or a new document (as appropriate)), as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [REDACTED]. See "Structure of the [REDACTED]" and "How to Apply for [REDACTED]" for details.

The obligations of the **[REDACTED]** under the **[REDACTED]** to **[REDACTED]** for, and to procure **[REDACTED]** for, the **[REDACTED]** are subject to termination by the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) if certain events occur prior to 8:00 a.m. on the **[REDACTED]**. See "**[REDACTED]**" for details of such circumstances.

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[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. Moreover, there are risks associated with any **[REDACTED]**. *Some of the particular risks in* **[REDACTED]** *in the* **[REDACTED]** *are set out in the section headed "Risk Factors." You should read the entire document carefully before you decide to* **[REDACTED]** *in the* **[REDACTED]**.

WHO WE ARE

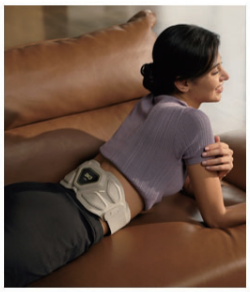
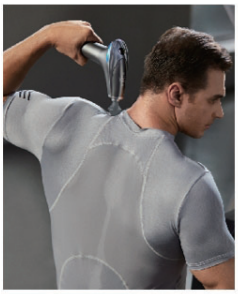
We are a health technology company that develops smart devices for soothing, recovery, and everyday health management across wearables and home products. Since 2016, we have developed a broad range of smart health devices and become a notable brand of smart soothing wearables in China and the world. 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.

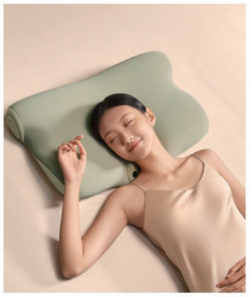
According to Frost & Sullivan, we ranked first among domestic players in China's smart soothing wearables industry by GMV, with a 21.6% domestic market share in 2025. We also played a leading role in developing the national standard for "Household and Similar Use Low-Frequency Massage Instruments" under 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

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 "Business – 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%, 76.2% and 69.2% of our revenue from product sales, respectively, in 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026, while fitness recovery and toning gears increased as a share of revenue over the same years/periods, accounting for 9.4%, 13.2%, 24.2%, 20.6% and 23.4% of our revenue from product sales, respectively.

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%, 83.4% and 78.4% in 2023, 2024, 2025 and for the five months ended May 31, 2025 and 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 "Business – 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, 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 "Business – 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 "Business – Production and Supply Chain Management" for more details.

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 accounted for 14.9%, 4.2%, 12.5% and 16.7% of our total purchases for the same years/periods, respectively.

See "Business – 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 reached 20.1%, 18.4%, 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 TENS and EMS pulse technologies combine electrical stimulation with physical massage to deliver deep stimulation and human-like massage effects for dual-layer soothing relief, while the most competing products on the market only rely on physical kneading to provide relaxation of superficial muscles.

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.

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 "Business – Our Technologies" for more details.

MARKET OPPORTUNITY AND COMPETITION

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 in 2030, reflecting a CAGR of 15.1%. In China, the market reached RMB71.1 billion in 2024 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.

We have faced, and expect to continue to face, competition from existing and emerging domestic and international players, some of which may benefit from stronger brand recognition, greater financial resources, more affordable and/or more advanced products, or a stronger ability to respond to evolving market trends. To remain competitive, we will continue to strengthen technological innovation while accelerating the development and deployment of medical-grade technologies to enhance product credibility and professionalism, reinforce brand trust and repeat purchase momentum, and translate our technological and design strengths into premium pricing. We believe these initiatives will enable us to set new industry benchmarks and help drive the next wave of adoption of smart health wearables.

OUR STRENGTHS

Our strengths include: (i) a leader in smart soothing wearables industry in China; (ii) product portfolio driven by user-centric innovation; (iii) innovation powered by high-performance technology engine; (iv) effective distribution model driving market reach; (v) smart manufacturing and supply chain synergy advantages; and (vi) our culture of simplicity, openness and innovation, and insightful management team.

See "Business – Strengths" for more details.

OUR STRATEGIES

Our strategies include: (i) drive portfolio expansion toward professional solutions; (ii) increase R&D investment; (iii) strengthen market presence and brand image; (iv) expand global footprint and enhance omni-channel sales network; and (v) pursuing strategic alliances to expand market reach.

See "Business – Strategies" for more details.

RISK FACTORS

Our operations and the **[REDACTED]** involve certain risks and uncertainties, which are set out in the section headed "Risk Factors" in this document. You should read that section in its entirety carefully before you decide to **[REDACTED]** in our Shares. Some of the major risks we face include: (i) we may fail to anticipate and respond to rapid changes in consumer preferences and demand in the smart health wearables market. If market adoption of our products does not continue to grow according to expectations, it could materially and adversely affect our business, financial condition and results of operations; (ii) failure to effectively maintain or enhance our brand value may materially and adversely affect our future success; (iii) our business and prospects depend on our ability to build our brand and reputation, which could be harmed by negative publicity regarding us, our Directors, employees, branding or products. Any negative publicity, whether warranted or not, could adversely affect our business; (iv) if we are unable to design, develop or introduce new products that adapt to changing market demand in a timely manner, our future business, financial condition, results of operations and competitive position would be materially and adversely affected; and (v) 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.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss for the years/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 for percentages)						*(Unaudited)*			
Revenue	**1,045,822**	**100.0**	**1,044,792**	**100.0**	**1,217,540**	**100.0**	**424,908**	**100.0**	**645,683**	**100.0**
Cost of sales	(532,086)	(50.9)	(534,393)	(51.1)	(614,795)	(50.5)	(209,646)	(49.3)	(334,721)	(51.8)
Gross profit	**513,736**	**49.1**	**510,399**	**48.9**	**602,745**	**49.5**	**215,262**	**50.7**	**310,962**	**48.2**
Other income and gains	49,265	4.7	51,720	5.0	57,786	4.7	23,708	5.6	28,281	4.4
Selling and marketing expenses	(215,957)	(20.6)	(225,614)	(21.6)	(288,237)	(23.7)	(105,330)	(24.8)	(152,583)	(23.6)
Administrative expenses	(112,695)	(10.8)	(101,507)	(9.7)	(142,770)	(11.7)	(48,729)	(11.5)	(68,379)	(10.6)
Research and development costs	(95,505)	(9.1)	(79,178)	(7.6)	(73,278)	(6.0)	(28,825)	(6.8)	(38,364)	(5.9)
Impairment losses on financial assets, net	(723)	(0.1)	(648)	(0.1)	(1,440)	(0.1)	(88)	(0.0)	(1,313)	(0.2)
Other expenses	(1,259)	(0.1)	(3,225)	(0.3)	(5,342)	(0.4)	(1,794)	(0.4)	(10,920)	(1.7)
Finance costs	(913)	(0.1)	(2,293)	(0.2)	(2,840)	(0.2)	(1,310)	(0.3)	(1,939)	(0.3)
Profit before tax	**135,949**	**13.0**	**149,654**	**14.4**	**146,624**	**12.0**	**52,894**	**12.4**	**65,745**	**10.2**
Income tax expense	(9,422)	(0.9)	(14,195)	(1.4)	(14,831)	(1.2)	(5,505)	(1.3)	(4,102)	(0.6)
Profit for the year/period	**126,527**	**12.1**	**135,459**	**13.0**	**131,793**	**10.8**	**47,389**	**11.2**	**61,643**	**9.5**

For details, see "Financial Information – Key Components of Our Consolidated Statements of Profit or Loss."

Non-IFRS Measures

To supplement our consolidated financial statements which are presented under IFRS, we also use adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that such non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items. These measures provide useful information to **[REDACTED]** and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit (non-IFRS measure) as profit for the year/period adjusted for (i) equity-settled share-based payment expenses, representing non-cash expenses arising from granting share options and restricted shares to eligible individuals, and (ii) **[REDACTED]** expenses, representing expenses incurred in connection with the **[REDACTED]**, the previous application for the listing of our Shares on the ChiNext market of the Shenzhen Stock Exchange and the listing of our Shares on the NEEQ.

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

	For the Year Ended December 31,			For the Five Months Ended May 31,	
	2023	2024	2025	2025	2026
	(RMB in thousands)			*(Unaudited)*	
Profit for the year/period	**126,527**	**135,459**	**131,793**	**47,389**	**61,643**
Add back:					
Equity-settled share-based payment expenses	(8,385)	(9,491)	4,547	2,423	5,707
[REDACTED] expenses[(1)]	4,799	–	20,402	–	2,700
Non-IFRS measures:					
Adjusted net profit for the year/period (non-IFRS measure)	**122,941**	**125,968**	**156,742**	**49,812**	**70,050**
Adjusted net profit margin (non-IFRS measure) (%)	**11.8**	**12.1**	**12.9**	**11.7**	**10.8**

Note:

(1) The amounts include the **[REDACTED]** expenses in connection with previous A share listing attempts and the **[REDACTED]** that are expensed in profit or loss.

Our adjusted net profit (Non-IFRS measure) increased from RMB122.9 million in 2023 to RMB126.0 million in 2024, primarily attributable to the decrease in administrative expenses and research and development costs resulting from the optimization of our personnel structure and improved operational efficiency, despite our revenue remaining relatively stable during the same year. Our adjusted net profit (Non-IFRS measure) increased from RMB126.0 million in 2024 to RMB156.7 million in 2025, primarily attributable to the growth in our revenue and gross profit driven by the successful launch of new products. Our adjusted net profit (Non-IFRS measure) increased from RMB49.8 million for the five months ended May 31, 2025 to RMB70.1 million for the five months ended May 31, 2026, primarily attributable to the overall growth in our revenue and gross profit, partially offset by increases in selling and marketing expenses and administrative expenses driven by the expansion of our sales team and administrative team.

Our net profit increased from RMB126.5 million in 2023 to RMB135.5 million in 2024, primarily attributable to the decrease in administrative expenses and research and development costs as mentioned above. Our net profit remained relatively stable, decreasing slightly to RMB131.8 million in 2025. This stability was mainly due to the robust growth in our revenue and gross profit being largely offset by an increase in selling and marketing expenses to support market expansion, as well as substantial one-off **[REDACTED]** expenses incurred in connection with the **[REDACTED]**. Our net profit increased from RMB47.4 million for the five months ended May 31, 2025 to RMB61.6 million for the five months ended May 31, 2026, primarily attributable to the overall growth in our revenue and gross profit, partially offset by increases in selling and marketing expenses and administrative expenses.

Revenue

Our total revenue was RMB1,045.8 million, RMB1,044.8 million, RMB1,217.5 million, RMB424.9 million and RMB645.7 million in 2023, 2024 and 2025 and for the five months ended May 31, 2025 and 2026, respectively.

Revenue by Source

During the Track Record Period, our revenue was principally generated from the sale of our products. A small portion of our revenue was also generated from other sources, which primarily

consists of revenue from the provision of product refurbishment services and the sale of accessories and materials. Product refurbishment services refer to services where our factory repairs and repackages non-defective products (whose issues are not caused by our product quality), restoring them to ready-to-sell condition, and charge customers a refurbishment fee for such services. Accessories sales refer to the sale of compatible spare parts of our products (exceeding the free allowance) to customers, for which we collect corresponding payments.

The following table sets forth a breakdown of our revenue by source 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 for percentages)						(Unaudited)			
Revenue										
Sale of products	1,040,354	99.5	1,038,888	99.4	1,206,897	99.1	421,465	99.2	639,619	99.1
Others	5,468	0.5	5,904	0.6	10,643	0.9	3,443	0.8	6,064	0.9
Total	**1,045,822**	**100.0**	**1,044,792**	**100.0**	**1,217,540**	**100.0**	**424,908**	**100.0**	**645,683**	**100.0**

Revenue from the Sale of Products by Product Type

Our products are broadly categorized into four categories: (i) smart soothing wearables, (ii) fitness recovery and toning gears, (iii) smart health watches, and (iv) wellness-focused home products. Smart soothing wearables – our core product line and primary driver of our historical revenue growth – mainly include devices designed for shoulder and neck, waist, eyes, as well as devices for other body parts, primarily knees and legs. Fitness recovery and toning gears primarily comprise fascia guns and abdominal toners, as well as other products related to fitness recovery and toning.

The following table sets forth a breakdown of our revenue from the sale of products by product category 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 for 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
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**	**20.6**	**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.

Among our four primary product categories, smart soothing wearables have historically been our largest segment. Revenue from smart soothing wearables remained relatively stable between 2023 and 2025, with a decrease of 3.7% in 2024 primarily due to lower sales of our waist soothing wearables after we reallocated resources toward the R&D and sales of waist fitness recovery devices. Revenue from this segment increased by 37.7% in the five months ended May 31, 2026 compared to the same period in 2025, primarily driven by a recovery in consumer demand stimulated by national subsidy policies and the expansion of our distribution channels.

Revenue from fitness recovery and toning gear increased by 42.2% in 2024 and by 111.2% in 2025, and further increased by 72.3% in the five months ended May 31, 2026. These increases were primarily driven by our successful launch of several new and upgraded products – most notably our waist fitness recovery devices and abdominal toning devices – supported by increased R&D investment and direct sales channels.

Revenue from smart health watches declined between 2023 and 2025 primarily because we shifted strategic focus and resources toward the R&D of next-generation products featuring advanced health alert capabilities in preparation for product upgrades. Revenue from this category increased by 50.7% in the five months ended May 31, 2026 compared to the same period in 2025, primarily driven by the sales contributions from our newly launched health-alert watches.

Revenue from wellness-focused home products increased throughout the Track Record Period primarily due to the increase in sales of sleep pillows and the enrichment of our product portfolio.

Revenue from the Sale of Products by Sales Channel

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	%
	(in thousands, except for percentages)						*(Unaudited)*			
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**

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.

Our revenue from distribution sales decreased from RMB945.0 million in 2023 to RMB915.7 million in 2024, mainly because we streamlined our distribution structure by terminating our partnership with a major national distributor in early 2024 to directly manage regional distributors, which led to a temporary decrease in sales during the transition period. Our revenue from distribution sales then increased to RMB976.7 million in 2025, primarily reflecting the successful scaling up of our offline distribution network and the steady performance of our regional distribution model. Our revenue from direct sales experienced significant and continuous growth during the Track Record Period, increasing from RMB84.7 million in 2023 to RMB116.4 million in 2024, and further increasing to RMB208.9 million in 2025. This robust growth was primarily attributable to (i) our strategic transition to self-operated stores on major social e-commerce platforms, (ii) the strong performance of our high-end product series on international online platforms and (iii) our expanding offline retail self-operated stores following the consolidation of the acquired OTO entities in 2025. Our revenue from distribution sales increased from RMB351.4 million for the five months ended May 31, 2025 to RMB501.2 million for the five months ended May 31, 2026, primarily driven by the recovery of consumer demand stimulated by national subsidy policies benefiting our major e-commerce distribution channels, alongside the explosive growth of our offline distribution. Our revenue from direct sales also demonstrated robust growth, increasing from RMB64.4 million to RMB130.7 million over the same periods, largely attributable to the strong performance of our online self-operated stores, the rapid scale-up of our emerging international online direct sales channels, and the continued integration and full-period contribution of offline direct sales from the acquired OTO entities.

Gross Profit and Gross Margin

In 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026, our gross profit was RMB513.7 million, RMB510.4 million, RMB602.7 million, RMB215.3 million and RMB311.0 million, respectively, representing a gross margin of 49.1%, 48.9%, 49.5%, 50.7% and 48.2%, respectively.

Our gross profit remained relatively stable at RMB513.7 million in 2023 and RMB510.4 million in 2024. This stability was primarily due to the significant increase in gross profit from our fitness recovery and toning gears driven by the launch of new products, which partially offset the decrease in gross profit from our smart soothing wearables resulting from our strategic resource reallocation. Our gross profit increased to RMB602.7 million in 2025, primarily attributable to the substantial growth in gross profit from our fitness recovery and toning gears, as well as the stable performance of our smart soothing wearables. Our gross profit increased from RMB215.3 million for the five months ended May 31, 2025 to RMB311.0 million for the five months ended May 31, 2026, primarily attributable to the overall growth in our sales volume and revenue.

Our gross margin remained relatively stable at 49.1% in 2023 and 48.9% in 2024. The slight decrease was primarily due to the higher revenue contribution from fitness recovery and toning gears which carried relatively lower gross margin compared to smart soothing wearables, despite the increase in gross margins of both product categories individually. The lower margin in fitness recovery and toning gear was primarily due to intense competition and our relatively recent entry into the segment, which required more aggressive pricing. Our gross margin increased from 48.9% in 2024 to 49.5% in 2025, primarily driven by the robust revenue growth and the increased revenue contribution from our direct sales channels, particularly online e-commerce platforms such as Douyin and Amazon. By strategically expanding our online direct sales operations, we successfully optimized our channel mix and captured a higher margin profile by engaging directly with end consumers. Our gross profit margin decreased from 50.7%

for the five months ended May 31, 2025 to 48.2% for the five months ended May 31, 2026, primarily attributable to the scaling up of our physical massage products, which generally carry relatively lower margins.

Gross Profit from the Sale of Products

The following table sets forth our gross profit from the sale of products and the corresponding gross margin 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	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)						*(Unaudited)*			
Sale of products										
Smart smoothing wearables	446,167	50.2	435,146	50.9	455,245	53.2	174,495	54.3	221,919	50.2
Fitness recovery and toning gears	39,941	41.1	59,316	42.9	123,033	42.1	38,463	44.4	66,305	44.4
Smart health watches	27,994	58.3	13,441	56.9	3,218	45.1	1,972	53.4	1,403	25.2
Wellness-focused home products	2,939	43.2	7,695	35.8	21,095	40.6	2,913	29.2	24,184	57.2
Total	**517,041**	**49.7**	**515,598**	**49.6**	**602,591**	**49.9**	**217,843**	**51.7**	**313,811**	**49.1**

Key Items on Consolidated Statements of Financial Position

The following table sets forth the selected information from our consolidated balance sheets as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Non-current assets				
Property, plant and equipment	298,886	301,194	309,855	327,747
Investment properties	638	577	515	489
Right-of-use assets	84,883	83,211	95,575	105,210
Intangible assets	25,396	27,204	35,424	33,108
Deferred tax assets	3,329	3,745	5,314	11,943
Prepayments, other receivables and other assets	12,946	4,591	6,827	6,341
Time deposits	–	142,452	146,092	–
Certificates of deposit	128,144	49,283	29,365	–
Restricted bank deposits	–	50,839	–	–
Total non-current assets	**554,222**	**663,096**	**628,967**	**484,838**
Current assets				
Inventories	70,104	60,941	87,484	97,709
Trade and bills receivables	45,001	43,390	86,997	106,529
Prepayments, other receivables and other assets	60,789	72,077	72,693	83,088
Financial assets at fair value through profit or loss	100,346	200,599	243,096	516,925
Time deposits	–	–	101,737	212,162
Certificates of deposit	–	132,391	21,358	51,319
Restricted bank deposits	76,661	40,803	123,937	35,661
Cash and cash equivalents	313,433	88,521	94,847	98,209
Total current assets	**666,334**	**638,722**	**832,149**	**1,201,602**

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Current liabilities				
Trade and bills payables	278,595	253,203	360,407	479,552
Contract liabilities	8,980	22,817	18,756	13,511
Other payables and accruals	174,026	135,144	138,405	125,830
Interest-bearing bank borrowings	12,663	70,042	180,061	220,061
Lease liabilities	4,822	4,161	13,441	12,917
Tax payable	5,753	9,235	2,698	6,641
Provision	2,025	4,647	2,918	3,718
Total current liabilities	**486,864**	**499,249**	**716,686**	**862,230**
Net current assets	**179,470**	**139,473**	**115,463**	**339,372**
Total assets less current liabilities	**733,692**	**802,569**	**744,430**	**824,210**
Non-current liabilities				
Interest-bearing bank borrowings	57,400	–	–	–
Lease liabilities	985	1,229	5,397	17,076
Deferred income	727	640	1,187	1,145
Total non-current liabilities	**59,112**	**1,869**	**6,584**	**18,221**
Net assets	**674,580**	**800,700**	**737,846**	**805,989**

Our net current assets increased from RMB115.5 million as of December 31, 2025 to RMB339.4 million as of May 31, 2026, primarily due to (i) an increase in financial assets at FVTPL of RMB273.8 million, and (ii) an increase in time deposits of RMB110.4 million, partially offset by (i) an increase in trade and bills payables from RMB119.1 million, (ii) decrease in restricted bank deposits of RMB88.3 million, and (iii) an increase in interest-bearing bank borrowing of RMB40.0 million.

Our net current assets decreased from RMB139.5 million as of December 31, 2024 to RMB115.5 million as of December 31, 2025, primarily due to (i) an increase in trade and bills payables of RMB107.2 million and (ii) an increase in interest-bearing bank borrowings of RMB110.0 million, partially offset by (i) an increase in time deposits of RMB101.7 million and (ii) an increase in restricted bank deposits of RMB83.1 million.

Our net current assets decreased from RMB179.5 million as of December 31, 2023 to RMB139.5 million as of December 31, 2024, primarily due to (i) a decrease in cash and cash equivalents of RMB224.9 million, and (ii) an increase in interest-bearing bank borrowings of RMB57.4 million, partially offset by (i) an increase in certificates of deposit of RMB132.4 million, and (ii) an increase in financial assets at fair value through profit or loss of RMB100.3 million.

Our net assets increased to RMB800.7 million as of December 31, 2024, which was primarily due to profit for the year of RMB135.5 million. Our net assets decreased to RMB737.8 million as of December 31, 2025, which was primarily due to dividends declared of RMB199.4 million, partially offset by profit for the year of RMB131.8 million. Our net assets increased to RMB806.0 million, which was primarily due to profit for the period of RMB61.6 million.

For details, see "Financial Information – Discussion of Certain Key Items on Consolidated Statements of Financial Position."

Summary of the Consolidated Statements of Cash Flows

The following table sets forth our selected cash flow data for the years/periods indicated.

	For the Year Ended December 31,			For the Five Months Ended May 31,	
	2023	2024	2025	2025	2026
			(RMB in thousands)		
Net cash flows generated from operating activities	235,503	129,902	171,820	(24,471)	245,740
Net cash flows used in investing activities	(258,184)	(339,987)	(58,425)	(140,066)	(271,973)
Net cash flows (used in)/generated from financing activities	(43,225)	(15,286)	(106,874)	140,797	30,065
Net (decrease)/increase in cash and cash equivalents	**(65,906)**	**(225,371)**	**6,521**	**(23,740)**	**3,832**
Cash and cash equivalents at the beginning of the year/period	378,103	313,433	88,521	88,521	94,847
Effect of foreign exchange rate changes, net	1,236	459	(195)	116	(470)
Cash and cash equivalents at the end of the year/period	**313,433**	**88,521**	**94,847**	**64,897**	**98,209**

For details, see "Financial Information – Liquidity and Capital Resources – Cash Flows."

Key Financial Indicators

The following table sets forth our selected financial indicators for the years/periods and as of the dates indicated.

	For the Year Ended/As of December 31,			For the Five Months Ended/ As of May 31,
	2023	2024	2025	2026
Profitability indicators				
Gross margin (%)[1]	49.1	48.9	49.5	48.2
Adjusted net profit margin (non-IFRS measure) (%)[2]	11.8	12.1	12.9	10.8
Return on equity (%)[3]	20.1	18.4	17.1	N/A
Liquidity indicators				
Current ratio (times)[4]	1.4	1.3	1.2	1.4
Quick ratio (times)[5]	1.2	1.2	1.0	1.3

Notes:

(1) Gross margin equals gross profit divided by revenue for the same year/period.

(2) Adjusted net profit margin (non-IFRS measure) equals adjusted net profit for the year/period (non-IFRS measure) divided by revenue for the same year/period. Adjusted net profit is a non-IFRS measure derived from profit for the year/period by adjusting for certain items. See "Financial Information – Non-IFRS Measures" for more details and a reconciliation of this measure.

(3) Return on equity equals profit for the year divided by the average of the beginning and ending equity balances of a year.

(4) Current ratio equals current assets divided by current liabilities as of the end of each year/period.

(5) Quick ratio equals current assets less inventories divided by current liabilities as of the end of each year/period.

OUR SHAREHOLDING STRUCTURE

Controlling Shareholders

Our Controlling Shareholders comprise Mr. Liu, Ms. Xu, Little Swan Ballet and Future Life Investment. As of the Latest Practicable Date, Mr. Liu, Ms. Xu, Little Swan Ballet and Future Life Investment are entitled to exercise or control the exercise of an aggregate of approximately 85.94% voting rights at the general meeting of our Company pursuant to the acting-in-concert arrangements entered into among the parties. Immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes), our Controlling Shareholders will be entitled to exercise or control the exercise of an aggregate of approximately **[REDACTED]**% voting rights at the general meeting of our Company. For details, see "Relationship with Our Controlling Shareholders" and "History, Development and Corporate Structure – Acting-in-concert Arrangements."

Pre-[REDACTED] Investor

Our Company obtained investment from the Pre-**[REDACTED]** Investor. For details of the principal terms of the Pre-**[REDACTED]** Investment and the identity and background of the Pre-**[REDACTED]** Investor, see "History, Development and Corporate Structure – Pre-**[REDACTED]** Investment."

SHARE INCENTIVE SCHEMES

As of the Latest Practicable Date, we had the Equity Inventive Plans and the Share Option Schemes, the terms of which are not subject to the provisions of Chapter 17 of the Listing Rules. Given the underlying Shares under the Employee Incentive Plans were either transferred to or had already been issued by the Company to the relevant Employee Incentive Platforms in accordance with terms of the Employee Incentive Plans, there will not be any dilution effect on the issued share capital at our Company.

Pursuant to the Share Option Schemes, we have conditionally granted an aggregate of 4,320,905 options (representing the right to subscribe for 4,320,905 Shares) (the "**outstanding Share Options**") to 145 grantees, who are our current employees, all of which will remain outstanding as of the **[REDACTED]**. The number of the Shares underlying the outstanding Share Options amounting to 4,320,905 will only be issued by our Company after the **[REDACTED]** if such outstanding Share Options are fully vested and exercised. Therefore, the outstanding Share Options will have potential dilution effect on the Shares held by our Shareholders as of the **[REDACTED]**. Immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised) and assuming full vesting and exercise of all outstanding Share Options under the Share Option Schemes, the dilution effect on our earnings per Share will be diluted by approximately **[REDACTED]**%.

For further details, see "Statutory and General Information – D. Share Incentive Schemes – 2. Share Option Schemes" in Appendix V to this document.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, **[REDACTED]**, and other fees incurred in connection with the **[REDACTED]**. The estimated total **[REDACTED]** expenses (based on the mid-point of the **[REDACTED]** range and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately **[REDACTED]** million (equivalent to approximately **[REDACTED]** million), accounting for approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]**. These expenses consist of (i) **[REDACTED]**-related expenses of approximately **[REDACTED]** million (approximately **[REDACTED]** million), and (ii) non-**[REDACTED]** related expenses of approximately **[REDACTED]** million (approximately **[REDACTED]** million), which consist of fees and expenses of legal advisors and Reporting Accountants of approximately **[REDACTED]** million (approximately **[REDACTED]** million), and other fees and expenses of approximately **[REDACTED]** million (approximately **[REDACTED]** million). Approximately **[REDACTED]** million (equivalent to approximately **[REDACTED]** million) of the estimated **[REDACTED]** expenses is directly attributable to the **[REDACTED]** of new Shares to the public and will be accounted for as a deduction from equity upon completion of the **[REDACTED]**. During the Track RecordPeriod, we incurred **[REDACTED]** expenses of **[REDACTED]** million

(approximately **[REDACTED]** million), of which **[REDACTED]** million (approximately **[REDACTED]** million) was recognized in the consolidated statements of profit or loss. Approximately **[REDACTED]** million (equivalent to approximately **[REDACTED]** million) is expected to be charged in profit or loss before or upon completion of the **[REDACTED]**. This calculation is subject to adjustment based on the actual amount incurred or to be incurred. The **[REDACTED]** expenses above are the best estimate as of the Latest Practicable Date and are for reference only. The actual amount may differ from such an estimate.

[REDACTED]

[REDACTED]

USE OF [REDACTED]

We estimate that we will receive **[REDACTED]** from the **[REDACTED]** of approximately **[REDACTED]** million, after deducting estimated **[REDACTED]**, fees and expenses payable by us in connection with the **[REDACTED]**, assuming an **[REDACTED]** of **[REDACTED]** per H Share, being the mid-point of the **[REDACTED]** of **[REDACTED]** to **[REDACTED]** per H Share, and assuming the **[REDACTED]** is not exercised.

In line with our strategies, we intend to use the **[REDACTED]** for the following purposes, subject to changes in light of our evolving business needs and changing market conditions: (i) Approximately **[REDACTED]**% of the **[REDACTED]**, or **[REDACTED]** million, is expected to be used to fortify our fundamental R&D capabilities in health technology and accelerate our technological innovation; (ii) Approximately **[REDACTED]**% of the **[REDACTED]**, or **[REDACTED]** million, is expected to be used for further integration of upstream and downstream industry resources and exploration of strategic partnerships; (iii) Approximately **[REDACTED]**% of the **[REDACTED]**, or **[REDACTED]** million, is expected to be used for our brand building and omnichannel marketing to further enhance our brand awareness; (iv) Approximately **[REDACTED]**% of the **[REDACTED]**, or **[REDACTED]** million, is expected to be allocated to working capital and general corporate purposes.

See "Future Plans and Use of **[REDACTED]**" in this document for further information relating to our future plans and use of **[REDACTED]** from the **[REDACTED]**, including the adjustment on the allocation of the proceeds in the event that the **[REDACTED]** is fixed at a higher or lower level compared to the mid-point of the **[REDACTED]**.

DIVIDENDS

We have adopted a dividend policy as part of our Articles of Association. In 2023, a dividend of RMB30.0 million was declared by us to our equity shareholders, of which RMB30.0 million was paid in the same year. No dividend was declared or paid by us in 2024 to our equity shareholders. In 2025, a dividend of RMB199.4 million was declared by us to our equity shareholders, and was paid in September and October 2025.

According to applicable PRC laws and regulations, including the Company Law of the People's Republic of China (《中華人民共和國公司法》), and our Articles of Association, when distributing our after-tax profit for a given year, we must allocate 10% of such profit to the statutory reserve, unless the accumulated amount of such reserve has reached 50% or more of our registered capital. If our statutory reserve is insufficient to make up for the losses of the previous year, we shall first use the profit of the current year to make up for such losses. After making up for the losses and making allocation to the statutory reserve, we may also make allocation to the discretionary common reserve subject to Shareholders' approval. The remaining after-tax profit shall be distributed to the Shareholders in proportion to their shareholdings.

Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders in a general meeting. Our PRC Legal Advisor is of the opinion that we may pay dividends following approval by our Shareholders in a general meeting, in accordance with applicable laws, regulations, and our Articles of Association.

RECENT DEVELOPMENT NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position or prospects since May 31, 2026, being the end date of our latest consolidated financial statements as set out in "Appendix I – Accountants' Report" to this document, and up to the date of this document.

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in "Glossary of Technical Terms."

"2021 Share Option Scheme"	the share option scheme adopted by our Company on September 1, 2021, details of which are set in "Appendix V – Statutory and General Information – D. Share Incentive Schemes – 2. Share Option Schemes"
"2024 Share Option Scheme"	the share option scheme adopted by our Company on February 2, 2024, details of which are set in "Appendix V – Statutory and General Information – D. Share Incentive Schemes – 2. Share Option Schemes"
"2025 Share Option Scheme"	the share option scheme adopted by our Company on December 5, 2025, details of which are set in "Appendix V – Statutory and General Information – D. Share Incentive Schemes – 2. Share Option Schemes"
"Accountants' Report"	the accountants' report of our Group set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company with effect from the **[REDACTED]**, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in "Appendix IV – Summary of Articles of Association"
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board Committee(s)"	The board committees of our Company, namely the Audit Committee, Nomination Committee and the Remuneration Committee
"Board" or "Board of Directors"	the board of Directors of our Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**

"China" or "PRC"	the People's Republic of China and, for the purpose of this document and for geographical reference only, unless the context otherwise requires, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	SKG Health Technologies Co., Ltd. (未來穿戴健康科技股份有限公司), a joint stock limited company established in the PRC on July 29, 2021, or, where the context requires, its predecessor, SKG Technologies Co., Ltd. (未來穿戴技術有限公司) (formerly known as SKG (Shenzhen) Co., Ltd. (未來穿戴(深圳)有限公司), Guangdong SKG Smart Technology Co., Ltd. (廣東艾詩凱奇智慧科技有限公司), Foshan SKG Electric Co., Ltd. (佛山艾詩凱奇電氣有限公司) and Foshan Shikai Home Appliances Co., Ltd. (佛山獅開生活電器有限公司)), a limited liability company established in the PRC on November 1, 2007
"Compliance Advisor"	Rainbow Capital (HK) Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Liu, Ms. Xu, Little Swan Ballet and Future Life Investment. See "Relationship with Our Controlling Shareholders" for details
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"EIT"	the PRC enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time

"Employee Incentive Platforms"	refers to Little Swan Lake and Little Swan Ballet, each being a shareholding platform established under the Employee Incentive Plans
"Employee Incentive Plans"	the pre-**[REDACTED]** employee incentive plans of our Company, adopted in November 2020, details of which are set out in "Statutory and General Information – D. Share Incentive Schemes – 1. Employee Incentive Plans" in Appendix V to this document
[REDACTED]	**[REDACTED]**
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
[REDACTED]	**[REDACTED]**
"Future Foshan"	SKG Technology (Foshan) Co., Ltd. (未來穿戴技術(佛山)有限公司), a limited liability company established in the PRC on August 9, 2024 and a wholly-owned subsidiary of our Company
"Future Hainan"	SKG (Hainan) Technology Co., Ltd. (未來穿戴(海南)技術有限公司), a limited liability company established in the PRC on October 14, 2021 and a wholly-owned subsidiary of our Company
"Future Life Investment"	Future Life Investment Group Co., Ltd. (未來生命投資集團有限公司), a limited liability company established in the PRC on July 29, 2013, which is owned as to approximately 85.71% by Mr. Liu and approximately 14.29% by Ms. Xu as of the Latest Practicable Date, and a member of our Controlling Shareholders
"Future Shenzhen"	Future Health Medicine (Shenzhen) Co., Ltd. (深圳未來健康醫療有限公司), a limited liability company established in the PRC on October 22, 2020 and a wholly-owned subsidiary of our Company
"Future Sunflower"	Future Sunflower Robot (Guangdong) Co., Ltd. (未來向日葵機器人(廣東)有限公司) (formerly known as Guangdong Shiqi Manufacturing Co., Ltd. (廣東詩奇製造有限公司), a limited liability company established in the PRC on December 5, 2019 and a wholly-owned subsidiary of our Company

"Future Technology Hainan"	Future Wearable Health Technology (Hainan) Co., Ltd. (未來穿戴健康科技(海南)有限公司), a limited liability company established in the PRC on January 17, 2024 and a wholly-owned subsidiary of our Company
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant, an independent market research and consulting company
"Frost & Sullivan Report"	the report commissioned by our Company and independently prepared by Frost & Sullivan, a summary of which is set out in "Industry Overview"
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Group," "we" or "us"	our Company and our subsidiaries from time to time
"Guide"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which will be **[REDACTED]** for and **[REDACTED]** in Hong Kong dollars and **[REDACTED]** on the Stock Exchange
[REDACTED]	**[REDACTED]**
"HK$" or "Hong Kong dollar"	Hong Kong dollar, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and the related interpretations issued by the Hong Kong Institute of Certified Public Accountants
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**

[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong and Clearing Limited
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"IFRS"	the International Financial Reporting Standards
"independent third party(ies)"	entity(ies) or person(s) who is/are not connected person(s) of our Company or our subsidiaries within the meaning of the Listing Rules
[REDACTED]	**[REDACTED]**

[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Latest Practicable Date"	August 12, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Little Swan Ballet"	Shenzhen Little Swan Ballet Enterprise Management Partnership (Limited Partnership) (深圳小鵝芭蕾企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 9, 2020, one of the Employee Incentive Platforms and a member of our Controlling Shareholders
"Little Swan Lake"	Shenzhen Little Swan Lake Enterprise Management Partnership (Limited Partnership) (深圳小鵝湖企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 10, 2020 and one of the Employee Incentive Platforms
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)

"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Ms. Xu"	Xu Siying (徐思英), a member of our Controlling Shareholders and the spouse of Mr. Liu
"Mr. Liu"	Liu Jie (劉傑), our founder, the chairman of our Board, executive Director, general manager of our Company and a member of our Controlling Shareholders
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NEEQ"	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
"Nomination Committee"	the nomination committee of our Board
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"OTO Shenzhen"	OTO Health Technology (Shenzhen) Co., Ltd. (歐拓健康科技(深圳)有限公司), a limited liability company established in the PRC on July 15, 2025 and a wholly-owned subsidiary of our Company
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Overseas Listing Trial Measures"	Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), as amended, supplemented or otherwise modified from time to time
"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC

"PRC AoA Guidelines"	Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》), as amended, supplemented or otherwise modified from time to time
"PRC Company Law"	Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	PRC Accounting Standards and Accounting Regulations for Business Enterprise (《中國企業會計準則》), as amended, supplemented or otherwise modified from time to time
"PRC Legal Advisor"	Grandway Law Offices, our legal advisor as to PRC law
"Pre-**[REDACTED]** Investment"	the investment in our Company by the Pre-**[REDACTED]** Investor, the details of which are set out in "History, Development and Corporate Structure
"Pre-**[REDACTED]** Investor"	the investor making investment in our Company prior to the **[REDACTED]**, the details of which are set out in "History, Development and Corporate Structure
[REDACTED]	**[REDACTED]**
"document"	this document being issued in connection with the **[REDACTED]**
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration and appraisal committee of our Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), the function of which has now been merged into the SAMR
"SAMR"	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Stock Exchange, the Shanghai Stock Exchange, HKSCC and the CSDC for mutual market access between Hong Kong and Shanghai

"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Share(s) and H Share(s)
"Share Option Schemes"	The 2021 Share Option Scheme, 2024 Share Option Scheme and 2025 Share Option Scheme, a summary of the principal terms of which is set out in "Appendix V – Statutory and General Information – D. Share Incentive Schemes – 2. Share Option Schemes"
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Stock Exchange, the Shenzhen Stock Exchange, HKSCC and the CSDC for mutual market access between Hong Kong and Shenzhen
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Sole Sponsor"	the sole sponsor named in "Directors and Parties Involved in the **[REDACTED]**"
[REDACTED]	**[REDACTED]**
"STA"	State Taxation Administration of the PRC (中華人民共和國國家税務總局)
[REDACTED]	**[REDACTED]**
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Strategy Committee"	the strategy committee of our Board
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising the three years ended December 31, 2025 and the five months ended May 31, 2026
"treasury Share(s)"	has the meaning ascribed to it under the Listing Rules
"U.S." or "United States"	the United States of America, its territories, possessions and all areas subject to its jurisdiction
"U.S. dollar" or "US$"	United States dollar, the lawful currency of the United States

"U.S. Securities Act"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder, as amended, supplemented or otherwise modified from time to time
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"Unlisted Share(s)"	ordinary share(s) issued by our Company with a nominal value of RMB1.00 each which is/are not **[REDACTED]** on any stock exchange
"VAT"	Value-added tax
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiary) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this Document in connection with us and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"AI"	artificial intelligence, a field of computer science that enables machines to perform tasks that typically require human intelligence, such as perception, decision-making, pattern recognition and prediction
"air pressure massage"	a massage technique that uses inflatable air bladders or chambers controlled by a pneumatic system to apply rhythmic or targeted pressure to specific areas of the body
"algorithm"	an ordered set of instructions recursively applied to transform data input into processed data output, such as a mathematical solution, search engine result, descriptive statistics, or predictive text suggestions
"biomimetic massage"	a therapeutic technique that utilizes mechanized systems to replicate the precise movements, pressure patterns, and kinetic characteristics of manual massage performed by human hands
"brushless motor"	a type of electric motor that uses electronic commutation instead of mechanical brushes, employing permanent magnets and controlled electromagnetic fields to generate rotation
"CAGR"	compound annual growth rate
"cloud"	cloud computing technologies that enable data storage, processing and software services to be delivered over the Internet rather than through local hardware infrastructure
"ECG"	electrocardiogram, a test recording the electrical activity of the heart
"EMS" or "Electrical Muscle Stimulation"	a type of electrotherapy stimulates a muscle contraction using electrical impulses in order strengthen weak muscles, reduce swelling, relieve pain and help heal wounds
"ergonomic design"	a discipline that focuses on designing products and environments that are comfortable, efficient, and safe for humans to use
"far-infrared moxibustion"	a modern therapeutic technique that simulates the warming effects of traditional moxibustion by using far-infrared radiation to promote local circulation and relieve discomfort
"GMV"	gross merchandise volume
"HRV"	heart rate variability, which measures the variation in time intervals between consecutive heartbeats and is commonly used as an indicator of autonomic nervous system activity, measured in milliseconds (ms)

GLOSSARY OF TECHNICAL TERMS

"IoT"	Internet of Things, a network of interconnected devices embedded with sensors, software and communication technologies that enable data exchange and automation
"kneading massage"	a massage technique that applies repetitive circular, pressing and lifting motions to relax muscles and improve circulation
"medium frequency pulse technology"	refers to the application of electrical currents typically ranging from 1 kHz to 100 kHz (often 2–10 kHz) to stimulate tissues, commonly used in electrotherapy for pain relief and rehabilitation without skin irritation
"natural language processing"	a field that combines computer science, artificial intelligence and language studies. It helps computers understand, process and create human language
"oscillometric method"	a non-invasive blood pressure measurement technique that estimates blood pressure by detecting pressure oscillations in an automated cuff during inflation or deflation
"OTA update" or "OTA upgrade"	over-the-air update/upgrade, refers to an update to an operating system, or to firmware for an embedded system, that is delivered through a wireless network, such as Wi-Fi or a cellular network
"piezoelectric ceramic"	a material that converts a mechanical effect (such as pressure, movement, or vibration) into an electrical signal and vice versa
"PPG"	photoplethysmography, an optical sensing technique that measures blood volume changes in the microvascular tissue using variations in light absorption or reflection
"red-light technology"	a non-invasive treatment that uses low-level, non-thermal red and near-infrared light (620–1200 nm) to stimulate the body's natural repair and regeneration processes
"SMT"	surface mount technology, a method for assembling electronic circuits in which components are mounted or placed directly onto the surface of printed circuit boards
"TENS"	transcutaneous electrical nerve stimulation, a type electrical stimulation of the skin to relieve pain by interfering with the neural transmission of signals from underlying pain receptors
"thermal therapy"	a type of physiotherapy that uses heat to treat pain, inflammation, and other conditions
"transcutaneous"	refers to medications applied directly to the skin or in time-release forms

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements and information that relate to our current expectations and views of future events. These forward-looking statements are contained principally in "Summary," "Risk Factors," "Industry Overview," "Business," "Financial Information" and "Future Plans and Use of **[REDACTED]**." These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed in "Risk Factors," which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to" or other similar expressions. These forward-looking statements include, among other things, statements relating to:

- our operations and business prospects;
- our financial condition and performance, debt levels and capital needs;
- our capital expenditure plan;
- our ability to maintain good relationships with our business partners;
- future developments, trends and conditions (including economic, political and business conditions) in the industries and markets in which we operate or plan to operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- the actions and developments of our competitors;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our ability to control or reduce costs;
- our ability to control risks;
- our dividend policy;
- various business opportunities that we may pursue;
- our business strategies, objectives and plans and our ability to achieve these strategies, objectives and plans;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which we operate; and
- capital market developments.

FORWARD-LOOKING STATEMENTS

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set out in "Risk Factors."

The forward-looking statements contained in this document relate only to events or information as of the date on which the statements are made. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this document completely and with the understanding that our actual future results or performance may be materially different from what we expect.

In this document, statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any of these intentions may change in light of future development.

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before deciding to **[REDACTED]** *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the* **[REDACTED]** *of our Shares could decline, and you may lose all or part of your* **[REDACTED]**. *These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We may fail to anticipate and respond to rapid changes in consumer preferences and demand in the smart health wearables market. If market adoption of our products does not continue to grow according to expectations, it could materially and adversely affect our business, financial condition and results of operations.

The success of our business depends on our ability to identify market trends and customer preferences, and then to design and bring to market products that satisfy the current preferences of a broad range of customers in a timely manner, either by enhancing existing products or developing new product offerings. Additionally, customer preferences may evolve over time in response to changing economic circumstances. Failure to anticipate and adapt to these shifts may affect our ability to adjust our product mix or launch new products that are commercially viable in a timely manner, which may cause fluctuations in our financial performance.

During the Track Record Period, our financial performances were subject to such fluctuations. In 2023, 2024, 2025 and for the five months ended May 31, 2026, our revenues were RMB1,045.8 million, RMB1,044.8 million, RMB1,217.5 million and RMB645.7 million, respectively. Our net profit during the Track Record Period were RMB126.5 million, RMB135.5 million, RMB131.8 million and RMB61.6 million, respectively, representing net profit margin of approximately 12.1%, 13.0%, 10.8% and 9.5%, respectively. There is no assurance that we will be able to maintain a certain level of revenue and/or profit and our business, financial condition may be materially and adversely affected.

Failure to effectively maintain or enhance our brand value may materially and adversely affect our future success.

We believe that, our brand value is important to our success, and market perception of a brand is typically one of the determining factors for consumers in making purchasing decisions. We focus on our brand promotion efforts on establishing and maintaining a unique and healthy image. If we are unsuccessful in promoting our brand image or fail to maintain our brand recognition among our targeted consumer groups, or if the difference in the value attributed to our products as compared to those of our competitors narrows, market perception and consumer acceptance of our brand may be eroded, and our business, financial condition, results of operation and prospects may be materially and adversely affected as a result.

Our business and prospects depend on our ability to build our brand and reputation, which could be harmed by negative publicity regarding us, our Directors, employees, branding or products. Any negative publicity, whether warranted or not, could adversely affect our business.

We consider our "SKG" brand to be one of our most important assets. Our sales of our core products rely on the reputation of our brand. The strength of our brand is based on our reputation for providing high quality products. Maintaining and enhancing our brand is critical to our success. The successful promotion of our brand depends on the effectiveness of our marketing efforts and positive word-of-mouth referrals we received from satisfied customers. We may incur extra expenses in promoting our brand. And we cannot assure you that these activities are and will be successful or that we can achieve the brand promotion effect we expect. And should our brand deteriorate in the future, we may not be able to maintain our current prices and/or sales volumes or introduce new products or enter new markets, which may materially and adversely affect our business, results of operations, financial condition and our growth strategies.

In addition, negative publicity about our brand, Directors, employees, or products, whether warranted or not, could potentially harm our brand, reputation and business. Certain of such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control.

If we are unable to design, develop or introduce new products that adapt to changing market demand in a timely manner, our future business, financial condition, results of operations and competitive position would be materially and adversely affected.

Our future business, results of operations, financial condition and competitive position depend on our ability to develop and introduce new and enhanced smart health wearables that incorporate the latest technological advancements. To remain competitive, we must maintain and enhance our technologies to meet the latest downstream market needs, technological advancement and industry standards.

The development activities related to our technologies may involve significant time, risks and uncertainties, and we may encounter unexpected technical and production challenges or delays in completing the development of new and enhanced products and/or ramping up production in a cost-efficient manner. Successful product development and upgrade not only requires us to invest significant resources in research and development but also requires that we: (i) design innovative functions that enhance user experience and differentiate us from our competitors; (ii) respond effectively to technological advancements and product releases by our competitors; and (iii) quickly and cost-effectively adjust to evolving customer demands, market conditions and industry trends.

If we are unable to complete the development of new and enhanced products and/or technologies without delay or at all, we may not be able to satisfy our customers' demand or achieve broader market acceptance of our products, and our business, results of operations, financial condition and competitive position would be materially and adversely affected.

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.

The smart health wearables industry is highly competitive, and we face competition at both international and national level. 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 industry concentration of the smart soothing wearable 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. 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. If we lack or fail to acquire more financial resources, leading-edge technological capabilities and broader customer base compared to our competitors, we may struggle to respond to new or changing opportunities, technologies, regulatory requirements or evolving customer demands.

We may also face competition with new entrants, who may offer more affordable and/or advanced products, and thus increase the level of competition in the future. Increased competition could result in lower sales volume, price reductions, shrunk profit margins or loss of market share. Further, we may be required to make substantial additional investments in research and development, sales and marketing, talents recruitment and retention, and acquisition of technologies complementary to, or necessary for, our current and future products in order to respond to such competitive threats, and we cannot assure you that such investments will yield the desired outcomes. If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, results of operations and financial condition may be materially and adversely affected.

If we fail to grow or retain our customer base, or if customer satisfaction declines, our business and operating results may be materially and adversely affected.

We cannot guarantee that our customers will make repurchases for our products frequently or at all. There is also no assurance that the industry will be able to continuously attract new customers to support revenue growth as it depends on a number of factors, including but not limited to the level of acceptance by customers, and the changing customer preferences and demands. As such, if we fail to attract new customers or retain existing customers, our business, results of operations and financial conditions may be adversely affected.

We generated a substantial portion of our revenue through our distribution network. Any decrease in sales from, or loss of our distributors would have adverse impacts on our business, results of operations and financial condition.

During the Track Record Period, a substantial portion of our revenue was derived from sales to our distributors. For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, our total sales to distributors amounted to RMB945.0 million, RMB915.7 million, RMB976.7 million, RMB351.4 million and RMB501.2 million, respectively, accounting for 90.8%, 88.1%, 80.9%, 83.4% and 78.4% of our total revenue from the sale of products for the corresponding years, respectively. Our revenue and sales volumes depend on our ability to maintain and expand our distribution networks. The effective management and expansion of our distribution network depends on our ability to (i) enter into

renewal agreements with existing distributors on terms favorable to us, such as credit periods and (ii) develop new relationship with additional distributors. Any decrease in sales from, or loss of our distributors without a corresponding increase in sales from other distributors due to the changes in the distributors' business models or for any other reasons would adversely impact our business, results of operations, financial condition and cash flows.

We have limited control over the operations of our distributors. Our business may be adversely affected due to risks relating to the acts of our distributors and their potential breach of distributorship agreements or applicable laws and regulations.

We rely on distributors for the marketing and the sale of our products. We enter into distributorship agreements with our distributors to govern their conducts in the marketing and the sale of our products. However, there can be no assurance that we will be successful in detecting any non-compliant activities by our distributors violating the provision of our distributorship agreements or the applicable laws and regulations. Specifically, we may be exposed to the risks of misconduct and violations committed by our distributors. Furthermore, adverse competition or cannibalization, such as cross-region sales in contravention of contractual obligations of distributors, among our sales channels may have a negative impact on the stability of our sales network. Misconduct and violations may occur in the form of unauthorized misrepresentation to our end customers, misappropriation of third-party intellectual property and other proprietary rights and bribery or other unlawful payments during the course of their distribution. In any such event, we may, as a result, face liability to our end customers for claims of misconduct committed by such distributor. Any such claim could subject us to litigation and impose a significant strain on our financial resources and divert our management's attention, regardless of whether the claims have merit. Additionally, such an event could result in complaints from our end customers and subsequent adverse impact on our business and reputation.

In addition, our distributors may further enter into agreements with their sub-distributors, and we do not enter into distributorship agreements with the sub-distributors. Accordingly, we generally rely on our distributors to manage and control the sub-distributors. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, there has been no material misconduct or violations by any of our distributors or sub-distributors. In the event our distributors fail to effectively manage their sub-distributors, competition among such sub-distributors may result in cannibalization within our sales channels, which may have an adverse effect on our business, results of operations and financial condition.

Continued pricing pressures from our customers may result in lower-than-anticipated revenue and margins, which may materially and adversely affect our business, financial condition and results of operations.

Our pricing models face challenges from evolving market changes. As the market for our products grows, as our competitors introduce new products that compete with ours or reduce their prices, or as we enter into new verticals or international markets, we may be unable to attract new customers or retain existing customers based on our historical pricing models, and we may not be able to accurately predict customer renewal or retention. In addition, regardless of the pricing model used, certain users may demand higher price discounts. As a result, we may be required to reduce our prices or offer alternative pricing models, which could adversely affect our revenue, gross margin, profitability, financial position and cash flow.

If we are unable to manufacture or deliver high quality products on schedule and on a large scale, our business may be materially and adversely affected.

Our ability to meet the demand of our customers and grow our business depends on the efficient, reliable and uninterrupted operation of our production plan and a constant and sufficient supply of utilities. In the event of natural disasters, such as earthquake, fire, drought, flood or other natural disaster, political instability, riot or civil unrest, extended outage of critical utilities or transportation systems, terrorist attack or other events that limit or disrupt our ability to operate our production facilities, we may experience substantial losses, including loss of revenue from disrupted production. In addition, our ability to manufacture and supply products and our ability to meet our delivery obligations to our customers would be significantly disrupted and our relationships with our customers could be damaged, which could have a material and adverse effect on our business, results of operations and financial condition.

Any disruption of our production facilities could reduce or restrict sales and materially and adversely affect our business.

We are constantly improving and refining our production facilities. Our production facilities may also be subject to unexpected failures which fall outside of our control. If the time and cost required for such repairs and maintenance exceed our expectations, our turnover may be less than what is currently projected. The time and cost required for the repair and maintenance may exceed our expectations, depending on various factors, including: the extent of failure of machinery in our production facilities; shortages of, and price increases in, equipment, materials or labor; or extreme adverse weather conditions, or fire, typhoons or other natural disasters.

We cannot assure you that the suspension of our production facilities, whether caused by our equipment failure or otherwise, will not occur again in the future. We cannot guarantee that such suspension would not result in the loss of customers and revenue, our payment of compensation to customers, reputational damage to us, or penalties or fines against us. The inability to use our production facilities would cause major disruptions in our operations, thereby materially and adversely affecting our business, financial condition, results of operations and prospects. During the Track Record Period, we did not encounter any material losses or product liabilities associated with the manufacturing process of our in-house production or third-party production.

We are susceptible to supply shortages and increased costs of raw materials and key components, which may materially and adversely affect our business, financial condition and results of operations.

We engage third party suppliers for certain materials and components, and stable supplies and smooth collaboration with these partners are critical to our operations. We may experience operational challenges with our suppliers including but not limited to reduction of production capacity, failure to comply with our product specifications and services standards, insufficient quality control and failure to meet the production schedules of our customers. Our suppliers may also experience disruptions in their operations that hinder their ability to deliver, such as breakdown of machinery, shortage of materials, increase in operational costs, environmental non-compliance issues or other similar problems. Further, we may not be able to renew contracts with our suppliers or fail to secure alternative suppliers in a timely manner. Any such failures or delays in performance by our suppliers could materially and adversely affect our business and financial results. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material losses associated with the raw materials we purchased.

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

Our inventories were RMB70.1 million, RMB60.9 million, RMB87.5 million and RMB97.7 million as of December 31, 2023, 2024, 2025 and May 31, 2026, respectively. For the same years/periods, our inventory turnover days were 54 days, 45 days, 44 days and 42 days, respectively. As our business expands, the risk of inventory obsolescence may rise alongside increases in our inventory levels and our inventory turnover days. We cannot guarantee that we will be able to maintain optimal inventory levels for our raw materials, outsourced processing materials and finished products. We maintain our inventory levels based on our internal forecasts of customer demand. If actual demand falls short of forecasts, we may be exposed to increased inventory risks due to the accumulation of excess inventory. Excess inventory may increase our inventory holding costs, risk of inventory obsolescence or write-offs. Conversely, if actual demand exceeds forecasts, we may not be able to maintain an adequate inventory level and may lose sales and market share to our competitors. Therefore, our business prospects, financial condition and results of operations and liquidity may be materially and adversely affected.

We are also subject to certain risks related to product warehousing. Accidents such as theft, fire, explosion, smoke, water damage and weather damages may cause damage to the products we store in our warehouse and adversely affect our ability to supply products to our customers and distributors on time. The occurrence of any of these accidents could also require us to make significant unanticipated expenses and delay our delivery of products. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any material losses or product liabilities associated with our product warehousing.

We are subject to credit risk related to delay in payment and defaults of customers, which would adversely affect our liquidity and financial condition.

We are exposed to credit risk related to delay in payment and defaults of our customers. As of December 31, 2023, 2024, 2025 and May 31, 2026, we had trade and bills receivables of RMB45.0 million, RMB43.4 million, RMB87.0 million and RMB106.5 million, respectively. We may not be able to collect any, if not all, such trade and prepayments and other receivables due to a variety of factors that are beyond our control, including long payment cycle, adverse operating condition or financial condition of our customers, and our customers' inability to pay caused by their end customers' delay in payment. In such circumstances, we may have to make impairment provisions and our liquidity and financial condition will be adversely affected.

Higher labor costs may adversely affect our business and our profitability.

Factors such as changes in minimum wage laws, labor market dynamics, or increased competition for skilled labor in the industry may lead to higher labor expenses. Such increases could exert upward pressure on the fees that we paid to our employees or other third-party service providers. There is no guarantee that we will succeed in effectively managing the impact of rising labor costs. Moreover, higher cost for labor might necessitate adjustments in product pricing, potentially making our products less competitive in the market. Attempts to pass on increased labor costs to customers through price increases could result in reduced demand or market share loss.

We cannot guarantee that our growth strategies will be successfully implemented or bring about outcomes as we expected.

We continue to execute a number of strategies to expand our business. See "Business – Strategies" and "Future Plans and Use of **[REDACTED]**" for details. However, expanding our business involves risks and challenges. These business initiatives are new and evolving, some of which may prove unsuccessful. It may also take a longer time than expected for us to develop the technologies and build market acceptance of our products, and we may not have sufficient experience in executing these new business initiatives effectively. We cannot assure you that any of these new business initiatives will achieve our expected market acceptance and generate desired outcome. If our efforts fail to enhance our monetization abilities, we may not be able to maintain or increase our revenues or recover any associated costs, and our business, results of operations and financial condition may be materially and adversely affected.

Our international strategy and ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks.

Our sales network consists of direct sales and distributors with a global footprint in several countries and regions, including major overseas markets such as North America, Southeast Asia, and Europe. In 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026, revenue from markets outside of Chinese Mainland was RMB79.3 million, RMB64.0 million, RMB146.1 million, RMB34.8 million and RMB83.8 million, respectively, accounting for 7.6%, 6.1%, 12.0%, 8.2% and 13.0% of our total revenue in the same years/periods, respectively. International markets are significant components of our growth strategy and may continue to require significant investment in the future, which could strain our resources, adversely affect our performance, and increase uncertainties to our operations. If any of our overseas operations, or our associates, agents or distributors, violate laws in the relevant jurisdictions, we could become subject to sanctions or other penalties, which could adversely affect our reputation, business, results of operations and financial condition.

If our products have quality issues, this may create safety issues, reduce market adoption, damage our brand image, subject us to product recalls or expose us to product liability and other claims that could materially and adversely affect our business.

Our products may contain quality issues that are difficult to detect and rectify, particularly during initial product launches or following new releases or upgrades. Despite internal testing, our products may still contain quality issues, which we are unable to address promptly or entirely. Some quality issues in our products may only be discovered after they have been utilized by our customers and we may incur costs relating to product recall, repair or replacement. Furthermore, these issues could potentially lead to lawsuits filed against us by our customers or other parties, exposing us to potential liabilities and damages. We may also experience revenue loss, significant capital expenditures, delay or loss in market acceptance and damage to our reputation and brand, any of which could adversely affect our reputation, business, results of operations and financial condition.

Our transfer pricing arrangements may be subject to scrutiny by the relevant tax authorities in the countries and regions where we operate.

During the Track Record Period, we carried out certain intra-group transactions among our subsidiaries in the PRC and overseas. We have adopted transfer pricing arrangements to regulate these transactions. We have determined transfer prices that our Directors believe are comparable prices that would be charged by unrelated third parties dealing with each other on an arm's

length basis. Please refer to the section headed "Business – Transfer Pricing Arrangements" in this document for further details.

However, these transactions and cross border business arrangements during the ordinary course of business may introduce uncertainty over our Group's profit allocation and its respective tax position across different jurisdictions or different provinces within the PRC. The tax treatments of these transactions or arrangements may be subject to the interpretation by respective tax authorities in different countries, regions or different provinces in the PRC. There is no assurance that tax authorities would share the same view, or such laws and regulations will not be modified. In the event that an authority of any relevant jurisdiction determines that such intra-group transactions were not on an arm's length basis that affect taxable income, such authority could require our relevant subsidiaries to re-determine the transfer prices and thereby adjust revenue, deduct costs and expenses or adjust taxable income of the relevant subsidiary in order to accurately reflect the taxable income. Any such adjustment could result in higher overall tax liability for us, which may adversely affect our business, financial condition and results of operations.

We face exposure to fair value change and valuation uncertainty of financial assets at fair value through profit or loss.

As of December 31, 2023, 2024, 2025 and May 31, 2026, we had financial assets at fair value through profit or loss of RMB100.3 million, RMB200.6 million, RMB243.1 million and RMB516.9 million, respectively, which primarily represented low-risk structured deposits and wealth management products issued by certified financial institutions in Chinese Mainland. After **[REDACTED]**, we may continue to purchase wealth management products with varying risk profiles and maturity periods based on our operational needs. We therefore face exposure to fair value change of financial assets measured at fair value through profit or loss.

We may recognize fair value losses on the financial assets at fair value through profit or loss, which would affect our results of operations for future periods. In addition, the valuation of financial assets at fair value through profit or loss is subject to uncertainties due to the use of unobservable inputs. Such estimated fair values involve the exercise of professional judgment and the use of certain bases, assumptions and unobservable inputs, which, by their nature, are subjective and uncertain. As such, the valuation of financial assets at fair value through profit or loss has been, and will continue to be, subject to uncertainties in estimations, which may not reflect the actual fair value of these financial assets and result in fluctuations in profit or loss from year to year.

We received government grants during the Track Record Period, but we cannot guarantee that we will continue to receive such grants or subsidies in the future.

During the Track Record Period, government grants recognized under other income primarily represent subsidies received from the government that relate to both expenses and assets. In 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026, the government grants we recognized as other income was RMB6.9 million, RMB5.5 million, RMB2.3 million, RMB0.9 million and RMB1.2 million, respectively. The value added tax refund we recognized as other income was RMB27.3 million, RMB27.4 million, RMB30.3 million, RMB12.7 million and RMB19.1 million in the same years/periods, respectively. The PRC governmental authorities may decide to reduce or cancel such government grants or preferential tax treatment, or require us to repay part or all of the government grants we previously received, which could adversely affect our business, results of operations and financial condition. As these government grants are provided typically on a one-off basis, there is no guarantee that we will

continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, results of operations and financial condition.

If we fail to obtain or generate sufficient capital to maintain our operations and finance our growth strategies, or fail to do so on favorable or commercially acceptable terms to us, our operations and prospects could be negatively affected.

Our capital requirements will be subject to many factors, including, but not limited to: technological advancements; market acceptance of our products, and the overall level of the sale of our products; research and development expenses; our relationships with our customers and suppliers; our ability to control costs; sales and marketing expenses; enhancements to our infrastructure and systems and any capital improvements to our facilities; potential acquisitions of businesses and product lines; and general economic conditions, inflation, rising interest rates, and international conflicts and their impact.

If our capital requirements are materially different from those currently planned, we may need additional capital sooner than anticipated. Additional financing may not be available on favorable terms on a timely basis, or at all. If adequate funds are not available or are not available on acceptable terms, we may be unable to continue our operations as planned, develop or enhance our products, expand our sales and marketing workforce, take advantage of future opportunities or respond to competitive pressures.

Any investments or future acquisitions may have a material adverse effect on our business, reputation, financial condition and results of operations.

As part of our growth strategy, we may evaluate and consider acquisition opportunities that we believe can extend and solidify our market position. These transactions involve significant challenges and risks, including but not limited to: (i) valuation risks, including the risk that we may overpay for targets based on incorrect assumptions or limited due diligence; (ii) difficulties in integrating the acquired personnel, operations, products, and brands into our existing operations; (iii) uncertainties in achieving the expected benefits, synergies, cost savings, or efficiencies from such acquisitions; (iv) unforeseen or hidden liabilities or costs that may adversely affect us following our acquisition of such targets; and (v) the occurrence of significant amortization expenses for intangible assets or impairment of goodwill.

For example, regarding our acquisition of the OTO brand-related companies in June 2025 from liquidators, the transaction was conducted on an "as-is" basis without customary commercial warranties or indemnities. Consequently, we have no recourse against the vendors for any undisclosed legacy liabilities or non-compliance matters. Any such negative developments described above could disrupt our existing business and have a material adverse effect on our business, reputation, financial condition and results of operations.

We may not be able to protect our intellectual property rights, and our ability to compete could be harmed if our intellectual property rights are infringed by third parties.

Our success depends in a large part on our ability to protect our proprietary technologies as well as our products from competition by obtaining, maintaining and enforcing our intellectual property rights. We have been protecting the proprietary technologies that we consider commercially important by, among others, filing patent applications in China and other jurisdictions. As of May 31, 2026, we had 1,554 registered patents worldwide, including 306

authorized invention patents, and we also filed 447 patent applications which were pending approval, including 384 applications for invention patents. See "Business – Intellectual Property." The patent application process may be expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner, if at all. In addition, we may fail to identify patentable aspects of our research and development outputs before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all such fields.

Patents may be invalidated, and patent applications may not be granted for several reasons, including known or unknown prior deficiencies in the patent application or the lack of novelty of the underlying invention or technology. Even if our patent applications are successfully granted, our competitors may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. Therefore, the grant of a patent application is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in China and/or other jurisdictions.

Further, the life of a patent and the protection it affords are limited. We may face competition for any approved products even if we successfully obtain patent protection once the patent life expires for such products. As of the Latest Practicable Date, four of our patents are the subject of invalidation requests. Any of the foregoing could materially and adversely affect our business, results of operations, financial condition and competitive position.

We may infringe intellectual property rights of third parties, which can lead to time-consuming and costly intellectual property infringement claims.

Our competitors may claim that the commercial use of our products has infringed upon their patents. These patents have broad claims, so it might be alleged that certain features of our products fall within the claims of such patents. Therefore, our competitors may initiate legal proceedings alleging that we are infringing upon, misappropriating or otherwise violating their intellectual property rights in connection with the commercialization of relevant products. We cannot assure you that we or our products will not infringe any intellectual property rights held by third parties in the future. We may face claims of infringement of third parties' proprietary rights or claims for indemnification resulting from infringement arising from our operations or the design, development and distribution of our products. In addition, we may be unaware of intellectual property registrations or applications relating to our products or business operations that may give rise to potential infringement claims against us. There may also be technologies licensed to and relied on by us that are subject to infringement or other corresponding allegations or claims by third parties.

Companies in the smart health wearables industry may use intellectual property litigation to gain a competitive advantage. Determining whether a product infringes upon a patent involves an analysis of complex legal and factual issues, the determination of which is often uncertain. We may hire employees who have previously worked for our competitors or other companies in relevant industries. There can be no assurance that such employees will not use their previous employers' proprietary know-how or trade secrets in their work for us, which could result in litigation against us. Our competitors may also have filed for patent protection which is not as yet a matter of public knowledge or claim trademark rights that have not been revealed through our searches of relevant public records. Our efforts to identify and avoid infringing upon third parties' intellectual property rights may not always be successful.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other IP rights held by third parties. We have been, and may from time to time in the ordinary course of our business be, confronted with claims or allegations relating to intellectual property infringement. For example, we were subject to infringement claims by Tengfei Technology in respect of certain waist massager products. Please refer to the section headed "Business – Legal Compliance and Proceedings – Intellectual Properties Related Litigations" in this document for further details. Such claims may or may not escalate to legal proceedings, the outcomes of which are unpredictable. In case of any disputes or lawsuits, there can be no assurance that we will be able to prevail in our defense or reverse any unfavorable judgment, ruling or decision against us. Any of these or future proceedings or actions or claims, with or without merit, could be costly and distract our management from day-to-day operations. We may incur substantial legal expenses in defending against such infringement claims, regardless of their merits. If we fail to successfully defend against these claims or do not prevail in such proceedings, we may be prohibited from using certain IP rights, subject to substantial amounts of damages, fines or penalties or ordered to cease operations of certain of our business, which may in turn have a material and adverse effect on our business, financial condition and results of operations, as well as cause negative publicity and tarnish our reputation.

Confidentiality agreements and non-compete covenants with employees may not adequately protect our proprietary rights.

We have devoted substantial resources to the development of our technology and know-how. There is no assurance that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our self-developed technology, know-how or other intellectual property will not otherwise become known to third parties. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time consuming litigation could be necessary to enforce and determine the scope of our trade secrets and proprietary rights, and failure to obtain or maintain trade secret and proprietary information protection could adversely affect our competitive position.

Our success relies on key management and other highly qualified personnel with specialized skills.

Attracting and retaining key individuals, such as key management, technical staff, qualified executives, engineers and sales representatives, are critical to our business, and in particular, to our research and development endeavors, and the sale of our products. Changes in our management team would disrupt our business. Our management and senior leadership team has significant industry experience, which makes them instrumental to our success. See "Directors and Senior Management". Changes in our management team may occur from time to time, and we cannot predict whether significant resignations will occur or whether we will be able to recruit qualified replacements. In addition, changes in the interpretation and application of employment-related laws to our workforce practices may result in increased operating costs and less flexibility in how we meet our changing workforce needs. See "Regulatory Overview – Employment, Social Insurance and Housing Provident Fund." To help attract, retain and motivate key individuals, employee incentives such as share incentive schemes have been, and will continue to be, an important part of our compensation. Our employee recruitment and retention also depend on our ability to build and maintain a diverse and inclusive workplace culture and be viewed as an employer of choice. If our share-based compensation or other compensation programs and/or workplace culture cease to be viewed as competitive, our ability to attract,

retain and motivate key individuals would be weakened, which would in turn materially and adversely affect our business, results of operations and financial condition.

Failure to renew our leases or to comply with PRC property-related laws and regulations regarding certain of our leased properties could adversely affect our business.

We may not be able to successfully extend or renew our leases upon expiration of the current term on commercially reasonable terms, or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our facilities as our business continues to grow, and failure in relocating our affected operations could adversely affect our business and operations.

As of the Latest Practicable Date, we were unable to file the lease agreements for registration with respect to five of our leased properties in China. If these lessors are not the legal owners or have not obtained the proper authorization from the legal owners of such premises, the legal owners of such premises or third-party tenants that have leased from the legal owners will have ground to challenge the validity of our leasehold interest in the affected premises. Under the relevant PRC laws and regulations, the parties to a lease agreement have the obligation to register and file the executed lease agreement. As advised by our PRC Legal Advisor, the validity and enforceability of the lease agreements are not affected by the failure to register or file the lease agreements with the relevant government authorities. According to the relevant PRC regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, and we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to comply.

Additionally, if disputes or government actions due to title challenges arise to the our properties, we may encounter difficulties in continuing to lease such properties and may be required to relocate. If any of our leases are terminated or voided as a result of challenges from third parties or government agencies, we would need to seek alternative premises and incur relocation costs.

We have granted, and may continue to grant, certain awards under our share incentive plans, which may result in increased share-based payment expenses.

We adopted share incentive plans including share-based payment for the benefit of our Directors, Supervisors and employees to incentivize and reward the eligible persons who have contributed to our success. We recorded share-based payment expenses of RMB(8.4) million, RMB(9.5) million, RMB4.7 million and RMB5.7 million in 2023, 2024, 2025 and for the five months ended May 31, 2026, respectively. Nevertheless, share-based payment expenses would potentially dilute the shareholding of existing shareholders. We may continue to grant share-based payment awards to employees in the future. As a result, our expenses associated with share-based payment may increase, which may affect our financial condition and results of operations.

If we fail to obtain and maintain the requisite licenses and approvals, our business, financial condition and results of operations may be materially and adversely affected.

We are required to obtain and maintain the requisite licenses and approvals for our business in China and other jurisdictions where we operate our business. Any failure to obtain any approvals, licenses, permits or certificates necessary for our operations and construction of our facilities, such as construction work commencement permit and environmental protection inspection, may result in enforcement actions thereunder, including orders issued by the relevant regulatory authorities ceasing our operations, and may include corrective measures requiring capital expenditure or remedial actions. Uncertainties exist regarding the interpretation and implementation of existing and future laws, regulations and policies governing our business activities. We cannot assure you that we will not be found in violation of any of the laws, regulations and policies currently in effect or any future laws, regulations and policies. During the Track Record Period and up to the Latest Practicable Date, there has been no failure to obtain or renew any licenses required for the operation of our business. However, if we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdictions where we operate our business, we may be subject to various penalties, such as the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

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.

In accordance with the PRC Social Insurance Law and the Regulations on the Administration of Housing Provident Fund and other relevant laws and regulations, China establishes a social insurance system and other employee benefits including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing provident fund (collectively, the "**Employee Benefits**"). An employer shall pay the Employee Benefits for its employees in accordance with the rates provided under relevant regulations and shall withhold the social insurance and other Employee Benefits that should be assumed by the employees. As advised by our PRC Legal Advisor, an employer that has not made social insurance contributions at a rate and based on an amount prescribed by the law, or at all, may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late fee of up to 0.05% of the outstanding amount for each day of delay. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times of the amount overdue.

Under the Social Insurance Law and the Regulations on the Administration of Housing Provident Fund, PRC subsidiaries shall register with local social insurance agencies and register with applicable housing provident fund management centers and establish a special housing provident fund account in an entrusted bank. Both PRC subsidiaries and their employees are required to contribute to the Employee Benefits.

During the Track Record Period and up to the Latest Practicable Date, we had not made full contributions to Employee Benefits for our employees. As advised by our PRC Legal Advisor, 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. As of the Latest Practicable Date, we had not received any notice from the relevant government authorities or any claim or request from these employees in this regard. However, we cannot assure you that the relevant government authorities will not require us to pay the outstanding amount and impose late fees or fines on us. If we are otherwise subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, financial condition and results of operations may be adversely affected.

We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected.

As we seek to expand our global footprint, our business operations and financial performance may be influenced by international trade policies, geopolitics, trade protection measures, export controls, and economic or trade sanctions. International trade policies and geopolitics are subject to frequent changes and uncertainties, often driven by political, economic, and social factors beyond our control. These changes could impact trade agreements, tariffs, customs duties, and other aspects of international trade, potentially increasing our operational costs and affecting our market access. Changes in trade protection measures, such as anti-dumping duties, countervailing duties, or safeguard measures, could lead to increased costs or restrictions on our exports. Export controls and economic or trade sanctions could limit our ability to export our products or conduct business in certain markets. Any non-compliance with these controls and sanctions could result in legal penalties, reputational damage, and loss of export privileges.

During the Track Record Period, we exported products to markets outside China, including the United States. U.S. imports of our products are subject to existing and potential tariffs. U.S. authorities may impose, expand, or modify tariffs applicable to our products. Since 2018, the U.S. has imposed escalating tariffs on Chinese imports, with China retaliating similarly. In May 2024, the U.S. announced higher tariffs on steel and aluminum, semiconductors, electric vehicles, batteries, critical minerals, solar cells, ship-to-shore cranes, and medical products, with electric vehicles facing 100% tariffs from August 2024. The EU imposed 17%–36% tariffs on Chinese electric vehicles from August 2024, and China responded with 30%–39% tariffs on brandy imports in October 2024. Recent changes in U.S. trade policies have resulted in significant uncertainties to global trade. By February 2025, the U.S. proposed 145% total tariffs on Chinese goods, with China responding at 125% in April 2025. Both countries agreed to temporary de-escalation in May 2025, reducing tariffs to 30% (U.S.) and 10% (China). Despite this easing, ongoing trade tensions could create challenges for international businesses through increased costs and reduced competitiveness. While we did not experience any material impact on our business operations or financial performance at present, any future changes in trade policies or the imposition of tariffs could have such an impact, depending on the scale of overseas transactions. Any material increase in tariffs could adversely affect our ability to meet customer pricing and delivery requirements, reduce demand for our products, and negatively impact our financial results.

As advised by the international sanctions legal consultant we engaged and based on due diligence conducted by such international sanctions legal consultant on our products, suppliers and customers, our Directors are of the view that, our operations do not present any material risks of violating the export control and sanctions laws and regulations of the PRC, the U.S., the

EU and the UN during the Track Record Period and up to the Latest Practicable Date. Considering our products are not subject to applicable export control laws and unrelated to any sensitive end uses, our international sanctions legal consultant is of the view that there is no sanctions risk that would materially undermine the Group's ability to continue its operations. Based on the view of the international sanctions legal consultant and the independent due diligence conducted, the Sole Sponsor concurs with the view of the Directors that the Group's operations do not present any material risks of violating the export control and sanctions laws and regulations of the PRC, the U.S., the EU and the UN during the Track Record Period and up to the Latest Practicable Date.

On August 9, 2023, the U.S. released Executive Order 14105 and advanced notice of proposed rulemaking for outbound investment controls on China, including Hong Kong and Macau. On June 21, 2024, the U.S. Department of the Treasury issued a proposed rule, followed by a final rule on October 28, 2024 (the "**Final Rule**"), effective January 2, 2025. The Final Rule imposes investment prohibitions and notification requirements on U.S. Persons for certain investments in entities associated with China, Hong Kong and Macau engaged in specific activities in connection with three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence. These entities would be defined as "Covered Foreign Persons." U.S. persons are subject to reporting requirements or prohibition when engaging in "Covered Transactions" involving Covered Foreign Persons. As advised by our international sanctions legal consultant, we do not believe we qualify as a Covered Foreign Person, because our products – personal massage devices for consumer use – and our business operations do not constitute any "Covered Transactions" as defined under the Final Rule. Accordingly, we believe the Final Rule should not apply to us, and U.S. persons participating in the **[REDACTED]** should not be subject to any prohibitions or notification requirements thereunder.

Our business growth and results of operations may be affected by changes in global and regional macroeconomic conditions, natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.

Uncertainties about global economic conditions and regulatory changes and other factors including fluctuation of interest rates, inflation level, unemployment, labor and healthcare costs, access to credit, consumer confidence and other macroeconomic factors may pose risks and materially and adversely affect demand for our products. In addition, natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic, acts of war, terrorism or other force majeure events beyond our control may disrupt our research and development, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects.

We may be involved in disputes and legal proceedings, which could materially and adversely affect our reputation, business, financial condition and results of operations.

We may be involved in commercial or contractual disputes in the ordinary course of our business. During the Track Record Period, we failed to satisfy the agreed economic-performance targets for a plant project in Foshan city. In addition, the construction of another plant project had not received its completion certificate by the contractual deadline. Please refer to the section headed "Business – Legal Compliance and Proceedings – Foshan Plant Project" in this document for further details. We are engaged in ongoing consultations with the relevant authorities in respect of both matters with an aim to conclude supplemental agreement with them. As of the Latest Practicable Date, we have not been found in breach or subjected to any

claims pursuant to relevant agreements. Based on the maximum potential indemnification amount stipulated in the relevant agreements, the Company is of the view that such exposure would not have a material adverse effect on the Company's business, financial condition or results of operations.

We cannot assure you that we will not be involved in various legal and other disputes in the future, which may expose us to additional risks and losses. In addition, we may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs and diversion of resources and management's attention from our core business. The disruption of our business due to judgment, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may materially and adversely affect our reputation, business, results of operations and financial condition.

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

Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. Our current insurance coverage may not be sufficient to prevent us from any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Strategic alliances, investments or acquisitions may have a material and adverse effect on our business, financial condition and results of operations.

We may in the future enter into strategic alliances with various third parties. Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counterparty, and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor their actions. To the extent strategic third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

In addition, we may acquire additional assets, technologies or businesses that are complementary to our existing businesses. Future acquisitions and the subsequent integration of new assets, technologies and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing businesses, which in turn could adversely affect our business. Acquired assets, technologies or businesses may not generate the financial or operating results we expect. In addition, acquisitions could result in the use of substantial amounts of cash, dilutive issuances of equity securities, incurrence of debt, incurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business.

We are subject to cybersecurity risks to our products and customer data processed by us or third-party vendors or suppliers, and any material failure, weakness, interruption, cyber event, incident or breach of security could prevent us from effectively operating our business.

During our business operation, we may possess business information, contract information and a limited amount of personal information from our customers, suppliers and other business partners. As we expand our global presence, we are subject to local and overseas laws relating to cybersecurity and data privacy, including the collection, use, retention, security and transfer of personal information. Several jurisdictions have enacted stringent laws governing data protection, and many others are actively considering imposing additional restrictions. These laws continue to develop and may be inconsistent from jurisdiction to jurisdiction. Complying with emerging and changing overseas requirements may cause us to incur substantial costs or require us to change our business practices.

Any failure by us to comply with local or overseas privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others. In addition to reputational impacts, penalties could include ongoing audit requirements and significant legal liability. We have implemented systems and processes intended to secure our information technology systems and prevent unauthorized access to or loss of sensitive data and personal information, including through the use of encryption and authentication technologies. As with all companies, these security measures may not be sufficient for all eventualities and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other irregularities. Our failure to safeguard data security and privacy may also harm our market reputation and relations with our customers or business partners.

Our results of operations are subject to seasonal fluctuations.

Generally, our results of operations may be affected by holidays. We typically experience stronger sales performance in the periods leading up to major online shopping festivals in China, such as the "618" Shopping Festival in June and "Double 11" Shopping Festival in November, as well as prior to the Chinese New Year Shopping Festival. The degree of seasonality may vary from year to year due to conditions in the industry and other factors, which makes it difficult for us to predict the level of demand with precision. If seasonal demand exceeds our expectation, we may not have sufficient stock or arrange for timely production and delivery. If seasonal demand is lower than our expectation, we could be left with excess inventory, higher working capital and liquidity requirements, as well as the risk of impairment losses on our inventory. Furthermore, our operating and financial results for an interim period may not be representative of our overall performance for a year. We expect to continue to experience seasonal fluctuations in our revenue, results of operations and financial condition, which could result in volatility and adversely affect the price of our H Shares.

The wide variety of payment methods that we accept subjects us to third-party payment channels processing related risks.

We accept payments through major third-party payment channels in China. We may also be susceptible to fraud, user data leakage and other illegal activities in connection with the various payment methods we offer. In addition, our business depends on the billing, payment and escrow systems of the third-party payment service providers to maintain accurate records of payments by customers and collect such payments. If the quality, utility, convenience or attractiveness of these payment processing and escrow services declines, or if we have to change the pattern of using these payment services for any reason, the attractiveness of our products and services

could be adversely affected. We are also subject to various rules, regulations and requirements, regulatory or otherwise, governing electronic funds transfers. If we fail to comply with these rules or requirements properly or timely, we may be subject to fines and higher transaction fees and become unable to accept payments from our customers through the payment methods that we currently adopt, and our business, results of operations, financial condition and prospects could be adversely affected.

We were previously subject to risks relating to third-party payment arrangements.

During the Track Record Period, certain of our customers (individual or collectively, the "**Third-party Payment Customer(s)**") settled their payments with us through the accounts of third-party payors designated by these Third-party Payment Customers (the "**Third-party Payment Arrangement**") who were not a party to the corresponding sales and purchase agreements. 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. During the Track Record Period, no individual Third-party Payment Customer made material contribution to our revenue. 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. In the event of any future third-party payments, we will require the customer and their third-party payor to enter into a formal third-party agreement with us. See "Business – Third-party Payment Arrangement."

We were subject to various risks relating to such Third-party Payment Arrangement during the Track Record Period, such as (i) possible claims from third-party payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors and (ii) potential money laundering risks as we have limited knowledge about the source and purpose of the funds utilized by the third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us to demand return of the relevant payment or for violation or noncompliance of laws and regulations, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and we may be forced to comply with the court ruling and return the payment for the products that we sold and services that we provided.

RISKS RELATING TO DOING BUSINESS WHERE WE OPERATE

Changes in the economic, political or social conditions or government policies in the countries and regions where we operate could affect our business, financial condition and results of operations.

Substantially all of our revenue is derived from our businesses in the PRC during the Track Record Period. Accordingly, our financial condition, results of operations and prospects are, to a material extent, subject to economic, political, and legal developments in the PRC. If the macroeconomic condition in China experiences significant adverse changes, demand for our products and our ability to maintain our operations may suffer, which will consequently have a material adverse effect on our financial condition, results of operations and our future prospects.

China's economy has experienced significant growth over the past decades since the implementation of reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions

of the country. If the business environment in China changes, our business in China may also be materially and adversely affected.

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

The legal systems of the jurisdictions where we operate vary significantly. Some jurisdictions have a civil law system based on written statutes and others are largely based on common law. Unlike common law systems where the case laws have binding effects, prior court decisions under civil law systems may be cited for reference but have limited precedential value. We are based in China and our business in China are governed by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. As the legal system in China continues to develop, laws and regulations may continue to evolve and be subject to interpretation. As these laws and regulations are continually evolving in response to changing economic and other conditions, we cannot foresee how these laws, rules and regulations will be interpreted and enforced, which may adversely affect the legal protections and remedies that are available to us and our investors.

Any downturn in regional or global economy, or deterioration of geopolitical environment could affect our business, financial condition and results of operations.

Geopolitical, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation and the availability and cost of capital and credit have been affecting, and will continue to affect the countries where we operate. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Any severe or prolonged slowdown in the global or PRC economy may materially and adversely affect our business, results of operations and financial condition.

You may have limited recourse in effecting services of legal process or enforcing overseas judgments against us, our Directors, Supervisors and our senior management.

Material part of our business and operations are located in the PRC. In addition, almost all of our Directors, supervisors and officers reside in China and substantially all of their assets are located in China. It may be difficult for investors to effect service of process upon those persons residing in China or to enforce against us or them in China any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of many of other jurisdictions. As a result, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions outside China may be difficult or even impossible.

On July 14, 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**"). Under the Arrangement, a party with an enforceable final court judgment rendered by any designated people's court of China or any designated Hong Kong court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant people's court of China or Hong Kong court. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or

a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute did not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against certain of our assets or Directors in China in order to seek recognition and enforcement of foreign judgments in China.

On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong entered into an agreement regarding the scope of judgments which may be enforced between China and Hong Kong (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"). The New Arrangement will broaden the scope of judgments that may be enforced between China and Hong Kong under the Arrangement. Whereas a choice of jurisdiction needs to be agreed in writing in the form of an agreement between the parties for the selected jurisdiction to have exclusive jurisdiction over a matter under the Arrangement, the New Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties' agreement. The New Arrangement became effective on January 29, 2024 both in China and in Hong Kong. Under the New Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the New Arrangement. Although the New Arrangement has been signed, the outcome and effectiveness of any action brought under the New Arrangement may still be uncertain. We cannot assure you that an effective judgment that complies with the New Arrangement can be recognized and enforced in a PRC court.

Policies regarding foreign currency conversion may affect our foreign exchange transactions and our ability to pay dividends and meet other obligations.

The net **[REDACTED]** from the **[REDACTED]** are expected to be deposited in currencies other than Renminbi until we obtain necessary approvals from relevant PRC regulatory authorities to convert these **[REDACTED]** into onshore Renminbi. If we cannot convert the net **[REDACTED]** into onshore Renminbi in a timely manner, our ability to deploy these **[REDACTED]** efficiently may be affected as we will not be able to invest these **[REDACTED]** on Renminbi denominated assets onshore or deploy them in uses onshore where Renminbi is required, which could affect our business, results of operations, financial condition and prospects.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The RMB has fluctuated against Hong Kong dollar and the U.S. dollar at times significantly and unpredictably. During the Track Record Period, we incurred net foreign exchange gains of RMB1.1 million, RMB0.7 million, nil, RMB0.2 million and nil for the years ended December 31, 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026, respectively. We cannot assure you that RMB will not appreciate or depreciate significantly in value against Hong Kong dollar or the U.S. dollar in the future. It is difficult to predict how market forces may impact the exchange rate between RMB and foreign currencies in the future.

Significant revaluation of RMB may have a material and adverse effect on your investment. For example, to the extent that we need to convert Hong Kong dollars we receive from this **[REDACTED]** into RMB for our operations, appreciation of RMB against Hong Kong dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert our RMB into Hong Kong dollars for the purpose of making

payments for dividends on our Shares or for other business purposes, appreciation of Hong Kong dollar against RMB would have a negative effect on the Hong Kong dollar amount available to us.

To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. The availability and effectiveness of these hedges may be limited, and we may not be able to adequately hedge our exposure or at all. As a result, fluctuations in exchange rates may have a material adverse effect on your **[REDACTED]**.

Payment of dividends or gains from the sale or other disposition of our H Shares is subject to taxation under PRC law.

Non-Chinese resident individual holders of H Shares whose names appear on the register of members of H Shares ("**Non-Chinese Resident Individual Holders**"), are subject to Chinese individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知(國稅函[2011]348號)) dated June 28, 2011 and issued by the State Tax Administration (the "**SAT**"), the tax rate applicable to dividends paid to Non-Chinese Resident Individual Holders of H Shares varies from 5% to 20% (usually 10%), depending on whether there is any applicable tax treaty between China and the jurisdiction in which the Non-Chinese Resident Individual Holder of H Shares resides, as well as the tax arrangement between China and Hong Kong. Non-Chinese Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. See "Regulatory Overview – Tax." In addition, under the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法) (the "**Individual Income Tax Law**") and its implementation regulations, Non-Chinese Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) issued by the Ministry of Finance and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. As of the Latest Practicable Date, none of the aforesaid provisions had expressly provided that whether individual income tax shall be levied from non-Chinese Mainland resident individual holders on the transfer of shares in Chinese Mainland resident enterprises listed on overseas stock exchanges. To the best of our knowledge, the Chinese tax authorities have not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' **[REDACTED]** in H Shares may be materially and adversely affected.

Under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "**EIT Law**") and its implementation regulations, a non-Chinese resident enterprise is generally subject to enterprise income tax at a rate of 10% with respect to its income sourced from China, including dividends received from a Chinese company and gains derived from the disposition of equity interests in a Chinese company. This rate may be reduced under any special arrangement or applicable treaty between the China and the jurisdiction in which the non-Chinese resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises (Guo Shui Han [2008] No. 897) (關於中國居民企業向境外H股非居民企業股東派發股息代扣繳企業所得稅有關問題的通知(國稅函[2008]897號)) promulgated by the SAT on November 6, 2008, we intend to withhold tax at 10% from dividends payable to non-Chinese resident enterprise holders of H Shares (including HKSCC Nominees). Non-Chinese

resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the Chinese tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the Chinese tax authorities' approval. See "Regulatory Overview – Tax." There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation rules by the Chinese tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-Chinese resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-Chinese resident enterprise holders' **[REDACTED]** in H Shares may be materially and adversely affected.

Our payment of dividends is subject to restrictions under applicable laws and regulations.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are defined as our profits after taxes as determined under PRC GAAP less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient, if any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years.

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

Discontinuation of any government grants or preferential tax treatments could affect our business, financial condition and results of operations.

We were accredited as "High and New Technology Enterprises," and are entitled to a preferential income tax rate of 15%. We cannot assure you that the PRC policies on preferential tax treatments will not change or that the current preferential tax treatments we enjoy or will be entitled to enjoy will not be canceled. Moreover, we cannot assure you that we will be able to renew the same preferential tax treatments upon expiration. If any such change, cancelation or discontinuation of preferential tax treatment occurs, we will be subject to the PRC enterprise income tax, or EIT, at a rate of 25% on taxable income. As a result, the increase in our tax charge could materially and adversely affect our results of operations.

RISKS RELATING TO THE [REDACTED]

The liquidity and [REDACTED] of our H Shares may be volatile, which could result in substantial losses to you.

The **[REDACTED]** and **[REDACTED]** of our H Shares may be volatile. The following factors may affect the **[REDACTED]** and **[REDACTED]** of our H Shares: (i) actual or anticipated fluctuations in our operating performance and revenue; (ii) our failure to execute our strategies; (iii) an unexpected business interruption resulting from operational breakdowns, natural disasters, or major changes in our key personnel or senior management; (iv) adverse

market reaction to any indebtedness that we may incur or securities that we may issue in the future; (v) announcements of competitive developments, acquisitions or strategic alliances in our industry; (vi) potential litigation or regulatory investigations; (vii) general market conditions or other developments affecting us or our industry; (viii) changes or proposed changes in laws or regulations, or differing interpretations thereof, affecting our ability to obtain or maintain regulatory approval for our products; (ix) inadequate protection of our intellectual property rights or legal proceedings brought against us for infringement of third parties' intellectual property rights; (x) the operating and stock price performance of other companies in our industry, and other events or factors beyond our control; and (xi) the release of lock-up or other transfer restrictions on our outstanding H Shares or sales or perceived sales of H Shares by us or other Shareholders.

Moreover, the capital market has from time to time experienced significant price and **[REDACTED]** fluctuations that were unrelated or not directly related to the operating performance of the underlying companies in the market. These broad market and industry fluctuations may have a material and adverse effect on the **[REDACTED]** and **[REDACTED]** of our H Shares.

An active and liquid [REDACTED] for our H Shares may not develop or be sustained.

Prior to the **[REDACTED]**, our H Shares were not traded on any other market. We cannot assure you that an active and liquid **[REDACTED]** for our H Shares will be developed or be maintained after the **[REDACTED]**. Liquid and active **[REDACTED]** usually result in less price volatility and more efficiency in carrying out investors' purchase and sale orders. The **[REDACTED]** of our H Shares could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the **[REDACTED]** of our H Shares, you could lose a substantial part or all of your **[REDACTED]** in our H Shares.

Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

Future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the **[REDACTED]**, or the **[REDACTED]** of new H Shares or other securities relating to our H Shares, or the perception that such sales or **[REDACTED]** may occur could all cause a decline in the **[REDACTED]** of our H Shares. Future sales, or perceived sales, of substantial amounts of our securities or other securities relating to our H Shares, including part of any future **[REDACTED]**, could also materially and adversely affect the prevailing **[REDACTED]** of our H Shares and our ability to raise capital in the future at a time and at a price which we deem appropriate.

Future sales of a significant number of our H Shares by our Controlling Shareholders or other existing shareholders in the public market after the **[REDACTED]**, or the perception that these sales could occur, could cause the **[REDACTED]** of our H Shares to decline and could materially impair our future ability to raise capital through **[REDACTED]** of our H Shares. We cannot assure you that our Controlling Shareholders, or other existing shareholders will not dispose of H Shares held by them or that we will not **[REDACTED]** H Shares upon the expiration of restrictions set out above.

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the **[REDACTED]** from the **[REDACTED]** in ways you may not agree with or that do not yield a favorable return. See "Future Plans and Use of **[REDACTED]**" for details of our intended use of **[REDACTED]**. However, our management will have discretion as to the actual application of our **[REDACTED]**. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the **[REDACTED]** from this **[REDACTED]**.

We cannot assure you when, if and in what form or size we will pay dividends in the future.

We cannot guarantee when and in what form dividends will be paid on our H Shares following the **[REDACTED]**. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our business and financial performance, capital and regulatory requirements, and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. See "Financial Information – Dividends" for details.

If securities or industry analysts do not publish research reports about us, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] and [REDACTED] of our H Shares may decline.

The **[REDACTED]** of our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the **[REDACTED]** of our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the **[REDACTED]** or **[REDACTED]** of our H Shares to decline.

We cannot guarantee the accuracy of facts, forecasts and other statistics obtained from official government sources contained in this document.

The information from official government sources has not been independently verified by us or any other parties involved in the **[REDACTED]**, or any of our or their respective directors, senior management, representatives, advisers or any other persons involved in the **[REDACTED]** and no representation is given as to its accuracy. Moreover, such facts, forecasts and other statistics may not be prepared on the same basis or with the same degree of accuracy (as the case may be) in other publications or jurisdictions. For these reasons, the information from various government publications contained in this document may not be accurate and should not be given undue reliance as a basis for making your **[REDACTED]** in our H Shares.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain **[REDACTED]** information and other matters.

The words "anticipate," "believe," "could," "potential," "continue," "expect," "intend," "may," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors, Supervisors and senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a result, these forward-looking statements should be considered in light of various important factors, including those set out in "Risk Factors" in this document. Accordingly, such statements are not a guarantee of future performance, and you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should read the entire document carefully and we strongly caution you not to place any reliance on the information in press articles or other media coverage regarding us and the [REDACTED].

Prior to the publication of this document, there has been and there may also be, subsequent to the date of this document but prior to the completion of the **[REDACTED]**, press and media coverage regarding us, our business, our industries and the **[REDACTED]**, which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the **[REDACTED]**. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of such projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective **[REDACTED]** are cautioned to make their **[REDACTED]** decisions on the basis of the information contained in this document only and should not rely on any other information.

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

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

The headquarters, senior management and most of business operations of our Group are primarily based, managed and conducted in the PRC. As our executive Directors and senior management play very important roles in our business operations, we consider that it is in the best interest of our Company for them to be based in the place where our Group has significant operations. Furthermore, our Directors consider that it would be practically difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of our existing executive Directors or appointment of additional executive Directors. As such, our Company does not, and will not for the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has] granted us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) we have appointed Mr. Hao Qiankun (郝乾坤) ("**Mr. Hao**"), our executive Director, chief financial officer, secretary of the Board and joint company secretary, and Ms. Suen Ka Yan (孫嘉恩) ("**Ms. Suen**"), our joint company secretary, as our authorized representatives pursuant to Rule 3.05 of the Listing Rules. Our authorized representatives will act as our principal channel of communication with the Stock Exchange. They will be readily contactable by phone and/or email to promptly deal with enquiries from the Stock Exchange and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange. Our Company will also inform the Stock Exchange promptly in respect of any change in our authorized representatives;

(b) when the Stock Exchange wishes to contact our Directors on any matter, our authorized representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. We have provided the Stock Exchange with contact details (i.e. mobile phone number, office phone number and email address) of all Directors to facilitate communication with the Stock Exchange. Furthermore, to the best of our knowledge and information, all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange; and

(c) we have appointed Rainbow Capital (HK) Limited as our Compliance Advisor upon the **[REDACTED]** pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the **[REDACTED]** and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**. The Compliance Advisor will

have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication with the Stock Exchange when our authorized representatives are not available. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, and other officers and the Compliance Adviser, and will keep the Compliance Adviser fully informed of all communications and dealings between the Stock Exchange and us.

WAIVER IN RELATION TO APPOINTMENT OF JOINT COMPANY SECRETARIES

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

Note 1 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

(a) length of employment with the issuer and other issuers and the roles he or she played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Our Company was established in the PRC, and we primarily conduct business activities in the PRC. All our Directors and senior management who are familiar with our activities and have extensive experience in board and corporate management matters presently do not possess any of the qualifications under Rule 3.28 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules.

We propose to appoint Mr. Hao, our executive Director, chief financial officer and Board secretary, and Ms. Suen as our joint company secretaries. Although Mr. Hao does not possess the qualifications set out in Rule 3.28 of the Listing Rules, we consider that it is for the benefit of our Company to appoint him as a joint company secretary due to his experience in accounting, corporate finance and Board related matters, as well as his familiarity with our business

operations and internal management. For the biographical information of Mr. Hao and Ms. Suen, see "Directors and Senior Management."

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has] granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Hao as our joint company secretary. Pursuant to Chapter 3.10 of the Guide, the waiver will be for a three-year period from the **[REDACTED]** (the "**Waiver Period**") and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience required under Rule 3.28 of the Listing Rules (the "**Qualified Person**") and is appointed as a joint company secretary throughout the Waiver Period, and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

We have appointed Ms. Suen, a Qualified Person, as a joint company secretary to provide assistance to Mr. Hao during the Waiver Period to enable Mr. Hao to acquire the relevant experience as required under Note 2 to Rule 3.28 of the Listing Rules to duly discharge his duties. Given Ms. Suen's professional qualifications and experience, she will be able to explain to both Mr. Hao and our Company the relevant requirements under the Listing Rules. Ms. Suen will also assist Mr. Hao in organizing Board meetings and Shareholders' meetings as well as other matters of our Company which are incidental to the duties of a company secretary. She is expected to work closely with Mr. Hao, and will maintain regular contact with Mr. Hao, our Directors and senior management. In addition, Mr. Hao will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the Waiver Period. Mr. Hao will also be assisted by (i) the Compliance Advisor, particularly in relation to compliance with the Listing Rules and (ii) the Hong Kong legal advisor of our Company on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations. The waiver will be revoked with immediate effect if Ms. Suen ceases to provide assistance to Mr. Hao during the Waiver Period or there are material breaches of the Listing Rules by our Company. If Ms. Suen ceases to be a joint company secretary before the end of the Waiver Period, our Company will seek another waiver from the Stock Exchange in relation to appointing another Qualified Person as a replacement.

We will liaise with the Stock Exchange before the end of the Waiver Period to enable it to assess whether Mr. Hao, having had the benefit of Ms. Suen's and, if applicable, another Qualified Person's assistance for three years, has acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER AND EXEMPTION IN RELATION TO THE SHARE OPTION SCHEMES

Pursuant to Rule 17.02(1)(b) of the Listing Rules, full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon **[REDACTED]** as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards must be disclosed in the document.

Pursuant to paragraph 27 of Appendix D1A to the Listing Rules, the listing document should contain particulars of any capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

Pursuant to Chapter 3.6 of the Guide, the Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the issuer could demonstrate that such disclosures would be irrelevant and unduly burdensome, subject to certain conditions specified therein.

Pursuant to section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the document must state the matters specified in Part I of the Third Schedule.

Pursuant to paragraph 10 of Part I of the Third Schedule, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the document.

As of the Latest Practicable Date, our Company has granted outstanding options (the "**Share Options**") under the Share Option Schemes to 145 grantees for an aggregate of 4,320,905 Shares, representing approximately **[REDACTED]**% of the total number of Shares in issue immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes). No Share Options under the Share Option Schemes will be further granted after **[REDACTED]**. For details of the Share Option Schemes, see "Statutory and General Information – D. Share Incentive Schemes – 2. Share Option Schemes" in Appendix V to this document.

We have applied for: (i) a waiver from the Stock Exchange from strict compliance with the requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules; and (ii) a certificate of exemption from the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the Share Options granted under the Share Option Schemes, on the ground that strict compliance with the above requirements would be unduly burdensome for us on the basis of the following reasons:

(a) given that 145 grantees are involved for the grant of Share Options under Share Option Schemes, our Directors consider that it would be unduly burdensome to disclose in this Document full details of all the Share Options granted by us to each of the grantees, which would significantly increase the cost and time for information

compilation and Document preparation required for strict compliance with such disclosure requirements, as the Group would need to collect and verify the personal information of a large number of the grantees to meet the disclosure requirements;

(b) the disclosure of the personal details of each grantee, including their names, addresses and the number of Share Options granted to them, may require obtaining consent from all the grantees in order to comply with personal data privacy laws and principles, and it would be unduly burdensome for our Group to obtain such consents given the number of the grantees;

(c) full disclosure on the options granted to each grantee either through disclosure in this Document or through making available a full list of grantees with all the particulars required would allow the employees of our Group to gain access to their peers' or colleagues' compensation, which could negatively affect employees' morale, give rise to negative internal competitions, and lead to an increase in the costs for recruitment and retention. The lack of full disclosure with the above disclosure requirements will on the contrary give us flexibility in terms of determining the compensation of our broader group of employees;

(d) full disclosure of the details of the grantees (which include their names and addresses), as well as the Share Options granted to each of them, would provide our competitors with our employees' compensation details and facilitate their soliciting activities which could impact our Group's ability to recruit and retain valuable personnel;

(e) the grant and exercise in full of the Share Options under the Share Option Schemes will not cause any material adverse impact to the financial position of our Group;

(f) non-compliance with the disclosure requirements in relation to Share Options would not prevent our Company from providing its potential **[REDACTED]** with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and

(g) material information relating to the Share Options under the Share Option Schemes has been disclosed in this Document, including (i) the total number of outstanding Share Options granted under the Share Option Schemes and the number of underlying Shares, (ii) the exercise price per Share and the exercise period, and (iii) the potential dilution impact on earnings per Share upon full exercise of the Share Options granted under the Share Option Schemes. Our Directors consider that the information that is reasonably necessary for potential **[REDACTED]** to make an informed assessment of our Company in their **[REDACTED]** decision making process has been included in this Document.

In light of the above, our Directors are of the view that the grant of the above-mentioned waiver and exemption will not prejudice the interests of the **[REDACTED]**.

We have applied for, and the Stock Exchange [has] granted, a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and the condition to make available a full list of grantees with all the particulars required under paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, in relation to the options granted under the Share Option Schemes on the conditions that:

(a) on an individual basis, full details of the Share Options granted by the Company under the Share Option Schemes to each of the grantees who are Directors, members of the senior management and connected persons of the Company, including all particulars required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, shall be disclosed in this Document;

(b) in respect of the Share Options granted under the Share Option Schemes to the remaining grantees (other than those referred to in paragraph (a) above), disclosure will be made on an aggregate basis: (i) the aggregate number of grantees and number of Shares underlying the Share Options granted under the Share Options Schemes; (ii) the dates of grant of the Share Options under the Share Option Schemes; and (iii) the vesting period, exercise period and exercise price of the Share Options granted under the Share Option Schemes;

(c) the aggregate number of Shares underlying the outstanding Share Options and the percentage of our Company's total issued share capital represented by such number of Shares as of the Latest Practicable Date will be disclosed in this Document;

(d) a summary of the principal terms of the Share Option Schemes will be disclosed in "Statutory and General Information – D. Share Incentive Schemes – 2. Share Option Schemes" in Appendix V to this Document;

(e) the particulars of this waiver are set out in this Document; and

(f) and the grant of certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from the disclosure requirements provided in paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

We have applied for, and the SFC [has] granted, a certificate of exemption from the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the Share Options granted under the Share Option Schemes on the conditions that:

(a) on an individual basis, full details of the Share Options granted by the Company under the Share Option Schemes to each of the grantees who are Directors, members of the senior management and connected persons of the Company are disclosed in this Document as required by paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the Share Options granted under the Share Option Schemes to the other grantees (other than those referred to in paragraph (a) above), on an aggregate basis, details including the number of such grantees and the number of Shares subject to the Share Options granted under the Share Option Schemes, the consideration paid for the grant of the Share Options, the grant dates, exercise price, exercise period and vesting period of the Share Options, and the percentage of the total issued share capital of our Company represented immediately following the completion of the **[REDACTED]** are disclosed in this Document;

(c) a full list of all the Grantees who had been granted Share Options to subscribe for the Shares under the Share Option Schemes containing all the particulars required under paragraph 10(d) of Part I of the Third Schedule are made available for public inspection in accordance with the arrangements set out in "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display – Documents Available for Inspection" in Appendix VI to this Document;

(d) the particulars of the exemption are disclosed in this Document; and

(e) this Document is issued on or before **[REDACTED]**.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Liu Jie (劉傑)	No. 10 Daguan Straight Street Ronggui Shunde District Foshan City Guangdong Province PRC	Chinese
Mr. Hao Qiankun (郝乾坤)	Room 906, Block 17 Phase 3, Kangges Garden Liangle Road Daliang Sub-district Office Shunde District Foshan City Guangdong Province PRC	Chinese
Non-executive Director		
Ms. Sheng Jiao (盛姣)	Building 15, Unit 704, Phase 5 Jiaxin City Garden, Xianghe Road Daliang Subdistrict Office Shunde District Foshan City Guangdong Province PRC	Chinese
Independent Non-executive Directors		
Dr. Yu Peiyou (于培友)	Room 103, Unit 1, Building 30 Phase II, Zijing Pavilion, Xinshang Road Tongshun Road Community Residents' Committee Northern Industrial Park Qingdao High-tech Industrial Development Zone Qingdao City Shandong Province PRC	Chinese
Ms. Yang Min (楊敏)	Unit 603, Building 7 Block 1, No. 86 Beiyuan Road Chaoyang District Beijing PRC	Chinese
Mr. Sit Tsing Yui Robert (薛正睿)	4/F, Block G Moonfair Mansion 11 Shiu Fai Terrace Wanchai Hong Kong	Chinese (Hong Kong)

For further details of our Directors, see "Directors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	**China Securities (International) Corporate Finance Company Limited** 18/F, Two Exchange Square 8 Connaught Place Central Hong Kong
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
Legal Advisors to our Company	*As to Hong Kong and United States law:* **Cooley HK** 35/F, Two Exchange Square 8 Connaught Place Central Hong Kong

	As to PRC law: **Grandway Law Offices** 7–8/F News Plaza No. 26, Jianguomennei Avenue Dongcheng District Beijing PRC
Legal Advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong and United States law:* **Jia Yuan Law Office** Suites 3502–3503, 35/F One Exchange Square 8 Connaught Place Hong Kong *As to PRC law:* **Beijing Jingtian & Gongcheng Law Firm** Room 1401A, Qianhai Kerry Business Center T2 Qianhai Avenue Nanshan District Shenzhen Guangdong Province PRC
Reporting Accountants and Independent Auditor	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Independent Property Valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7/F One Taikoo Place No. 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504, Wheelock Square 1717 West Nanjing Road Jing'an District Shanghai PRC
Compliance Advisor	**Rainbow Capital (HK) Limited** Office No. 710, 7/F, Wing On House 71 Des Voeux Road Central Central Hong Kong
[REDACTED]	**[REDACTED]**

Registered Office, Head Office and Principal Place of Business in the PRC	23AF, Building 3 Zhongke Research and Development Park No. 009 Gaoxin South 1st Road Gaoxin Community Yuehai Subdistrict Nanshan District Shenzhen Guangdong Province PRC
Principal Place of Business in Hong Kong	40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Company's Website	**cn.skg.com** *(The information contained on this website does not form part of this document)*
Joint Company Secretaries	**Mr. Hao Qiankun (郝乾坤)** Room 906, Block 17 Phase 3, Kangges Garden Liangle Road Daliang Sub-district Office Shunde District Foshan City Guangdong Province PRC **Ms. Suen Ka Yan (孫嘉恩)** *(ACG, HKACG)* 40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Authorized Representatives	**Mr. Hao Qiankun (郝乾坤)** Room 906, Block 17 Phase 3, Kangges Garden Liangle Road Daliang Sub-district Office Shunde District Foshan City Guangdong Province PRC **Ms. Suen Ka Yan (孫嘉恩)** 40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong

Strategy Committee	Mr. Liu Jie (劉傑) *(Chairperson)* Mr. Hao Qiankun (郝乾坤) Dr. Yu Peiyou (于培友)
Audit Committee	Dr. Yu Peiyou (于培友) *(Chairperson)* Ms. Yang Min (楊敏) Ms. Sheng Jiao (盛姣)
Nomination Committee	Ms. Yang Min (楊敏) *(Chairperson)* Mr. Liu Jie (劉傑) Dr. Yu Peiyou (于培友)
Remuneration Committee	Dr. Yu Peiyou (于培友) *(Chairperson)* Ms. Sheng Jiao (盛姣) Ms. Yang Min (楊敏)
[REDACTED]	**[REDACTED]**
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OVERVIEW OF GLOBAL SMART HEALTH WEARABLES MARKET

Definition and Classification

Smart health wearables refer to body-adapted intelligent devices that deeply integrate AI, IoT, high-precision biosensing, and big data analytics to deliver scenario-based, personalized, and closed-loop health management services. By continuously collecting multi-dimensional physiological and environmental signals through high-precision sensors, these devices leverage real-time AI algorithms to analyze data, generate actionable insights, deliver timely alerts, and provide personalized health recommendations or interventions. Beyond passive monitoring, some smart health wearables enable active intervention and therapeutic support, such as AI-controlled pulse stimulation, adaptive assisted ventilation, biofeedback-based relaxation, or automatic emergency response. These compact, ergonomic, and user-centric devices could seamlessly connect with smartphones, cloud platforms, and other systems, which are widely used in scenarios including personal health management, chronic disease prevention and control, fitness exercise guidance, elderly care, and post-rehabilitation monitoring. Its classification includes:

(i) ***Smart monitoring and tracking devices.*** Including smart watches (include smart health alert watches), smart rings and smart patch-style monitoring devices.

(ii) ***Smart Soothing wearables.*** Including shoulder soothing devices, neck soothing devices, head soothing devices, etc.

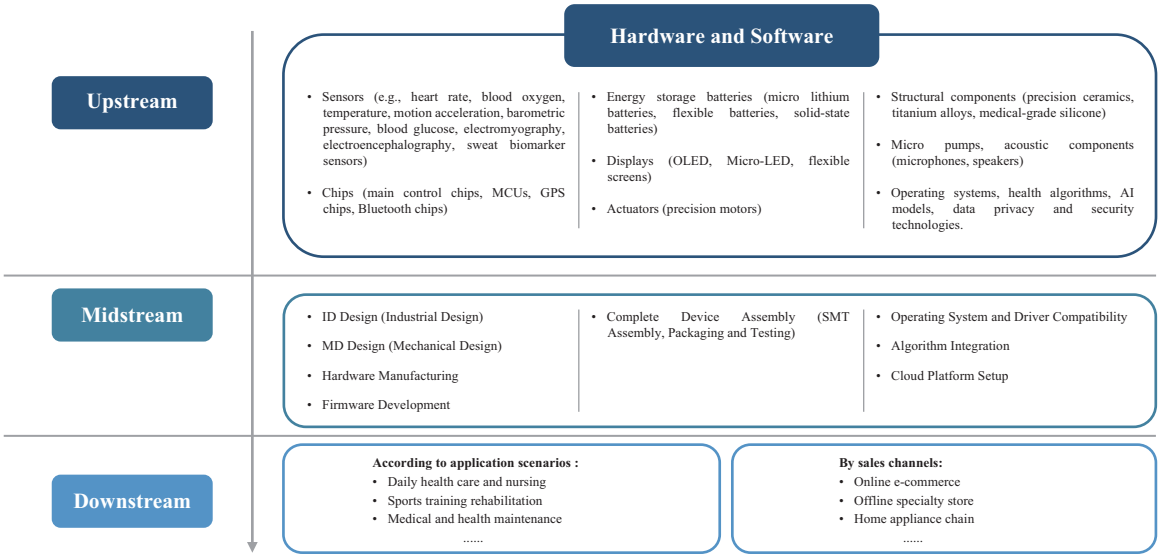
(iii) ***Others.*** Including smart hearing aids, smart ventilators, etc.

Industry Chain of Smart Health Wearables Market

In the upstream segment of the industry supply chain, the competition is centred on performance parameters, power consumption control, reliability, and cost advantages, which are driving the technological evolution of the entire industry. The products are highly standardised and modular.

Supply chain management, quality control, cost efficiency are indicators of the competitiveness of midstream manufacturers in the industry.

In the downstream sector, the competitive focus is on the development of sustainable business models, user retention, and brand influence through the provision of precise health insights, intervention solutions, and closed-loop services.



Source: Frost & Sullivan; Interviews with Industry Experts

Drivers and challenges of Smart Health Wearables Market

The development of the smart health wearables industry is mainly driven by the following core factors:

(i) ***Frontier Technology Convergence and Innovation.*** The development of the sector is mostly the result of the integration of technology from other fields, including artificial intelligence, the Internet of Things, biosensing, and microelectromechanical systems, and the constant iteration of these technologies. Devices are transformed from passive recording tools into active health management tools as a result of the incorporation of artificial intelligence and machine learning algorithms. These algorithms enable devices to recognize patterns within complicated physiological data and to perform predictive analytics. The Internet of Things technology provides the technical framework for remote monitoring and tiered medical care by ensuring that data flows and coordinates between devices, cloud platforms, and healthcare systems automatically and without interruption. As a result of the synergistic advancement of these basic technologies, leaps in product functionality and user experience are being driven jointly. Among them, smart soothing wearables have enabled functions such as online control of massage techniques via an APP.

(ii) ***Shift in Public Health Perceptions.*** The awareness of public health is undergoing a fundamental transformation on a global scale. It is shifting from a focus on disease treatment to an increasing emphasis on proactive health management and disease prevention in day-to-day life for the purpose of preventing disease. The rapidly increasing average age of populations, the increasing prevalence of chronic diseases, and the dramatic impact of sudden public health catastrophes are all factors that have contributed to this trend. A growing number of consumers are looking for continuous, individualized, and actionable health insights in order to take charge of their own

health and wellness. Among them, as an important daily health management product, the development of the smart soothing wearables market is driven by the growing social demand.

At present, the smart health wearables industry still faces many development challenges, mainly reflected in the following aspects:

(i) ***Product Homogenization.*** The global smart health wearables market is currently confronted with a significant homogenization of product features and user experiences. Standard equipment now includes basic physiological parameter monitoring, covering blood oxygen levels, sleep tracking, and heart rate. This has resulted in a "specification race" among numerous brands, which is characterized by the use of similar hardware configurations. A transition from "hardware stacking" to "integrated hardware-software-service innovation" is necessary to overcome this homogeneity. This necessitates the establishment of genuine competitive barriers through a seamless health service ecosystem, precise data interpretation, and proprietary algorithms. This necessitates a significant amount of multidisciplinary technical expertise and extensive clinical validation, which creates extremely high entry barriers.

(ii) ***Shortage of high-end talent.*** The interdisciplinary nature of the industry has resulted in a substantial disparity between the urgent demand for top-tier, cross-functional talent and the current talent pool. Companies require not only hardware engineers who are proficient in microelectronics, sensors, and precision manufacturing, but also software teams with robust capabilities in algorithm development, cloud computing, and cybersecurity. Even more critical are experts in biostatistics, medicine, and data analytics who can translate physiological data into user-facing solutions. The intensifying competition for talent has not only driven up labour costs but fundamentally constrained companies' innovation pace and product upgrade capabilities, thereby becoming an important bottleneck impeding the industry's long-term development.

(iii) ***Pressure of R&D Iteration.*** The technology of smart health wearables is developing rapidly, with rapid iteration cycles for AI algorithms, battery life, and sensor accuracy. Companies must allocate substantial resources to research and development in order to maintain their technical leadership, or else they risk becoming obsolete. Nevertheless, this rapid iteration rhythm places significant demands on the efficiency of corporate R&D management, the accurate prediction of technology trajectory, and the turnover of capital.

Market Size of Smart Health Wearables

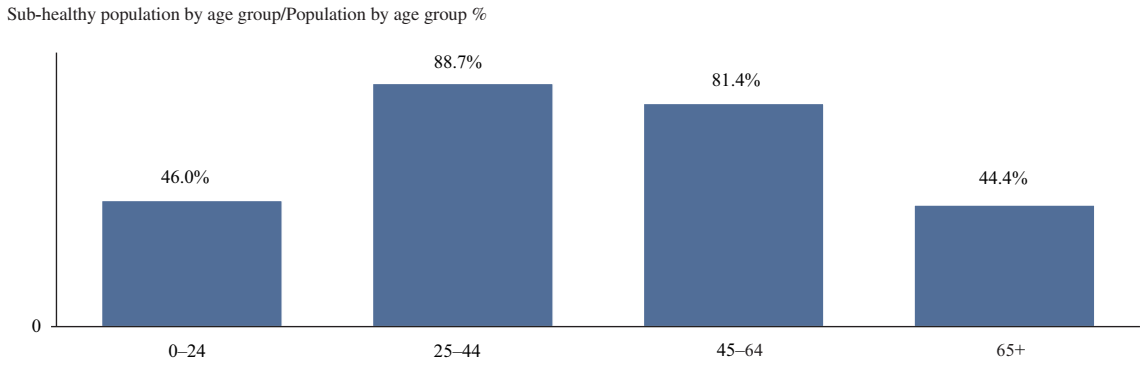
Market Size of Global Smart Health Wearables

Sub-health refers to an intermediate state between full health and diagnosable disease. It is characterized by persistent fatigue, sleep disturbances, reduced immunity, and vague physical discomfort without clear clinical findings. Beyond physical symptoms, sub-health also encompasses psychological issues such as chronic stress, anxiety, emotional instability, and mild depressive tendencies. Importantly, it involves decreased social adaptability, including difficulty coping with work demands, interpersonal relationships, and rapid societal changes. Individuals in a sub-health state may appear medically normal in routine examinations, yet experience diminished vitality, resilience, and overall well-being. The continuous expansion of the scale of

sub-healthy individuals and the continuous enhancement of health awareness have formed the important foundation and core driving force for the development of the smart soothing wearables market.

In 2025, the global sub-health population was estimated at 5.35 billion people, accounting for 65.3% of the world's population, indicating a widespread public health concern. Age-structured analysis shows that individuals aged 25–44 have the highest prevalence at 88.7%, largely due to intense work pressure, lifestyle irregularities, and psychosocial stress. The 45–64 age group follows closely at 81.4%, influenced by cumulative health risks and chronic stress exposure.

Age Structure of the Sub-Health Population (Global), 2025



Source: Frost & Sullivan; Interviews with Industry Experts

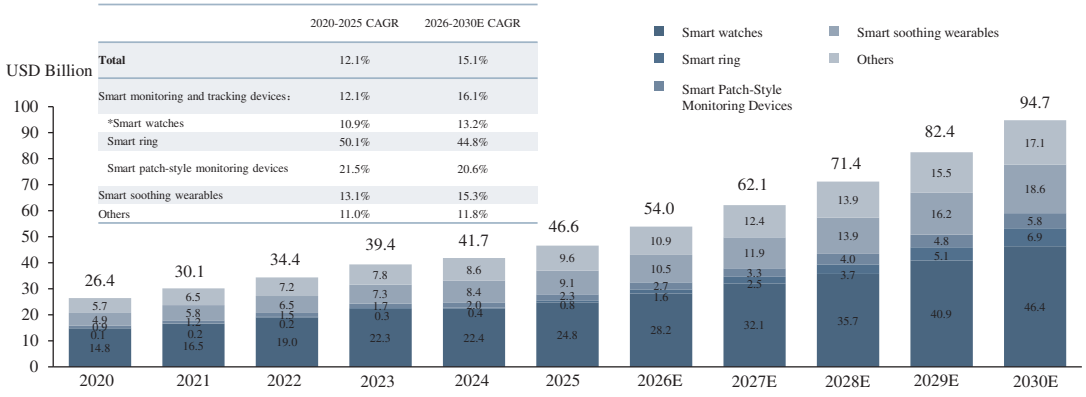
The global market for smart health wearables reached USD26.4 billion in 2020. In 2025, the global market for this technology grew to USD46.6 billion, with a CAGR of 12.1% between 2020 and 2025.

The market size of smart health wearables is moving from general monitoring to precision intervention thanks to ongoing advancements in sensor accuracy, the development of AI-powered health risk assessment models, and improved IoT ecosystem collaboration capabilities. The public's desire smart health wearables that provides medical-grade data value and personalized health management solutions has increased due to the rise in chronic disease and the increased need for proactive health management. This has caused the global market to enter a period of rapid expansion. The market for smart health wearables is expected to develop at a CAGR of 15.1% from 2026 to 2030, reaching USD94.7 billion.

Among these, smart watches – the largest submarket – maintain steady growth (2026 to 2030 CAGR: 13.2%) through continuous integration of health monitoring features like ECG and blood pressure. Smart rings, leveraging their unobtrusive wearability and sleep monitoring advantages, represent an emerging category. Smart patch-type monitoring devices face expansion challenges due to high technical and clinical validation barriers, coupled with slower new product launches. Factors such as highly focused application scenarios (e.g., hospital rehabilitation, home-based chronic disease management) and increasing integration of core patch-based monitoring functions like ECG and PPG into other consumer-grade devices create substitution pressure. Consequently, CAGR has slowed from 21.5% to 20.6%, though patch-based devices remain irreplaceable in professional medical settings.

Similarly, driven by heightened health awareness and increased emphasis on proactive wellness management such as exercise and relaxation, the smart soothing wearables segment has also experienced rapid growth. This segment expanded from USD4.9 billion in 2020 to USD9.1 billion in 2025, achieving a CAGR of 13.1%. It is projected to reach USD18.6 billion by 2030. The "other" sub-market includes smart hearing AIDS and smart ventilators, which are experiencing steady growth as a separate category.

Market Size of Smart Health Wearables (Global), 2020–2030E



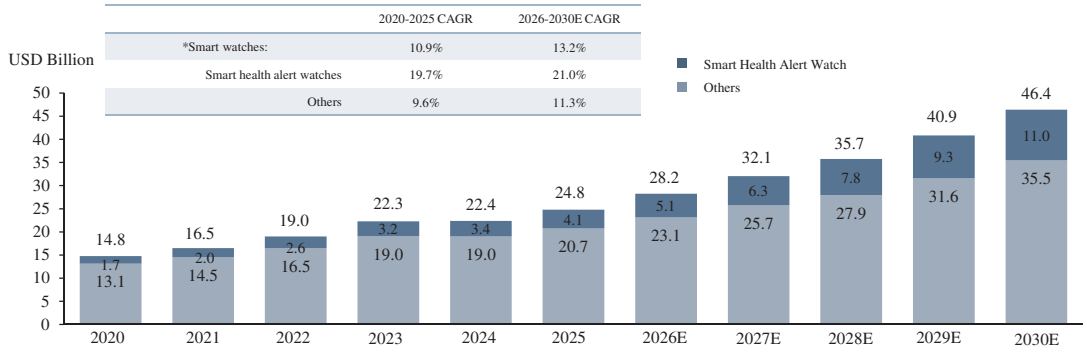
Source: *Frost & Sullivan; Interviews with Industry Experts*

**Notes:* *The smart watches mentioned in this report include smart watches and smart bracelets, referring to smart watches equipped with health monitoring functions (such as heart rate, blood pressure, blood oxygen levels, sleep quality, etc.) and alert capabilities.*

As a key segment within this market, smart health alert watches are positioned for proactive health management, focusing on early disease detection and emergency intervention. They utilize high-precision sensors and AI algorithms to conduct real-time monitoring and proactive alerts for critical health risks such as arrhythmia, abnormal blood pressure, and falls, and capture pathological signals. They can assist in clinical decision-making or home-based chronic disease management. Compared to general-purpose smart watches, they offer more professional health monitoring and alert mechanisms, with stronger medical attributes. Their market size has expanded from USD1.7 billion in 2020 to USD4.1 billion in 2025, achieving a CAGR of 19.7%.

Looking ahead, with breakthroughs in non-invasive detection technologies and improvements in medical insurance payment systems, smart health alert watches are poised to become the core entry point for personal health management. The market is projected to surpass USD11.0 billion by 2030.

Market Size of Smart Watches (Global), 2020–2030E



Source: Frost & Sullivan; Interviews with Industry Experts

Market Size of China's Smart Health Wearables

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 14.4% between 2020 and 2025.

The market is growing rapidly as a result of some regions integrating smart wearable devices certified as Class II medical devices into personal medical insurance account payments, as well as the ongoing expansion of national medical insurance coverage and the ongoing maturation of domestically produced high-precision sensors and AI-powered health risk assessment algorithms. 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.

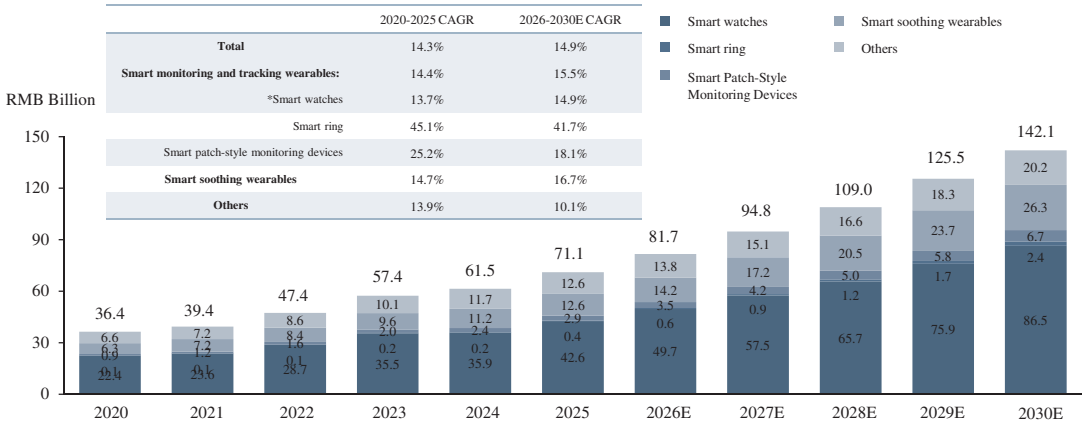
In recent years, certain smart health wearables, particularly smart watches, have obtained Class II medical device registration certificates, laying the foundation for deeper integration of smart health wearables into the medical insurance system. However, actual implementation remains highly dependent on the specific policies of each province.

The China's smart monitoring and tracking wearables market also hold the largest share. Among the China's smart monitoring and tracking wearables market, the two largest submarkets are smart watches and smart patch-type monitoring devices. The former grew from RMB22.4 billion in 2020 to RMB42.6 billion in 2025, achieving a CAGR of 13.7%, and is projected to reach RMB86.5 billion by 2030. The latter segment grew from RMB0.9 billion in 2020 to RMB2.9 billion in 2025, achieving a CAGR of 25.2%, and is projected to reach RMB6.7 billion by 2030.

Leveraging China's supply chain advantages, the integration of traditional Chinese medicine technology with cultural innovation, and the potential of lower-tier markets, the Chinese smart soothing wearables market has developed a unique growth trajectory and core competitiveness, achieving rapid expansion these years. In particular, some manufacturers have integrated TCM-derived meridian stimulation techniques into their smart soothing wearables, resonating deeply with consumers' culturally-rooted health philosophies. Meanwhile, rising disposable incomes in lower-tier cities have fueled demand for related products. This segment

expanded from RMB6.3 billion in 2020 to RMB12.6 billion in 2025, achieving a CAGR of 14.7%. It is projected to reach RMB26.3 billion by 2030. The "other" sub-market includes smart respirators and smart hearing aids, etc. It benefits from the demands for respiratory chronic diseases and hearing health management, and has shown stable growth as a niche category.

Market Size of Smart Health Wearables (China), 2020–2030E

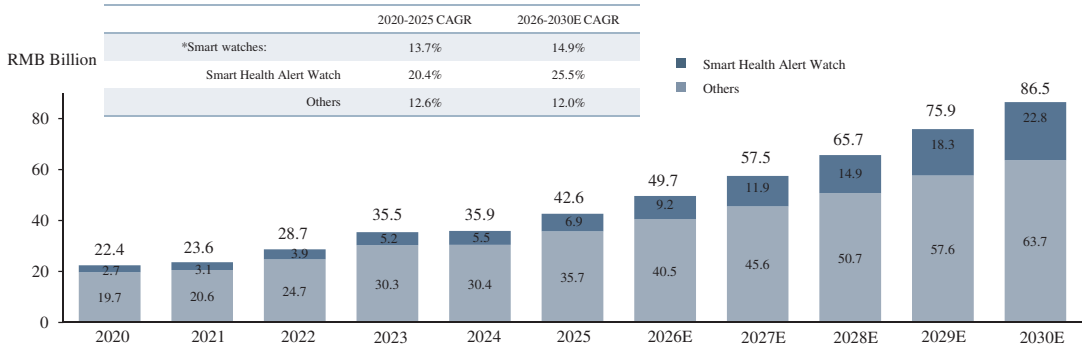


Source: Frost & Sullivan; Interviews with Industry Experts

China's smart health alert watch market grew from RMB2.7 billion in 2020 to RMB6.9 billion in 2025, achieving a CAGR exceeding 20.4%. It is projected to reach RMB22.8 billion by 2030, with a CAGR surpassing 25.5% from 2026 to 2030.

Looking ahead, as the consumer market becomes increasingly segmented and application scenarios expand – particularly with the rising share and penetration of users in lower-tier markets like third- and fourth-tier cities – coupled with the coverage of primary healthcare networks, China's smart health alert watches market is poised for further growth. The ongoing expansion of community health centers and village clinics, has heightened health monitoring awareness among residents in underserved areas, driving demand for smart health alert watches.

Market Size of Smart Watches (China), 2020–2030E



Source: Frost & Sullivan; Interviews with Industry Experts

Future Trends of Smart Health Wearables Market

Trend I: Preventive Health Management. The industry's value proposition is transitioning from "health tracking" to "health prediction and intervention," which signifies the onset of a new era of proactive preventive healthcare. Devices can generate personalized health baseline models by utilizing artificial intelligence and big data analytics to analyze the continuous physiological data streams of users. This allows for the early identification of subtle deviations from normal patterns and the evaluation of risks. The system subsequently provides personalized intervention plans that may incorporate device-based respiration guidance and exercise recommendations with access to professional services such as online nutritionists or mental health counselling. This establishes a closed-loop process of "monitoring-analysis-intervention-feedback," which ultimately empowers users to assume the role of primary decision-makers in their own health management.

Trend II: Ecosystem Platformization. Hardware is no longer perceived as an isolated end product by leading companies; rather, it is positioned as the central gateway to personal health ecosystems. The competitive focus has shifted from single-device performance to the development of open ecosystems that integrate hardware, software, cloud platforms, and professional health services. Device data is seamlessly integrated with third-party health applications through API interfaces, thereby facilitating data interoperability. This platform strategy not only introduces new revenue-sharing models by introducing partners, but it also significantly enhances user retention and transitioning costs. Apple serves as a prime example of this model: its extensive app ecosystem is integrated through the HealthKit API, while the Apple Fitness+ subscription service demonstrates how a hardware-anchored platform can generate substantial recurring service revenues independent of device sales cycles. It broadens the potential of the business model to encompass recurring subscription services and data-driven value-added services, in addition to one-time hardware sales.

Trend III: Brand Trust and Product Ecosystem Drive Market Concentration. Consumer trust in smart health wearables continues to deepen, primarily rooted in the accuracy and reliability of health data, seamless cross-scenario ecosystem experiences, and robust after-sales service guarantees. This trust directly translates into stable repurchase intent. Leading manufacturers further solidify user confidence by enhancing function implementation, building closed-loop cross-device ecosystems, and optimizing long-term service systems. This "trust-repurchase-share increase" positive cycle is continuously attracting market share to converge towards the dominant players who possess the ability to build an ecosystem and have brand credibility, accelerating the steady improvement of market concentration.

OVERVIEW OF GLOBAL SMART SOOTHING WEARABLES MARKET

Definition and Classification

Smart soothing wearables are wearable devices leveraging smart hardware, sensors, bio-data monitoring and AI. Targeting specific body areas like head, eyes, shoulders and waist, they aid relaxation, fatigue relief, pain reduction, sleep improvement and comfort enhancement. From the perspectives of technology, form, intelligence level and specific categories, smart soothing wearables based on intelligent hardware, integrating sensing, control, interconnection and relaxation intervention technologies. For example, utilizing smart sensors to monitor physiological data in real time (such as muscle tension and heart rate); leveraging the IoT to enable connectivity between devices, smartphones, and the cloud, supporting data synchronization, remote control, and system upgrades; employing big data to aggregate and analyze user behavior, physiological status, and contextual data, providing a foundation for

product optimization and personalized services; and utilizing AI algorithm models to achieve fatigue detection, physiological signal processing, personalized relaxation solution recommendations, and intelligent interaction. As wearable tools developed via physics, bionics, TCM and clinical practice, they ease physical discomfort, relax muscles, soothe nerves and boost blood circulation physically.

(i) ***By intelligence level***, they fall into traditional types (relying on simple mechanics like vibration/rolling, needing manual adjustment) and intelligent types (integrating multiple technologies to auto-adjust parameters per user conditions, supporting APP remote control and data management).

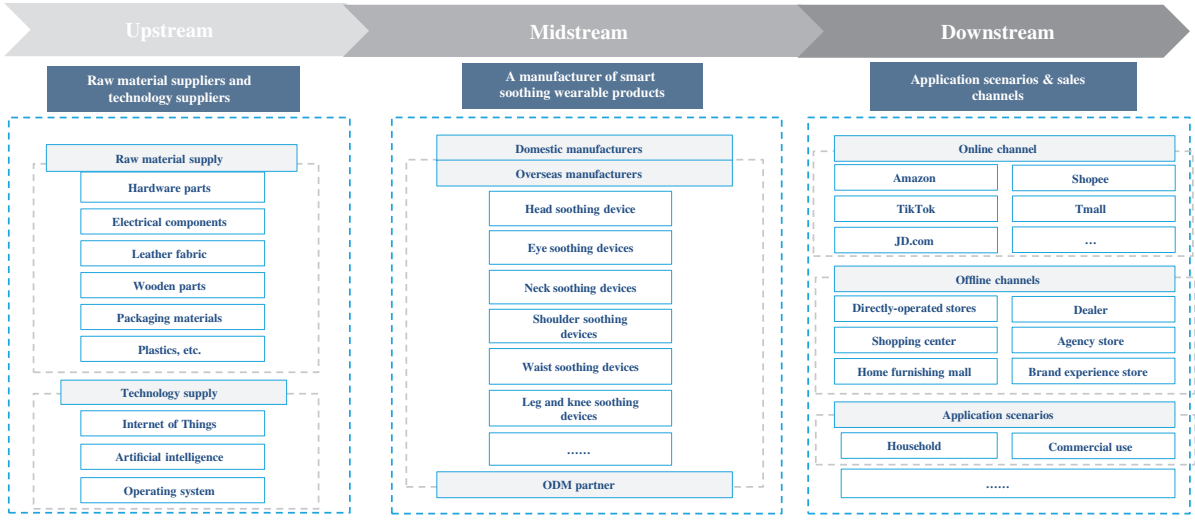
(ii) ***By functional body part***, they are categorized into products for specific body parts: head, eyes, neck, shoulder, waist and leg-knee, etc.

Industry Chain of Smart Soothing Wearables Market

The Global Smart Soothing Wearables industry chain can be divided into three links: upstream, midstream and downstream. The synergy of each link forms a complete global supply chain system.

Upstream of the industrial chain comprises basic component and raw material suppliers, supplying midstream manufacturers with raw materials and components like electronic parts, hardware, plastic components and packaging materials. Midstream centers on enterprises producing/manufacturing smart soothing wearables. Downstream covers application scenarios (homes, malls, airports, hotels) plus sales channels and service providers.

Industry Chain of Smart Soothing Wearables



Source: Frost & Sullivan; Interviews with Industry Experts

Upstream – The supply of raw materials in the upstream is relatively mature, and core components will become the focus of differentiated competition.

The upstream of the smart soothing wearable industry includes raw materials (hardware like steel/aluminum alloy, electronic components such as sensors/chips, leather/fabric like PU leather/memory foam, plastic, packaging) and core components (motors, 4D/3D movements,

control systems, heat therapy modules) – with core movement tech as the sector's core competitiveness. Currently, upstream has many suppliers with low technical thresholds and weak bargaining power; leather and electronic component markets are highly mature with widespread suppliers. Rising demand for precision motors and smart chips in high-end products will drive upstream upgrades to high-value-added areas.

Midstream – Technology research and development as well as brand building have become the key to the development of midstream manufacturing enterprises.

The midstream of the Smart soothing wearable industry chain mainly consists of product manufacturers. China's industry started late: initially, domestic manufacturers mostly acted as agents/processors for foreign brands, lacking their own brands. In recent years, driven by China's market growth and their accumulated production experience, these manufacturers have begun building independent brands. With further market maturation and the rise of tech like AI, Chinese consumers and manufacturers are no longer satisfied with basic functions; R&D and brand building have become key competitive factors. Enterprises with R&D capabilities will lead midstream competition.

Downstream – The O2O model is currently the mainstream for brand owners, and scene expansion has become an important direction for future development.

Smart soothing wearables use key channels like online platforms, direct stores, malls and brand experience stores. For specific models, brands adopt an O2O model – strategic store locations and interactive offline environments – while leveraging e-commerce/live-streaming to build an online-offline traffic system and boost marketing via traditional/digital media. China's market focuses on C-end users, with exports to Southeast Asia, Europe and the US; future expansion will be in application scenarios and global markets.

Drivers and Challenges of Smart Soothing Wearables Market

The development of the smart soothing wearables industry is mainly driven by the following core factors:

(i) ***The transformation of health consumption concepts and the enhanced consumption capacity of the new generation.*** With economic growth, per capita medical consumption expenditure has steadily increased. Meanwhile, the consumption concept has shifted from post-illness treatment to pre-illness prevention, and daily health issues such as fatigue and muscle soreness have drawn attention. In addition, the core consumer groups are gradually shifting towards the post-90s and post-00s generations, who prefer fashionable and intelligent health products. All these factors have contributed to the popularization of smart soothing wearable devices.

(ii) ***The deepening of the aging population supports the long-term growth space of the industry.*** According to the United Nations' standards for an aging society, China has entered a moderately aging stage, with the largest number of elderly people in the world. The elderly often suffer from problems such as muscle soreness and joint stiffness. However, non-invasive and user-friendly smart soothing wearable devices can alleviate chronic discomfort and improve the quality of life. This factor has become an important driving force for the long-term development of the industry.

(iii) ***The trend of sub-health among younger people further promotes the coverage of products across all age groups.*** The number of people in a sub-healthy state in China is expected to increase from 558 million in 2017 to 583 million in 2030, and it is also showing a trend of getting younger. Due to long working hours, prolonged sitting and high-pressure environments, young people generally face neck and shoulder pain, fatigue and sleep problems. Their enhanced health awareness has driven their preference for smart soothing wearable devices, and the consumer group continues to expand.

At present, the smart soothing wearables industry still faces many development challenges, mainly reflected in the following aspects:

(i) ***Lack of industry standards and uneven product quality.*** At present, the quality of smart soothing wearable devices varies greatly, and industry standards have not yet been fully unified. It not only increases the compliance costs of cross-border sales but also restricts the standardized development of the market. At the same time, some enterprises have not strictly followed the existing norms, which has affected the product quality.

(ii) ***There is severe product homogeneity and fierce market competition.*** As more enterprises enter the smart soothing wearable track, market competition has become increasingly intense. Some of the market players adopt price competition means to seize market share, compressing industrial profit levels and restraining the steady development of the industry. In addition, the industry faces obvious product homogenization issues, as mainstream products are highly convergent in function, appearance, specification and operation experience, lacking differentiated and personalized design. This situation makes it hard for consumers to effectively judge product quality and is not conducive to enterprises cultivating user loyalty and building core brand advantages.

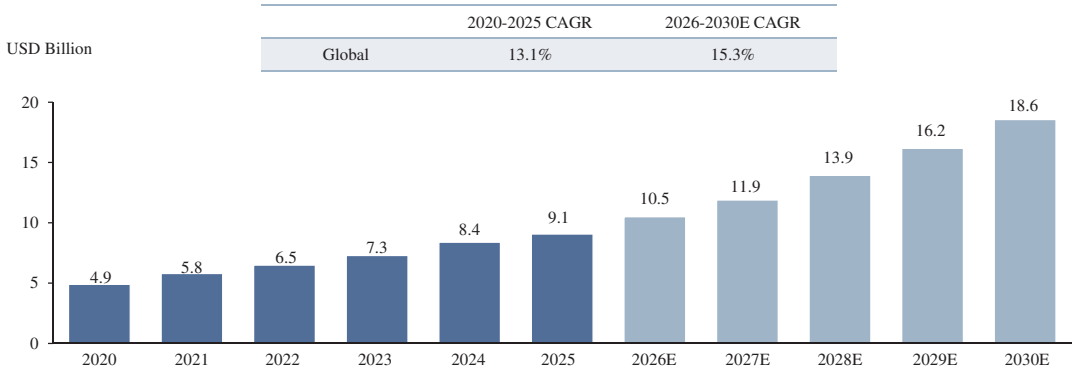
Market Size of Smart Soothing Wearables

Market Size of Global Smart Soothing Wearables

The global market size of smart soothing wearables reached USD4.9 billion in 2020. By 2025, the global market size of smart soothing wearables reached USD9.1 billion, and its market share will continue to expand, with a CAGR of 13.1% from 2020 to 2025.

With the optimization of health data interpretation by artificial intelligence, the upgrade of multi-device interconnection in the Internet of Things, and the improvement of the accuracy of biosensors, the functions of smart soothing wearables products are becoming increasingly precise and portable. With the expanding trend of sub-healthy people, the public's demand for proactive health management is constantly increasing, and the market development momentum is sufficient. It is estimated that the global market size of smart soothing wearables will reach USD18.6 billion in 2030, with a CAGR of 15.3% from 2026 to 2030. Due to its advantages such as high-cost performance, portability and the penetration of e-commerce channels, it is expected that the market penetration rate will further increase in the future.

Market Size of Smart Soothing Wearables (Global), 2020–2030E



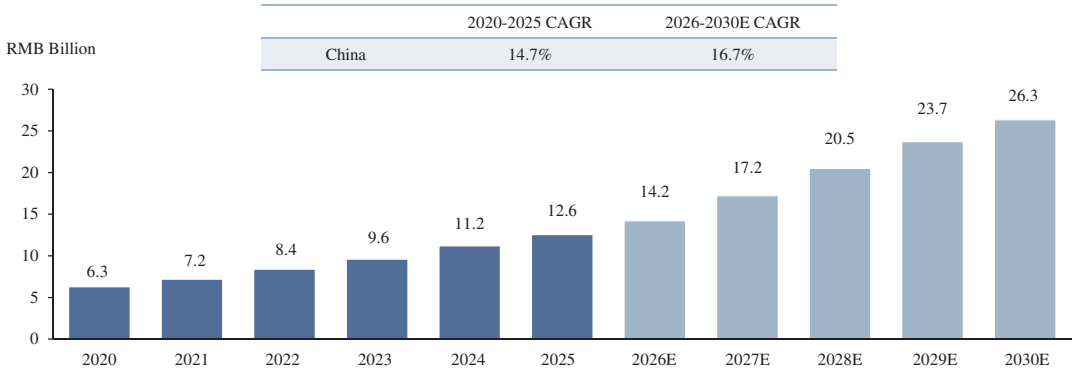
Source: Frost & Sullivan; Interviews with Industry Experts

Market Size of China's Smart Soothing Wearables

In 2020, the market size of smart soothing wearables in China reached RMB6.3 billion. By 2025, the market size of smart soothing wearables in China reached RMB12.6 billion. The CAGR of the market size of smart soothing wearables in China from 2020 to 2025 reached 14.7%.

With the continuous acceleration of technological iteration, breakthroughs such as the improvement of sensor accuracy and the optimization of AI health algorithms, as well as the comprehensive awakening of the public's health awareness and the significant deepening of their emphasis on health care, the consumer medical technology market will continue to maintain a steady growth trend in the future and become an important growth pole in the medical and health field. It is predicted that by 2030, the market size of smart soothing wearables in China will reach RMB26.3 billion, and the CAGR of the market size of smart soothing wearables in China from 2026 to 2030 will reach 16.7%.

Market Size of Smart Soothing Wearables (China), 2020–2030E



Source: Frost & Sullivan; Interviews with Industry Experts

Future Trends of Smart Soothing Wearables Market

Personalized service. Intelligent soothing wearables will leverage artificial intelligence, big data, sensing and Internet of Things technologies to provide more precise and personalized

services. For instance, through the biological algorithm analysis of users' physiological data, the device can automatically adjust the relaxation mode, intensity and duration, and even integrate traditional Chinese medicine theories to simulate acupuncture, massage and other techniques. Some high-end products already support remote control and real-time monitoring based on apps, generating user health records and providing improvement suggestions.

Diversified scenarios. The industry is actively promoting cross-border integration and cooperating with industries such as home furnishing, automobiles and transportation to expand application scenarios. For instance, the smart soothing neck pillow can be linked with smart home devices to achieve voice-assisted adjustment of the soothing and hot compress modes. Shared soothing devices have been applied in airport VIP lounges and business class seats on high-speed trains. Passengers can use shared soothing wristbands or backrests during fragmented time such as waiting for flights to immediately relieve travel fatigue.

User-side demand upgrades drive deeper value exploration on the supply side. As users increasingly demand higher quality, enhanced experiences, and improved interactions from smart soothing wearables, manufacturers are compelled to move beyond mere feature accumulation toward value innovation. Through technological refinement, experience optimization, and ecosystem expansion, companies are precisely aligning with core user needs, adding value to their products, and shifting the market from price competition to value competition. Gradual product premiumization is emerging, creating a virtuous cycle of "demand - innovation - premiumization" that drives high-quality industry development.

COMPETITIVE LANDSCAPE

Ranking of Smart Health Wearables Providers Globally

The competitive landscape of the smart health wearables market is characterized by diversification, with over 100 market participants. These include consumer electronics giants such as Apple, Samsung, and Huawei, which leverage their ecosystem advantages; specialized sports and health brands like Garmin, which focus on niche scenarios; medical device companies including Abbott, Medtronic, and Dexcom, which are deploying continuous monitoring devices; hearing aid specialists such as Sonova and Demant, which occupy the hearing aid sub-segment; and soothing technology firms like SKG and Therabody, which are advancing smart soothing wearables.

From the perspective of the top 5 major players, they collectively occupy approximately 55.6% of the market share, with the remaining 44.4% distributed among numerous smaller participants. Established technology giants, specialized wearable manufacturers, and emerging startups vie for market position across diverse product categories including smartwatches, smart soothing wearables, and health monitoring devices.

Among the major market participants, leading companies such as Company AA (27.4%), Company CC (8.6%), Company BB (8.4%), Company DD (7.1%), and Company FF (4.1%) dominate the overall smart health wearables landscape. Our Group holds a 0.3% market share in the smart health wearables market in 2025, positioned as a company focused on a specific niche, particularly in the smart soothing wearables segment.

The gap between industry leaders and smaller players stems from several critical factors. First, leading enterprises benefit from substantial economies of scale, enabling competitive pricing and broader market penetration. Second, established brands leverage extensive retail

partnerships, global marketing reach, and multi-product portfolios that drive cross-selling and brand recognition.

Top 5 Smart Health Wearables Providers in 2025 (Global)

Ranking	Company	Market share (by Revenue)
1	Company AA	27.4%
2	Company CC	8.6%
3	Company BB	8.4%
4	Company DD	7.1%
5	Company FF	4.1%

Source: Frost & Sullivan; Annual reports/financial statements of each company

Notes: Company AA was founded in 1976 and is headquartered in the United States. It is listed on the NASDAQ Stock Exchange. It specializes in consumer electronics and software services.

Company CC was founded in 1987 and is headquartered in China. It is a non-listed company. It specializes in telecommunications equipment and consumer electronics.

Company BB was founded in 1969 and is headquartered in South Korea. It is listed on the Korea Stock Exchange. It specializes in consumer electronics and semiconductors.

Company DD was founded in 1989 and is headquartered in Switzerland. It is listed on the New York Stock Exchange. It specializes in sports wearable devices.

Company FF was founded in 2010 and is headquartered in China. It is listed on the Hong Kong Stock Exchange. It specializes in smartphones and smart hardware products.

Ranking of Smart Health Wearables Providers in China

From the perspective of the top 5 major participants, they collectively command approximately 60.9% of the market share, while the remaining 39.1% is distributed among numerous domestic and international competitors. Domestic Chinese manufacturers have rapidly expanded their presence through localized product development, competitive pricing strategies, and deep integration with China's digital ecosystem. Competition remains vigorous as both established technology companies and emerging brands compete intensely across smart health wearable categories.

Among the major market participants in China, leading companies such as Company CC (27.8%), Company AA (17.8%), Company FF (10.1%), Company DD (3.3%), and Company KK (2.0%) dominate the smart health wearables landscape. Our Group obtains a 1.1% market share in China's smart health wearables market.

The gap between industry leaders and emerging players in China's market stems from several distinctive factors. First, leading enterprises possess extensive offline retail networks spanning tier-1 through tier-3 cities, coupled with sophisticated e-commerce operations, ensuring superior market coverage. Second, established brands leverage substantial marketing budgets that generate mass-market awareness and trust.

Top 5 Smart Health Wearables Providers in 2025 (China)

Ranking	Company	Market share (by Revenue)
1	Company CC	27.8%
2	Company AA	17.8%
3	Company FF	10.1%
4	Company DD	3.3%
5	Company KK	2.0%

Source: Frost & Sullivan; Annual reports/financial statements of each company

Notes: Company KK was founded in 1998 and is headquartered in China. It is listed on the Shenzhen Stock Exchange. It specializes in medical devices and health products.

Ranking of Smart Soothing Wearables Providers Globally

The smart soothing wearables market features numerous players, including specialized brands like our Group and Company D focused on smart soothing solutions, leading home appliance brands such as Company A, Company B specializing in sports rehabilitation, Company C focused on home health management, and Company E expanding into the smart soothing segment with its premium massage chair brand. Additionally, there are many emerging smart soothing wearables manufacturers in the market.

Company	Our Group	Company A	Company B	Company C	Company D	Company E
Price Range	Eyes: ￥399–￥1,599 Shoulders/Neck: ￥339–￥1,599 Waist: ￥549–￥1,899 Legs/Knees: ￥399–￥1,999 Fascia gun: ￥199–￥1,690	Eyes: ¥399–¥999 Shoulders/Neck: ¥499–¥1,299 Wais: ¥600–¥1,500 Leg/Knee: ¥800–¥2,000 Fascia Gun: ¥399–¥1,299	Shoulders/Neck: ¥1,500–¥4,000 Leg/Knee: ¥3,000–¥10,000 Fascia Gun: ¥1,400–¥7,000	Eyes: ¥350–¥800 Shoulders/Neck: ¥400–¥1,200 Waist:¥500–¥1,500 Leg/Knee: ¥800–¥2,500 Fascia Gun: ¥400–¥1,200	Head: ¥699–¥1,299 Eyes: ¥499–¥1,299 Shoulders/Neck: ¥699–¥1,999 Wais: ¥800–¥2,000 Leg/Knee: ¥1,000–¥3,000 Fascia Gun: ¥600–¥1,500	Eyes: ¥399–¥899 Shoulders/Neck: ¥699–¥1,500 Wais: ¥1,000–¥3,000 Leg/Knee: ¥1,000–¥3,000 Fascia Gun: ¥500–¥1,200 Massage chair: ¥10,000–¥50,000
Brand Positioning (product)	Focusing on core smart soothing wearable devices for eyes, head, neck, shoulders, waist, covering pain management, health and sleep monitoring.	One of the largest home appliance brands, dedicated to health technology and quality of life, covering eyes, neck, waist and other smart soothing wearables.	Focusing on three key areas: sports recovery, healthy lifestyles, and beauty and skincare, offering percussion/infrared/ air-pressure wearables.	Focusing on health management, home comfort, personal care, and other areas, offering home-use relaxation and therapeutic devices for the neck, legs, and other areas.	Focusing on integrating traditional Chinese medicine theory with modern technology, engaging in smart soothing wearables, with flagship products such as head and neck soothing wearables.	Focusing on "high-end smart health", taking smart massage chairs as the core and extends to smart soothing wearable devices.
Premium Products	Neck and waist soothing wearables	Eyes soothing wearables, Fascia gun	Fascia gun, leg/knee soothing wearables	Fascia gun	Shoulders and head soothing wearables	Massage Chair, shoulder and neck soothing wearables
Function	Pulse + Vibration + Heat Therapy + Red Light Therapy, Smartphone App Control, Voice Control, IoT Integration, multi-mode	Gentle pulses, constant-temperature heat therapy, basic smart control	High-frequency deep vibration, multi-speed settings, pressure-sensitive	Low-frequency pulse therapy, health monitoring, multi-mode	Realistic hand kneading, air pressure, and multi-mode relaxation	3D simulation kneading, airbags, heat therapy

Company	Our Group	Company A	Company B	Company C	Company D	Company E
Technical Specifications	Medium-frequency pulses (4–7000Hz), AI algorithm, titanium massage head, red light thermal therapy matrix	Low-frequency pulses, precise temperature control, skin-friendly hypoallergenic material	Brushless motor, high-frequency vibration (2000–3000 rpm), professional rehabilitation algorithm	High-precision sensors, low-frequency pulses, professionally certified	Bionic massage heads, air pressure massage, multi-level intensity adjustment	Dual-motor drive, 3D massage heads, graphene heat therapy
Target Customers	Comprehensive coverage for daily relaxation, desk-bound individuals, office workers, travelers, and more	Mainstream household consumers, brand loyalists	Athletes in recovery, professional users.	Middle-aged/elderly, chronic disease patients, families.	Mid-to-high-end users (30–50), groups valuing TCM health & tech experience.	Health-conscious consumers, mid-to-high-end household users

Source: Frost & Sullivan; Official websites of each company

The global market competition pattern of smart soothing wearables is relatively fragmented. From the top 5 major players, including our Group, Company A, Company B, Company E and Company C they collectively occupy approximately 13.2% of the market share. The leading enterprises do not have obvious advantages and the competition is rather intense. Domestic players include our Group, Company E, etc. Chinese players occupy an important share in the global market.

As consumer decision-making shifts from price sensitivity to value prioritization, brand trust and product ecosystems have become the core competitive advantages for leading enterprises to break market fragmentation. Industry frontrunners are continuously increasing research and development investment, deepening their technological expertise in smart soothing and high-stability health monitoring. Backed by strong technical reserves, such enterprises are capable of developing high-performance smart soothing wearable products, effectively building formidable technological moats and reinforcing brand recognition. By leveraging IoT technologies, some key players build seamless, closed-loop product ecosystems across multiple terminals, significantly enhancing user engagement and long-term loyalty. Supported by differentiated innovation capabilities and standardized full-cycle after-sales service systems, the leading enterprises will effectively address diverse consumer demands and steadily expand their market share.

By GMV, our Group holds the top position with a 4.6% market share, securing a leading role in the global smart soothing wearables market.

Top 5 Smart Soothing Wearables Providers by GMV in 2025 (Global)

Ranking	Company	Market share (by GMV)
1	Our Group	4.6%
2	Company A	2.3%
3	Company B	2.3%
4	Company E	2.1%
5	Company C	1.9%

Source: Frost & Sullivan; Annual reports/financial statements of each company

Notes: Company A was founded in 1891 and is headquartered in Amsterdam, Netherlands, listed on the Amsterdam Stock Exchange in 1912. It is a globally renowned health technology enterprise.

Company B was established in 2008 and is headquartered in the United States. It specializes in products related to athletic recovery and facial care.

Company E was founded in 1996 and is headquartered in Xiamen, China, listed on the Shenzhen Stock Exchange in 2011. It specializes in premium massage chairs and health-focused small appliances.

Company C was founded in 1919 and is headquartered in Germany. It focuses on health monitoring and relaxation devices.

Ranked by revenue, the top 5 market players in the global smart soothing wearables market are our Group (1.3%), Company E (1.3%), Company A (1.2%), Company B (1.1%), and Company C (1.1%), collectively accounting for 6.1% of the market share.

Top 5 Smart Soothing Wearables Providers by Revenue in 2025 (Global)

Ranking	Company	Market share (by Revenue)
1	Our Group	1.3%
2	Company E	1.3%
3	Company A	1.2%
4	Company B	1.1%
5	Company C	1.1%

Source: Frost & Sullivan; Annual reports/financial statements of each company

Ranking of Smart Soothing Wearables Providers in China

From the perspective of the top 5 major players in China's smart soothing wearable market, they collectively account for approximately 39.1% of the market share. The industry concentration is higher than that of the global market and still relies on further channel penetration and product optimization.

Among the leading players, our Group ranks first with a 21.6% market share in terms of GMV, followed by Company D, which ranks second with a 7.1% market share. Company A ranks third with a 4.4% market share. The leading enterprises have a more obvious advantage and have already created a certain gap between them and those with lower rankings.

From the perspective of player composition, domestic manufacturers occupy the core market position while overseas manufacturers also occupy a certain market share. For instance, overseas manufacturers such as Company A have established differentiated advantages.

Top 5 Smart Soothing Wearables Providers by GMV in 2025 (China)

Ranking	Company	Market share (by GMV)
1	Our Group	21.6%
2	Company D	7.1%
3	Company A	4.4%
4	Company F	3.2%
5	Company E	2.8%

Source: Frost & Sullivan; Annual reports/financial statements of each company

Notes: Company F was founded in 2017, and is headquartered in Shenzhen, China. It specializes in ergonomic portable massage devices and premium personal health electronics.

Ranked by revenue, the top 5 market players in the China's smart soothing wearables market are our Group (6.1%), Company D (4.4%), Company A (3.9%), Company F (1.8%), and Company E (1.8%), collectively accounting for 17.9% of the market share.

Top 5 Smart Soothing Wearables Providers by Revenue in 2025 (China)

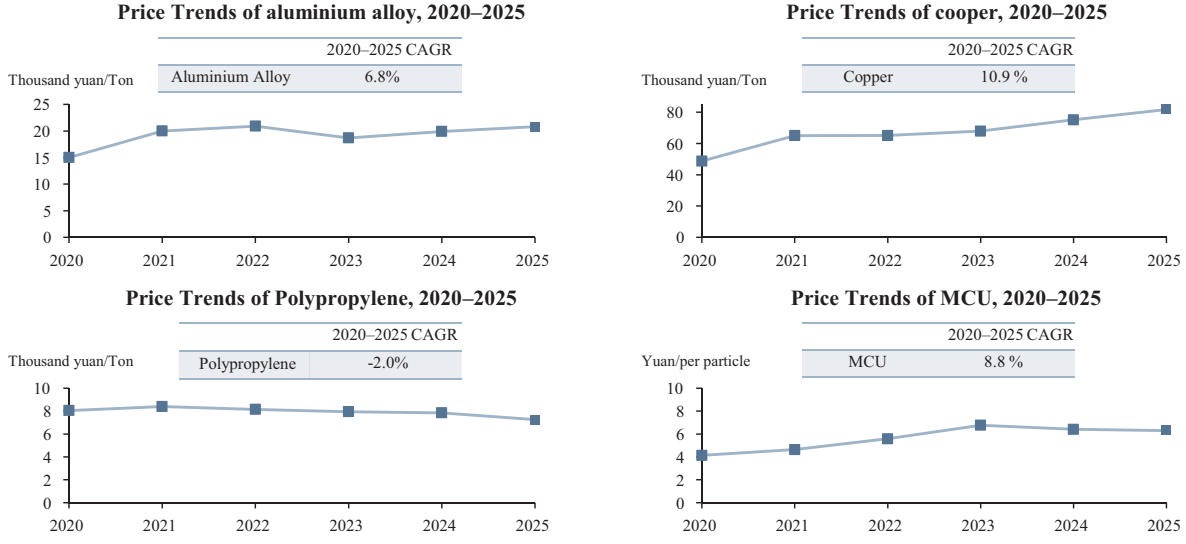
Ranking	Company	Market share (by Revenue)
1	Our Group	6.1%
2	Company D	4.4%
3	Company A	3.9%
4	Company F	1.8%
5	Company E	1.8%

Source: Frost & Sullivan; Annual reports/financial statements of each company

OVERVIEW OF RAW MATERIAL PRICE FLUCTUATIONS

The raw materials of smart soothing wearable devices mainly include aluminum alloy, copper, and plastics, etc. Aluminum alloy is widely used in the manufacture of metal frames and support structures, providing lightweight and high strength. It is a commonly used material for precision structural components in smart soothing wearable products. Copper is widely used in the manufacture of various copper alloys and is a commonly used material for motor windings, PCB boards, and wires in smart soothing wearable products. Polypropylene materials are frequently utilized for casings, frames, or internal structural components. Over the past three years, the price of copper have maintained a relatively steady growth trend due to technological upgrades and growing downstream demand, while the price of aluminum alloy have fluctuated slightly but remained relatively stable. Polypropylene prices have seen a slight decline. As a critical chip component in smart wearable devices, the microcontroller unit (MCU) coordinates various functional modules. Its average selling price (ASP) experienced continuous growth from 2020 to 2023 due to supply chain disruptions, followed by a slight moderation from 2024 to 2025.

Price Trends of Raw Materials for Smart Soothing Wearables Industry, 2020–2025



Source: National Bureau of Statistics; WSTS; Frost & Sullivan

SOURCE OF INFORMATION

The Company has commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the global health technology market, global smart health wearables market, global smart soothing wearables market. The report prepared by Frost & Sullivan for the Company is referred to in this document as the Frost & Sullivan Report. The Company paid Frost & Sullivan a fee of RMB570,000 which the Company believes reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy.

The Frost & Sullivan Report includes information on global health technology market, global smart health wearables market, global smart soothing wearables market as well as other economic data, which have been quoted in the document. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the target market. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report, various official government publications and other publications.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) Global and China's economy is likely to maintain a steady growth in the next decade; and (ii) Global and China's social, economic and political environment is likely to remain stable in the forecast period, which ensures the stable and healthy development of global health technology market, global smart health wearables market, global smart soothing wearables market.

This section sets out a summary of certain aspects of the laws and regulations of the jurisdictions which are relevant to the business and operations of our Group. The principal objective of this summary is to provide potential **[REDACTED]** *with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to our business and operations and/or which may be important to potential* **[REDACTED]**. **[REDACTED]** *should note that the following summary is based on laws and regulations in force as at the date of this Document, which may be subject to change.*

COMPANY AND FOREIGN INVESTMENT

The *Company Law of the People's Republic of China (《中華人民共和國公司法》)* (the "**Company Law**") was promulgated by the Standing Committee of the National People's Congress (the "**NPC Standing Committee**"), most recently amended on December 29, 2023 and implemented on July 1, 2024. The Company Law applies to the establishment, corporate governance and management of companies and foreign-invested enterprises within the territory of the PRC. Pursuant to the Company Law, listed companies shall disclose information regarding their shareholders and ultimate controllers, which must be true, accurate and complete. The Company Law also prescribes the qualifications and duties of directors, supervisors and senior management personnel.

On March 15, 2019, the National People's Congress (the "**NPC**") adopted the *Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》)* (the "**Foreign Investment Law**"), which came into effect on January 1, 2020. The Foreign Investment Law applies to foreign investment activities carried out within the PRC, including direct or indirect investment by foreign enterprises. In addition, foreign investors and foreign-invested enterprises in the PRC must comply with the *Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》)* (the "**Negative List**"), promulgated by the National Development and Reform Commission and the Ministry of Commerce on September 6, 2024 and effective from November 1, 2024. The Negative List categorises foreign investment into three types: encouraged, restricted and prohibited. Industries not included in these categories are generally open to foreign investment, unless otherwise restricted by other laws and regulations in the PRC.

INDUSTRY POLICIES RELATING TO HEALTH TECHNOLOGY/SMART HEALTH WEARABLES

According to the Outline of the *"Healthy China 2030" Plan (《「健康中國2030」規劃綱要》)* issued by the CPC Central Committee and the State Council on October 25, 2016, the State will explore and promote the development of wearable devices, smart health electronic products and mobile health application services.

The *Special Action Plan to Boost Consumption (《提振消費專項行動方案》)*, issued by the General Office of the CPC Central Committee and the General Office of the State Council on March 16, 2025, promotes the "Artificial Intelligence +" initiative to accelerate the development and application of new technologies and products such as autonomous driving, smart wearables, ultra-high-definition video, brain-computer interfaces, robotics and additive manufacturing, thereby opening new high-growth consumption sectors. It also launches a special action plan for health consumption.

The *Opinions of the State Council on Deeply Implementing the "Artificial Intelligence +" Initiative (《國務院關於深入實施「人工智能+」行動的意見》)*, issued on August 26, 2025, aim to promote intelligent connectivity of smart terminals, foster an ecosystem of smart products, and vigorously develop new-generation smart terminals such as intelligent connected vehicles, AI-enabled smartphones and computers, smart robots, smart homes and smart wearables, thereby creating an integrated, full-scenario intelligent interactive environment.

LAWS AND REGULATIONS RELATING TO MEDICAL DEVICES

Primary Regulatory Authorities

The major regulatory authorities governing the medical device industry in China include the National Medical Products Administration ("**NMPA**"), the National Development and Reform Commission.

The NMPA shall be mainly responsible for medical device safety supervision and administration, registration management, quality management, post-market risk management, supervision and inspection, and foreign exchange and cooperation in the fields of supervision and administration.

The National Development and Reform Commission shall be mainly responsible for implementing the industrial policies for the pharmaceutical industry, researching and formulating the development plan for the medical apparatus industry, guiding the structural adjustment of the industry and implementing administration of the industry.

Supervision and Administration of Medical Devices

The department of drug supervision and administration of the State Council is responsible for the nationwide supervision and administration of medical devices according to the *Regulations on Supervision and Administration of Medical Devices (《醫療器械監督管理條例》)* amended on December 6, 2024 and effective as of January 20, 2025. The relevant departments of the State Council shall be responsible for the supervision work relating to medical devices within their respective scope of duties. The local people's governments at county level or above shall enhance their leadership over the supervision and administration of medical devices within their respective administrative regions, coordinate efforts to cope with relevant problems and strengthen the building of capabilities in supervision and administration of medical devices so as to guarantee the safety of medical devices. The department in charge of drug supervision and administration of the local people's government at or above the county level shall be responsible for the supervision and administration of medical devices within its administrative region. The relevant departments of the local people's governments at county level or above shall be responsible for the supervision and administration related to medical devices within their respective scope of duties.

Classification of Medical Device Products

According to the *Medical Device Classification Catalog (《醫療器械分類目錄》)* promulgated by the CFDA on August 31, 2017 and implemented on August 1, 2018, as latest revised and implemented by the NMPA on December 30, 2025, the NMPA is responsible for matters relating to the classification of medical devices. The Catalogue will be subject to dynamic adjustments based on the production, operation and use of medical devices, as well as the analysis and evaluation results of risk changes of medical devices. The administration category of a product should be determined comprehensively based on the actual conditions of

the product, and based on the product description, intended use and product name examples specified in the Catalogue. Product description and intended use are used to determine the administration category of a product, and do not represent a complete description of the registered content of the product.

Registration of Medical Devices

According to the *Measures for the Administration of Registration and Record Filing of Medical Devices (《醫療器械註冊與備案管理辦法》)* promulgated by the State Administration for Market Regulation on August 26, 2021 and implemented on October 1, 2021, Class I medical devices are subject to record filing, while Class II and Class III medical devices are subject to registration. For the record-filing of a Class I medical device, the applicant shall submit the record-filing materials to the drug administration at the level of a city divided into districts; Class II medical devices shall be reviewed by the drug administration of the province, autonomous region or centrally-administered municipality which, upon approval, shall issue a Medical Device Registration Certificate; and Class III medical devices shall be reviewed by the NMPA which, upon approval, shall issue a Medical Device Registration Certificate. A medical device registration certificate is valid for five years.

Production of Medical Devices

According to the *Measures for the Supervision and Administration of Medical Device Production (《醫療器械生產監督管理辦法》)* promulgated by the former CFDA on July 20, 2004 and implemented on the same date, and most recently amended by the State Administration for Market Regulation on March 10, 2022 and implemented on May 1, 2022, medical device production is subject to classified administration based on the risk level of medical devices. Enterprises engaged in the production of Class II and Class III medical devices shall obtain a medical device production licence upon approval by the drug regulatory authority of the province, autonomous region or municipality where they are located. Enterprises engaged in the production of Class I medical devices shall complete record filing with the drug regulatory authority at the municipal level with districts.

Administration of the Quality of Medical Devices

According to the *Good Manufacturing Practice for Medical Devices (《醫療器械生產質量管理規範》)* promulgated by the CFDA on December 29, 2014 and effective as of March 1, 2015, enterprises engaging in manufacturing of medical devices shall establish and maintain a sound quality management system in accordance with the Good Manufacturing Practice for Medical Devices. An enterprise engaging in the manufacture of medical devices shall, in accordance with the requirements of the Good Manufacturing Practice for Medical Devices and in combination with the characteristics of the products, establish and improve the quality management system that meets the needs of the medical devices it manufactures and ensure the effective operation of the system.

According to the *Quality Management Specifications for Business Operations of Medical Devices (《醫療器械經營質量管理規範》)* promulgated by the NMPA on December 4, 2023 and effective on July 1, 2024, medical device operators shall establish a complete Quality Management system, and adopt effective quality management measures throughout the entire process including purchase, acceptance inspection, storage, sales, transportation, and after-sales service of medical devices to ensure product quality safety and traceability in the business process. Enterprises engaged in business operations of Class II or Class III medical devices shall conduct self-inspection as required.

Operation of Medical Devices

According to the *Measures for the Supervision and Administration of Medical Device Operation (《醫療器械經營監督管理辦法》)* promulgated by the former CFDA on July 30, 2014 and implemented on October 1, 2014, and most recently amended by the State Administration for Market Regulation on March 10, 2022 and implemented on May 1, 2022, medical device operation is subject to classified administration based on the risk level of medical devices. To engage in business operations of Class II medical devices, an enterprise shall file record with the local drug administration of the city divided into districts; to engage in business operations of Class III medical devices, an enterprise shall apply for the medical device business license to the local drug administration of the city divided into districts, and the operation of Class I medical devices requires neither licensing nor record filing. The medical device operation licence shall be valid for five years. Registrants, record filers or manufacturers of medical devices selling medical devices at their domicile or production premises are exempted from obtaining a medical device operation licence or record filing, but must comply with the prescribed operating conditions.

Online Sales of Medical Device

According to the *Quality Management Standards for Online Sales of Medical Device (《醫療器械網絡銷售質量管理規範》)* promulgated by the NMPA on April 28, 2025 and implemented on October 1, 2025, operators of online sales of medical devices shall ensure the veracity, accuracy, completeness and traceability of the information of online sales of medical devices, and continuously display the medical device business permit or Class II medical device business filing certificate in a prominent position on the homepage of their business activities; where the registrant of medical devices produces medical devices by itself, the medical device manufacturing permit shall be displayed; where the registrant of medical devices entrusts the manufacturer of medical devices, the medical device registration certificate shall be displayed.

Medical Device Advertising

According to the *Interim Measures for the Administration of the Examination of Advertisements for Drugs, Medical Devices, Health Foods and Foods for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》)* promulgated by the State Administration for Market Regulation on December 24, 2019 and implemented on March 1, 2020, the provincial market supervision authorities and medical product regulatory authorities are responsible for the examination of medical device advertisements. No medical device advertisement may be published without approval, and the approval number must be prominently indicated in the advertisement.

Import and Export of Medical Devices

According to the *Administrative Provisions on the Certificate of Export Sales of Medical Devices (《醫療器械出口銷售證明管理規定》)* promulgated by the NMPA on December 24, 2025 and implemented on May 1, 2026, registrants or record- filing parties of medical devices within the territory of China, as well as manufacturers which have obtained a medical device production license or have filed a record for the manufacture of medical devices for record, may apply to the local Medical Products Administration for a Certificate of Export Sales of Medical Devices.

Coverage of the National Medical Insurance System

According to the *Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》)* promulgated by the NPC Standing Committee on October 28, 2010 and amended on December 29, 2018, the payment scope of the Basic Medical Insurance Fund is limited to the medical insurance drug catalog, diagnosis and treatment items, medical service facility standards, and medical expenses for emergency treatment and rescue. Currently, except for drugs which is subject to a unified national catalog, local authorities establish the catalogs of diagnosis and treatment, consumables, medical service facilities and other items differently. Some medical devices are included in the medical consumables catalogue.

Our major products are not classified as medical devices and therefore do not apply to the payment scope of the Basic Medical Insurance Fund.

Overseas Investment

According to the *Measures for the Administration of Overseas Investment (《境外投資管理辦法》)* promulgated by the Ministry of Commerce on March 16, 2009, most recently amended on September 6, 2014 and implemented on October 6, 2014, and the *Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》)* promulgated by the NDRC and implemented on March 1, 2018, overseas investment activities of companies and other enterprises established within the PRC are subject to the administration of the Ministry of Commerce and the NDRC. Under these measures, overseas investments by PRC enterprises involving sensitive countries and regions or sensitive industries shall be subject to project approval administration by the NDRC and investment approval administration by the Ministry of Commerce. For overseas investments not requiring approval, enterprises shall complete investment project filing with the NDRC and investment filing with the Ministry of Commerce. Both the NDRC and the Ministry of Commerce have established online systems for submission of approval/filing applications and supporting documents. Upon approval or filing, overseas investors will receive the approval document or filing notice from the NDRC and the *Enterprise Overseas Investment Certificate (《企業境外投資證書》)* from the Ministry of Commerce.

Online Retail Business

On August 31, 2018, the NPC Standing Committee promulgated the *E-Commerce Law of the People's Republic of China (《中華人民共和國電子商務法》)* (the "**E-Commerce Law**"), which came into effect on January 1, 2019. According to the E-Commerce Law, "e-commerce" refers to business activities of selling goods or providing services through the internet or other information networks. E-commerce operators shall complete market entity registration in accordance with the law, except for individuals selling self-produced agricultural and sideline products, household handicrafts, or other circumstances exempted by laws and administrative regulations. When engaging in business activities, e-commerce operators shall obtain the relevant administrative licences as required by law, failing which they may be ordered by the municipal market supervision authorities to rectify within a specified period, fined, or ordered to suspend business.

On March 15, 2021, the State Administration for Market Regulation promulgated the *Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》)*, which were amended on March 18, 2025 and implemented on May 1, 2025. These measures apply to business activities of selling goods or providing services through the internet or other information networks within the PRC. Under these measures, online transaction operators shall not engage in business activities without the required licences in violation of

laws, regulations or decisions of the State Council. Except for circumstances exempted under the E-Commerce Law, online transaction operators shall complete market entity registration. Operators conducting online transactions through social networks, live-streaming platforms or other online services shall prominently display product or service information, actual business entity information, after-sale service details, or links to such information.

Cross-Border E-Commerce Business

According to the *Notice on Improving the Regulation of Cross-Border E-Commerce Retail Imports (《關於完善跨境電子商務零售進口監管有關工作的通知》)* jointly promulgated by the Ministry of Commerce, the National Development and Reform Commission, the Ministry of Finance, the General Administration of Customs ("**GAC**"), the State Taxation Administration and the State Administration for Market Regulation on November 28, 2018 and implemented on January 1, 2019, cross-border e-commerce retail imports are administered as personal-use imported goods. Such imports are exempted from requirements for first-time import licence approval, registration or record filing, provided that the following conditions are met: (i) the goods are included in the *Cross-Border E-Commerce Retail Import List (《跨境電子商務零售進口商品清單》)*, intended solely for personal use, and comply with the applicable tax policies for cross-border e-commerce retail imports; (ii) transactions are conducted through e-commerce platforms connected with the customs system, enabling verification of transaction, payment and logistics electronic information ("**three-document matching**"); (iii) where transactions are not conducted through customs-connected e-commerce platforms, express delivery operators or postal enterprises may, upon entrustment by relevant e-commerce enterprises or payment enterprises, assume corresponding legal responsibilities and transmit transaction and payment information to customs.

Import and Export of Goods

According to the *Customs Law of the People's Republic of China (《中華人民共和國海關法》)*, most recently amended by the NPC Standing Committee on April 29, 2021 and implemented on the same date, customs is the national authority responsible for supervision and administration of entry and exit of the territory. Customs is empowered to supervise inbound and outbound means of transport, goods, luggage, postal items and other articles, to levy customs duties and other taxes and fees, to investigate and combat smuggling, to compile customs statistics and to handle other customs matters. Consignees and consignors of import and export goods registered with customs, as well as customs declaration enterprises, are recognised as customs declaration entities. Consignees and consignors of import and export goods may complete customs declaration procedures themselves or entrust customs declaration enterprises to do so.

According to the *Law of the People's Republic of China on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》)*, most recently amended by the NPC Standing Committee on April 29, 2021 and implemented on the same date, and the *Regulations on the Implementation of the Law of the People's Republic of China on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法實施條例》)*, most recently amended by the State Council on March 29, 2022 and implemented on May 1, 2022, the GAC is responsible for nationwide import and export commodity inspection. Its subordinate entry-exit inspection and quarantine institutions shall inspect commodities listed in the catalogue as well as other commodities required by laws and administrative regulations to undergo inspection. For commodities not subject to mandatory inspection, entry-exit inspection and quarantine institutions shall conduct random inspections in accordance with national provisions.

Advertising

The *Advertising Law of the People's Republic of China (《中華人民共和國廣告法》)* (the "**Advertising Law**") was promulgated by the NPC Standing Committee on October 27, 1994, most recently amended on April 29, 2021 and implemented on the same date. Pursuant to the Advertising Law, advertisements shall not contain false or misleading content, nor shall they deceive or mislead consumers. Advertisers shall be responsible for the authenticity of the content of advertisements. Where false advertisements are published, the market supervision authorities shall order cessation of publication, require advertisers to eliminate adverse effects within the relevant scope, and impose fines. Where false advertisements infringe upon the lawful rights and interests of consumers who purchase goods or receive services, advertisers shall bear civil liability in accordance with the law.

Anti-Unfair Competition

The *Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》)* (the "**Anti-Unfair Competition Law**") was promulgated by the NPC Standing Committee on September 2, 1993, most recently amended on June 27, 2025 and implemented on October 15, 2025. Pursuant to the Anti-Unfair Competition Law, business operators shall adhere to the principles of voluntariness, equality, fairness and good faith in their production and business activities, and comply with laws and commercial ethics. Business operators shall not make false or misleading commercial publicity regarding the performance, function, quality, sales status, user evaluations or awards of their products, nor shall they deceive or mislead consumers.

The *Anti-Monopoly Law of the People's Republic of China (《中華人民共和國反壟斷法》)* was promulgated by the NPC Standing Committee on August 30, 2007, most recently amended on June 24, 2022 and implemented on August 1, 2022. The *Anti-Monopoly Law of the People's Republic of China (《中華人民共和國反壟斷法》)* applies to monopolistic conduct, including the conclusion of monopoly agreements by business operators, abuse of market dominance, and concentrations of business operators that have or may have the effect of eliminating or restricting competition. Business operators shall not use data and algorithms, technological advantages, capital advantages or platform rules to engage in monopolistic conduct prohibited under the law.

Environmental Protection

The *Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》)* was most recently amended by the NPC Standing Committee on April 24, 2014 and implemented on January 1, 2015. Pursuant to the Environmental Protection Law, any entity that discharges or is likely to discharge pollutants in the course of business or other activities must adopt effective environmental protection measures to control and properly handle harmful substances generated, including waste gas, wastewater, solid waste, dust, odorous gases, radioactive substances, noise, vibration and electromagnetic radiation. The State implements a pollution discharge permit management system in accordance with the law.

The *Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》)* was promulgated by the NPC Standing Committee on December 29, 2018 and implemented on the same date. The *Regulations on the Administration of Environmental Protection for Construction Projects (《建設項目環境保護管理條例》)* were most recently amended by the State Council on July 16, 2017 and implemented on October 1, 2017. The *Interim Measures for the Environmental Protection Acceptance of Completed Construction*

Projects (《建設項目竣工環境保護驗收暫行辦法》) were promulgated by the former Ministry of Environmental Protection on November 20, 2017 and implemented on the same date. Together, these laws and regulations establish the environmental impact assessment system for construction projects within the PRC. Construction entities shall, prior to commencement of construction projects, submit environmental impact assessment reports or forms for approval, or file environmental impact registration forms in accordance with the requirements of the competent environmental protection authority under the State Council. Upon completion of construction projects requiring environmental impact assessment reports or forms, construction entities shall, in accordance with the standards and procedures prescribed by the competent environmental protection authority under the State Council, conduct acceptance inspections of the supporting environmental protection facilities and prepare acceptance reports. For projects constructed and commissioned in phases, the corresponding environmental protection facilities shall be inspected and accepted in phases. Supporting environmental protection facilities of construction projects may only be put into operation or use after passing acceptance inspections; projects that fail to undergo acceptance inspections or fail to pass acceptance inspections shall not be put into operation or use.

Land Use Right

According to *Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》)* promulgated by the NPCSC on June 25, 1986 and last amended on August 26, 2019 and came into effect on January 2020, and the Civil Code (《民法典》) promulgated by the NPC on May 28, 2020 and came into effect on January 1, 2021, any entity that needs land for the purposes of construction must obtain land use right and must register with local branches of Ministry of Natural Resources. Land use right is established at the time of registration.

Construction Project

According to the *Urban and Rural Planning Law of the People's Republic of China (《中華人民共和國城鄉規劃法》)*, promulgated by the NPC Standing Committee on October 28, 2007, most recently amended on April 23, 2019 and implemented on the same date, construction entities shall, prior to commencing construction project design, apply to the competent natural resources and planning authority of the local people's government at county level or above for a construction land planning permit.

According to the *Construction Law of the People's Republic of China (《中華人民共和國建築法》)*, promulgated by the NPC Standing Committee on November 1, 1997, most recently amended on April 23, 2019 and implemented on the same date, and the *Measures for the Administration of Construction Project Construction Permits (《建築工程施工許可管理辦法》)* promulgated by the Ministry of Housing and Urban-Rural Development on October 15, 1999, most recently amended on March 30, 2021 and implemented on the same date, construction entities shall, prior to commencement of construction, apply to the competent housing and urban-rural development authority of the local people's government at county level or above for a construction permit. Where construction is commenced without obtaining a construction permit, or where construction is commenced by splitting projects to circumvent permit requirements, the relevant permit issuing authority shall order rectification, impose a deadline for suspension of construction, and impose fines of not less than 1% but not more than 2% of the contract value on the construction entity, and fines of up to RMB30,000 on the construction contractor.

According to the *Regulations on the Administration of Construction Project Quality (《建設工程質量管理條例》)* promulgated by the State Council on January 30, 2000, most recently

amended on April 23, 2019 and implemented on the same date, and the *Measures for the Administration of Completion Acceptance Filing of Housing and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》)* (the "**Measures for the Administration of Completion Acceptance Filing**") promulgated by the Ministry of Housing and Urban-Rural Development ("**MOHURD**") on October 19, 2009 and implemented on the same date, construction entities shall, within 15 days from the date of passing completion acceptance, complete the filing procedures for completion acceptance with the competent construction administrative authority of the local people's government at county level or above. Where construction entities fail to complete the filing procedures within 15 days, the filing authority shall order rectification within a specified period and impose fines ranging from RMB200,000 to RMB500,000.

According to the *Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》)*(the "**Fire Protection Law**"), promulgated by the NPC Standing Committee on April 29, 1998, most recently amended on April 29, 2021 and implemented on the same date, and the *Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》)* promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020, most recently amended on August 21, 2023 and implemented on October 30, 2023, any completed construction project (other than special construction projects requiring fire protection design in accordance with national technical standards) shall be filed with the competent authority within five working days from the date of passing completion acceptance. Where construction entities fail to file with the housing and urban-rural development authority after completion acceptance in accordance with the Fire Protection Law, the authority shall order rectification and impose fines of up to RMB5,000.

Product Quality and Consumer Protection

The *Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》)* was most recently amended by the NPC Standing Committee on December 29, 2018 and implemented on the same date. The State Administration for Market Regulation is responsible for nationwide supervision of product quality. Producers are prohibited from manufacturing or selling products that do not meet standards and requirements safeguarding human health and personal and property safety. Products must not contain unreasonable dangers that may endanger personal or property safety. Where defects in products cause personal injury or damage to property, the injured party may claim compensation from the producer or seller. Producers or sellers of non-compliant products may be ordered to cease production or sales, and may have products confiscated and/or be fined; illegal gains, if any, shall be confiscated; in serious cases, their business licences may be revoked.

The *Consumers Rights and Interests Protection Law of the People's Republic of China (《中華人民共和國消費者權益保護法》)* (the "**Consumers Rights and Interests Protection Law**") was promulgated by the NPC Standing Committee on October 31, 1993, most recently amended on October 25, 2013 and implemented on March 15, 2014. Pursuant to the Consumer Rights Protection Law, business operators shall ensure that the goods or services they provide meet requirements safeguarding personal and property safety, and shall provide consumers with truthful information on the quality, performance, use and validity period of goods or services. Where business operators discover that the goods or services they provide are defective and may endanger personal or property safety, they must immediately report to the relevant administrative authorities and inform consumers, and adopt measures such as suspension of sales, warnings, recalls, harmless treatment, destruction, or suspension of production or services. Where recall measures are adopted, business operators shall bear the necessary expenses incurred by

consumers due to the recall. Violations of the Consumer Rights Protection Law may result in warnings, confiscation of illegal gains and fines; in serious cases, suspension of business for rectification or revocation of business licences; and where criminal offences are constituted, criminal liability shall be pursued in accordance with the law.

Information Security, Data Security and Personal Information Protection

The *Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》)* (the "**Data Security Law**") was promulgated on June 10, 2021 and implemented on September 1, 2021. The Data Security Law requires data processors to establish and improve comprehensive data security management systems, organise data security education and training, and adopt appropriate technical and other necessary measures to ensure data security. Data processors conducting data processing activities via the internet or other information networks must fulfil the above data security obligations on the basis of the cybersecurity multi-level protection system. Violations of the Data Security Law may result in rectification orders, warnings, fines, suspension of relevant business, revocation of business licences or even criminal liability.

The *Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》)* (the "**Personal Information Protection Law**") was promulgated on August 20, 2021 and implemented on November 1, 2021. Unlike the *Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》)* (the "**Cybersecurity Law**"), which primarily relies on "notice and consent", the Personal Information Protection Law reiterates the circumstances under which personal information processors may process personal information and the requirements thereof, including: (i) obtaining individual consent; (ii) necessity for the conclusion or performance of a contract to which the individual is a party; (iii) necessity for the performance of statutory duties or obligations; (iv) necessity for responding to public health emergencies or protecting the life, health and property safety of natural persons in emergencies; (v) processing of publicly disclosed personal information within a reasonable scope in accordance with the law; (vi) processing of personal information within a reasonable scope for news reporting, public opinion supervision and other acts in the public interest; and (vii) other circumstances prescribed by laws and administrative regulations. The law also sets out obligations of personal information processors. Violations may result in rectification orders, warnings, fines, suspension of relevant business, revocation of licences, inclusion in credit records or even criminal liability. Pursuant to the *Civil Code of the People's Republic of China (《中華人民共和國民法典》)*, personal information of natural persons is protected by law. Any organisation or individual seeking to obtain personal information of others must do so lawfully and ensure information security, and must not illegally collect, use, process, transmit, trade, provide or disclose personal information.

On April 13, 2020, the Cyberspace Administration of China ("**CAC**"), together with 13 other PRC government departments and regulatory authorities, jointly issued the *Measures for Cybersecurity Review (《網絡安全審查辦法》)*, which were most recently amended on December 18, 2021 and implemented on February 15, 2022. The *Measures for Cybersecurity Review (《網絡安全審查辦法》)* stipulate that network platform operators holding personal information of more than one million users and planning to list abroad must apply to the Cybersecurity Review Office for a cybersecurity review. Where network products and services, data processing activities or overseas listings of companies affect or may affect national security, the Cybersecurity Review Office may initiate a cybersecurity review. Violations of the *Measures for Cybersecurity Review (《網絡安全審查辦法》)* are subject to penalties under the *Cybersecurity Law (《網絡安全法》)* and the *Data Security Law (《數據安全法》)*, including but not limited to enforcement actions, investigations, fines, sanctions and suspension of non-compliant business.

On March 22, 2024, the CAC issued the *Provisions on Promoting and Regulating Cross-Border Data Flow (《促進和規範數據跨境流動規定》)* (the "**Cross-Border Data Flow Provisions**"). Together with the *Measures for Security Assessment of Data Export (《數據出境安全評估辦法》)* implemented on September 1, 2022, the *Measures for Standard Contracts for Cross-Border Transfer of Personal Information (《個人信息出境標準合同辦法》)* implemented on June 1, 2023, and the *Announcement on Implementing Personal Information Protection Certification (《關於實施個人信息保護認證的公告》)* implemented on November 4, 2022, the Cross-Border Data Flow Provisions require data processors providing data abroad, unless exempted, to comply with the regulatory procedures for cross-border data transfer. Under the Cross-Border Data Flow Provisions, data processors must apply to the CAC for a security assessment prior to cross-border transfer of important data or personal information in the following circumstances: (i) critical information infrastructure operators providing important data or personal information abroad; (ii) data processors other than critical information infrastructure operators providing important data abroad; (iii) data processors other than critical information infrastructure operators providing abroad, since 1 January of the current year, personal information of at least one million individuals (excluding sensitive personal information) or sensitive personal information of at least 10,000 individuals; (iv) other circumstances requiring security assessment as prescribed by the CAC. On September 24, 2024, the State Council promulgated the *Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》)*, which was implemented on January 1, 2025. The Regulations set out general provisions on cyber data security management and further supplement and refine specific requirements relating to personal information protection, important data security management, cross-border security management of cyber data, and obligations of network platforms.

INTELLECTUAL PROPERTY

Patents

The *Patent Law of the People's Republic of China (《中華人民共和國專利法》)* was most recently amended by the NPC Standing Committee on October 17, 2020 and implemented on June 1, 2021. The State Council patent administration department is responsible for nationwide patent administration, including the unified acceptance and examination of patent applications and the granting of patent rights in accordance with the law. Provincial, autonomous regional and municipal governments are responsible for patent administration within their respective jurisdictions. Patents are classified into three categories: invention patents, utility model patents and design patents. Invention patents must possess novelty, inventiveness and practical applicability. The term of protection for invention patents is 20 years, for utility model patents is 10 years, and for design patents is 15 years, all calculated from the date of application. Once granted, unless otherwise provided under the *Patent Law of the People's Republic of China (《中華人民共和國專利法》)*, no entity or individual may exploit the patent without the permission of the patentee.

Trademarks

The *Trademark Law of the People's Republic of China (《中華人民共和國商標法》)* was most recently amended by the NPC Standing Committee on April 23, 2019 and implemented on November 1, 2019, and the *Regulations for the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》)* were most recently amended by the State Council on April 29, 2014 and implemented on May 1, 2014. Trademarks approved and registered by the Trademark Office of the China National Intellectual Property Administration are registered trademarks, which include commodity trademarks, service

trademarks, collective trademarks and certification trademarks. The term of validity of a registered trademark is ten years, commencing from the date of approval of registration. Where continued use is required upon expiry, the trademark registrant shall apply for renewal within twelve months prior to the expiry date. Trademark registrants may license others to use their registered trademarks by entering into trademark licence agreements. Use of a trademark identical or similar to a registered trademark on the same goods, or use of a trademark identical or similar to a registered trademark on similar goods without the registrant's permission, where confusion is likely to arise, constitutes infringement of the exclusive right to use the registered trademark. Infringers shall cease infringement, and infringing goods and tools primarily used for manufacturing infringing goods or forging registered trademark labels shall be confiscated and destroyed.

Copyright

The *Copyright Law of the People's Republic of China (《中華人民共和國著作權法》)* was most recently amended by the NPC Standing Committee on November 11, 2020 and implemented on June 1, 2021. Chinese citizens, legal persons or organisations enjoy copyright protection under the *Copyright Law of the People's Republic of China (《中華人民共和國著作權法》)* for original intellectual achievements in the fields of literature, art and science that can be expressed in a certain form, whether published or not. Copyright includes a series of moral and property rights, such as the right of publication, authorship, revision, integrity of works and reproduction.

According to the *Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》)* promulgated by the National Copyright Administration on February 20, 2002 and implemented on the same date, and the *Regulations on the Protection of Computer Software (《計算機軟件保護條例》)* most recently amended by the State Council on January 30, 2013 and implemented on March 1, 2013, the National Copyright Administration is responsible for nationwide administration of software copyright registration, and has designated the China Copyright Protection Center as the software registration authority. The China Copyright Protection Center issues registration certificates to applicants of computer software copyright that meet the requirements under the *Measures for the Registration of Computer Software Copyright《(計算機軟件著作權登記辦法》* and the *Regulations on the Protection of Computer Software《(計算機軟件保護條例》).*

Trade Secrets

The Anti-Unfair Competition Law was most recently amended by the NPC Standing Committee on June 27, 2025 and implemented on October 15, 2025. Under the Anti-Unfair Competition Law, trade secrets refer to technical information, operational information and other commercial information that is not known to the public, has commercial value, and for which the rights holder has adopted corresponding confidentiality measures. Business operators are prohibited from engaging in the following acts of infringement of trade secrets: (1) acquiring trade secrets of the rights holder by theft, bribery, fraud, coercion, electronic intrusion or other improper means; (2) disclosing, using or allowing others to use trade secrets of the rights holder acquired by the above means; (3) disclosing, using or allowing others to use trade secrets in violation of confidentiality obligations or requirements of the rights holder; (4) instigating, inducing or assisting others to violate confidentiality obligations or requirements of the rights holder to acquire, disclose, use or allow others to use trade secrets of the rights holder. Acts committed by natural persons, legal persons or organisations other than business operators as described above shall also constitute infringement of trade secrets. Where a third party knows or should know that employees, former employees or other entities or individuals of the rights

holder have committed such unlawful acts, but still acquires, discloses, uses or allows others to use the trade secrets, such acts shall be deemed infringement of trade secrets. Business operators and other natural persons, legal persons or organisations that infringe trade secrets in violation of the law shall be ordered by supervisory authorities to cease the unlawful acts, have their illegal gains confiscated, and be fined.

Property Leasing

The *Urban Real Estate Administration Law of the People's Republic of China (《中華人民共和國城市房地產管理法》)* was promulgated by the NPC Standing Committee on July 5, 1994, most recently amended on August 26, 2019 and implemented on January 1, 2020. Pursuant to the law, landlords and tenants shall enter into written lease contracts specifying the lease term, purpose, rent, repair responsibilities and other rights and obligations of both parties, and shall register and file the lease contracts with the real estate administration authorities.

According to the *Measures for the Administration of Commodity Housing Leasing (《商品房屋租賃管理辦法》)* promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and implemented on February 1, 2011, parties to a housing lease contract shall, within thirty days of contract execution, complete lease registration and filing procedures with the housing (real estate) administration authority of the people's government at municipal or county level where the leased property is located. Individuals or entities that fail to comply shall be ordered to rectify within a specified period; individuals failing to rectify shall be fined up to RMB1,000, and entities failing to rectify shall be fined between RMB1,000 and RMB10,000.

EMPLOYMENT, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Labour Law

The *Labour Law of the People's Republic of China (《中華人民共和國勞動法》)*, most recently amended by the NPC Standing Committee on December 29, 2018 and implemented on the same date, together with the *Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》)*, most recently amended on December 28, 2012 and implemented on July 1, 2013, and the *Regulations on the Implementation of the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》)* promulgated by the State Council on September 18, 2008 and implemented on the same date, require employers to enter into written labour contracts with employees upon establishment of employment relationships. Lawfully executed labour contracts are binding, and both employers and employees must perform their contractual obligations. Employers are required to establish and improve labour rules and regulations in accordance with the law, safeguard employees' labour rights and ensure fulfilment of their obligations. Employers must strictly implement labour quota standards and may not compel or indirectly compel employees to work overtime. Where overtime is arranged, employers must pay overtime wages in accordance with national regulations. Employee wages must not be lower than the local minimum wage standard and must be paid in a timely manner.

Social Insurance

The *Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》)*, most recently amended by the NPC Standing Committee on December 29, 2018 and implemented on the same date, together with other relevant laws and regulations, requires employers within the PRC to provide social insurance coverage for their employees, including basic pension insurance, basic medical insurance, work-related injury insurance and maternity

insurance. Employers failing to make the required contributions may be ordered to make up the contributions within a prescribed period, and may be subject to fines if they fail to comply.

According to The *Notice of the State Taxation Administration on Implementing Measures to Further Support and Serve the Development of the Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展的若干措施的通知》)* issued on November 16, 2018 and the *Comprehensive Plan for Reducing Social Insurance Contribution Rates (《國務院辦公廳關於印發降低社會保險費率綜合方案的通知》)* issued by the General Office of the State Council on April 1, 2019 emphasise that enterprises' historical arrears must be properly handled, and that concentrated collection of historical arrears shall not be conducted during the reform of the collection system.

Housing Provident Fund

The *Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》)*, most recently amended by the State Council on March 24, 2019 and implemented on the same date, provide that the housing provident fund refers to long-term housing savings deposited by employers and their employees. Employers within the PRC are required to make housing provident fund contributions for their employees in accordance with the regulations. Employers failing to make contributions or making insufficient contributions may be ordered by the housing provident fund management centre to make up the contributions within a prescribed period, and if they fail to comply, compulsory enforcement may be sought from the People's Court.

Foreign Exchange

The *Regulations of the People's Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》)*, most recently amended by the State Council on August 5, 2008 and implemented on the same date, provide that foreign exchange under current account transactions (including transactions relating to goods, services, income and current transfers in the balance of payments) may be converted into other currencies. For capital account transactions (including capital transfers, direct investment, securities investment, derivatives and loans), overseas institutions and individuals making direct investments in the PRC must obtain approval from the relevant competent authorities and register with the foreign exchange administration authorities. Domestic institutions and individuals making direct investments abroad or engaging in the issuance or trading of overseas securities or derivatives must register in accordance with the requirements of the foreign exchange administration authorities under the State Council.

According to the *Notice Concerning Relevant Issues on the Management of Overseas Listing Funds of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》)* promulgated on December 24, 2025 and implemented on April 1, 2026, by the State Administration of Foreign Exchange and the People's Bank of China, domestic enterprises intending to conduct overseas listing shall, within 30 working days after the first trading day of overseas listing or after the completion of the over-allotment, apply for overseas listing registration with a bank in the region of a province or a municipality with independent planning status at the place where they are registered; and in principle, the funds raised by domestic enterprises through overseas listing shall be promptly transferred back to China. If the funds are retained overseas for overseas direct investment, overseas securities investment, overseas lending and other businesses, the domestic enterprises shall obtain the approval reply or filing documents from the competent business authorities prior to the completion date of overseas listing issuance or the completion date of over-allotment, and shall comply with the relevant provisions on administration of cross-border funds; the usage of the funds raised from overseas

listing shall be consistent with the relevant contents listed in the document or corporate bond document, circular to shareholders, resolution of the board of directors or shareholders' general meeting, and other publicly disclosed documents.

According to the *Notice of the People's Bank of China on Further Improving Policies for Cross-Border RMB Business to Facilitate Trade and Investment (《中國人民銀行關於進一步完善人民幣跨境業務政策促進貿易投資便利化的通知》)* promulgated and implemented on January 5, 2018, funds raised by domestic enterprises from overseas issuance of RMB-denominated bonds may be remitted back to the PRC for use as required, and funds raised from overseas issuance of RMB-denominated shares may also be remitted back to the PRC for use as required.

TAX

Enterprise Income Tax

The *Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》)*, most recently amended by the NPC Standing Committee on December 29, 2018 and implemented on the same date, together with the *Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》)*, most recently amended by the State Council on December 6, 2024 and implemented on January 20, 2025, provide that resident enterprises refer to enterprises established in the PRC in accordance with the law, or enterprises established under foreign (regional) laws but with their actual management institutions located in the PRC. Resident enterprises are subject to enterprise income tax on income derived from both within and outside the PRC at a tax rate of 25%. The State grants preferential enterprise income tax treatment to industries and projects that are key areas of support and encouragement.

Pursuant to the *Enterprise Income Tax Law of the People's Republic of China《(中華人民共和國企業所得税法》)*, *the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China 《(中華人民共和國企業所得税法實施條例》)*, the *Administrative Measures for the Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法)* jointly issued by the Ministry of Science and Technology, the Ministry of Finance and the State Taxation Administration, the *Announcement of the State Taxation Administration on Issues Relating to the Implementation of Preferential Enterprise Income Tax Policies for High and New Technology Enterprises (《國家税務總局關於實施高新技術企業所得税優惠政策有關問題的公告》)*, and other relevant laws and regulations, qualified high and new technology enterprises are entitled to a preferential enterprise income tax rate of 15%.

Value-Added Tax

According to the *VAT Law of the People's Republic of China (《中華人民共和國增值税法》)* promulgated by the NPC Standing Committee on December 25, 2024 and implemented on January 1, 2026, entities and individuals (including individual businesses) engaging in sales of goods, services, intangible assets, real estate and importation of goods within the territory of the People's Republic of China are taxpayers of VAT and shall pay VAT in accordance with the VAT Law. Unless otherwise stipulated, the VAT rate shall be: taxpayers engaging in sales of goods, processing, repair and replacement services, lease of tangible movables or importation of goods shall be subject to 13% tax rate. Taxpayers engaging in sales of transportation, postal services, basic telecommunications, construction, real estate leasing services, sales of real estate, transfer of land use rights, sale or importation of the following goods shall be subject to 9% tax rate. Taxpayers engaging in sales of services or intangible assets shall be subject to 6% tax rate.

Overseas Securities Issuance and Listing by Domestic Enterprises

The *Securities Law of the People's Republic of China (《中華人民共和國證券法》)* was promulgated by the NPC Standing Committee on December 29, 1998, most recently amended on December 28, 2019 and implemented on March 1, 2020. The *Securities Law of the People's Republic of China《(中華人民共和國證券法》)* regulates activities in the PRC securities market, including securities issuance and trading, acquisitions of listed companies, securities exchanges, securities companies and the responsibilities of securities regulatory authorities. The *Securities Law of the People's Republic of China 《(中華人民共和國證券法》)* stipulates that domestic enterprises directly or indirectly issuing securities overseas or listing their securities overseas must comply with relevant provisions of the State Council.

According to the *Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》)* promulgated by the CSRC on February 17, 2023 and implemented on March 31, 2023, domestic enterprises directly or indirectly issuing securities overseas or listing their securities overseas are subject to CSRC regulations. For initial public offerings and overseas listings, the issuer or its designated entity must file with the CSRC within three working days after submission of the initial public offering application documents.

On February 24, 2023, the CSRC and three other authorities jointly promulgated the *Provisions on Strengthening Confidentiality and Archives Administration Relating to Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》)*. Under these provisions, domestic enterprises providing or disclosing documents or materials involving state secrets or working secrets of government agencies to securities companies, securities service institutions, overseas regulators or other entities or individuals must obtain approval from competent authorities with approval rights and file with the confidentiality administrative authority at the same level. Working papers formed within the PRC by securities companies and securities service institutions providing services for overseas offerings and listings of domestic enterprises must be kept within the PRC. Cross-border transfers of such materials must undergo approval procedures in accordance with PRC regulations.

Equity Incentive Plans

According to the *Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Administration for Domestic Individuals Participating in Equity Incentive Plans of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》)* promulgated in February 2012, employees, directors, supervisors and other senior management personnel who are PRC citizens or non-PRC citizens who have continuously resided in the PRC for not less than one year and who participate in any equity incentive plan of overseas listed companies, except in limited circumstances, must register with the State Administration of Foreign Exchange through domestic agent institutions. In addition, overseas trustee institutions must be engaged to handle matters relating to the exercise or sale of equity, and the purchase or sale of shares and related rights.

H-share "Full Circulation"

"Full circulation" refers to the process by which H-share listed companies list their previously unlisted domestic shares on securities exchanges. This includes unlisted domestic shares held by domestic shareholders prior to overseas listing, newly issued unlisted domestic shares after overseas listing, and unlisted shares held by overseas shareholders.

On November 14, 2019, the CSRC promulgated the *Guidelines for the Application of Full Circulation of Unlisted Domestic Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》)* (the "**Full Circulation Guidelines**"), which were revised on August 10, 2023. Pursuant to the Full Circulation Guidelines, shareholders of unlisted domestic shares may, through consultation, jointly determine the number and proportion of shares to be circulated, subject to compliance with relevant laws, regulations and policies relating to state-owned assets administration, foreign investment and industry regulation. The corresponding H-share listed company may then authorise an application to the CSRC for full circulation. Domestic companies issuing shares for the first time and listing overseas may simultaneously apply to the CSRC for full circulation. Once unlisted domestic shares are listed and circulated, they may not be converted back into domestic shares. According to the *Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》)* promulgated on February 17, 2023 and implemented on March 31, 2023, shareholders of unlisted domestic shares of domestic enterprises directly issuing and listing overseas who apply to convert their unlisted domestic shares into overseas listed shares for trading on overseas exchanges must comply with CSRC regulations and entrust the domestic enterprise to file with the CSRC.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited ("**CSDC**") and the Shenzhen Stock Exchange ("**SZSE**") jointly promulgated the *Implementation Rules for H-share Full Circulation Business (《H股"全流通"業務實施細則》)* (the "**Implementation Rules**"). The Implementation Rules regulate operational matters relating to H-share full circulation, including cross-border conversion registration, custody maintenance, trading authorisation, instruction transmission, clearing and settlement, participant management and nominee holder services. Matters not specified in the Implementation Rules shall be handled in accordance with other business rules of CSDC, CSDC (Hong Kong) Limited and the Shenzhen Stock Exchange.

LAWS AND REGULATIONS IN THE UNITED STATES

Below sets out a summary of certain aspects of laws and regulations of the U.S., which are relevant to the business and operations of our Group.

Product Safety and Consumer Protection Laws

The sale, distribution, and marketing of consumer products in the United States are subject to a comprehensive regulatory framework primarily administered at the federal level, with additional requirements imposed under state law. The principal federal agency responsible for regulating consumer product safety is the U.S. Consumer Product Safety Commission ("**CPSC**"), which administers the Consumer Product Safety Act and related legislation. These laws establish a general framework for ensuring that consumer products placed on the U.S. market meet applicable safety requirements and apply broadly to manufacturers, importers, distributors, and retailers.

In addition to product safety requirements, the advertising, marketing, and sales practices of consumer products are regulated under the Federal Trade Commission Act. This statute governs unfair or deceptive acts or practices in commerce.

Electrical and Electronic Product Regulations

Electrical and electronic consumer products sold in the United States are subject to federal and state laws and regulations governing electrical safety, technical performance, and

compatibility with applicable standards. These regulatory requirements are intended to ensure that electrical products are designed and manufactured in accordance with recognized safety principles and technical specifications.

In addition, certain electronic products are subject to regulations administered by the Federal Communications Commission ("**FCC**") relating to electromagnetic interference and radio frequency emissions.

State Laws and Regulations

State laws often may impose additional obligations on businesses engaged in the sale of consumer products.

Key areas regulated under state law include consumer protection, unfair competition, product labeling, chemical content, product warnings, and commercial practices. In particular, businesses operating in California are subject to the Safe Drinking Water and Toxic Enforcement Act of 1986, commonly known as Proposition 65, which requires businesses to provide warnings for exposure to chemicals identified as posing potential health risks.

Import and Trade Laws

The U.S. customs and trade laws mainly include the Tariff Act of 1930, as amended, the Customs Modernization Act of 1993, and regulations administered by U.S. Customs and Border Protection ("**CBP**"). These laws and regulations govern various aspects of import activities, including customs clearance procedures, tariff classification, valuation of imported goods, country-of-origin marking, and the payment of applicable customs duties and tariffs. Under these laws and regulations, U.S. importers have primary legal responsibility for initially valuing, classifying, and determining the rate of duty applicable to imported merchandise. The importer is required to exercise "reasonable care" in entering merchandise into the United States.

Civil penalties may be assessed against any person who uses false or misleading statements to enter goods into the U.S. In determining the applicable penalty for such wrongdoing, CBP first determines the applicable degree of culpability of the offending party. In general, higher penalties are assigned to more egregious offenses, which are classified according to degree of culpability as due to negligence, gross negligence, or fraud.

Tariffs

The U.S. imposes a variety of tariffs on imported goods. While the U.S. Constitution grants Congress the authority to impose tariffs, several statutes have shifted that authority to the President under certain circumstances. Within the U.S., agencies involved in international trade regulation include the CBP, the U.S. International Trade Commission ("**ITC**"), and the Office of the U.S. Trade Representative ("**USTR**"). CBP is responsible for collecting tariffs on goods imported to the U.S. during the customs clearance process. The ITC administers trade remedy laws and investigates unfair import practices, including intellectual property infringement under Section 337 of the Tariff Act of 1930. The USTR serves as the President's principal trade adviser and negotiator.

The USTR is authorized to take certain action under Section 301 of the Trade Act of 1974 ("**Section 301**"), including, without limitation, the imposition of tariffs or other restrictions on imports, if it determines after investigation that a foreign government has engaged in unfair trade practices. In 2018, the U.S. imposed Section 301 tariffs on certain goods of Chinese origin

following a USTR investigation. Section 301 tariffs are assessed and collected in addition to any other duties that may apply.

Data Privacy and Consumer Protection

The U.S. federal government and various states have adopted or are considering adopting laws, regulations, and standards regarding the collection, use, retention, security, disclosure, transfer, and other processing of personal information, including, various federal statues governing areas such as credit reporting, electronic communications, telemarketing, and health information. In addition, many states have laws that protect the privacy and security of personal information. Certain state laws may be more stringent or broader in scope, or offer greater individual rights, laws. For example, in 2018, California enacted the California Consumer Privacy Act, which came into effect on January 1, 2020, and has since been amended by the California Privacy Rights Act which came into effect on January 1, 2023 (collectively, the "**CCPA**"). The CCPA creates individual privacy rights for California residents, including rights to opt out of certain processing such as the transfer of personal information for the purpose of cross contextual behavioral advertising, the processing of sensitive personal information for certain purposes, as well as "sales" of personal information, and increases the privacy and security obligations of entities handling personal information of California consumers and meeting certain thresholds. The CCPA is currently enforceable by the California Attorney General, and provides for civil penalties for violations as well as a private right of action for certain data breaches The CCPA's expansion under the California Privacy Rights Act, including the establishment of a dedicated enforcement agency, may require us to incur additional compliance costs.

Similar laws have been enacted or proposed at the federal level and in numerous other states, and will continue to shape the data privacy environment throughout the United States. Currently, no United States federal or state privacy laws explicitly mandate data localization.

Employment and Labor Laws

There is a wide range of federal, state, and local employment and labor laws governing the employer-employee relationship in the U.S. These laws regulate matters including wages and hours of work, overtime compensation, employee classification, workplace health and safety, immigration compliance, equal employment opportunity, anti-discrimination, anti-harassment, employee benefits, leave entitlements, collective bargaining rights, workers' compensation, and unemployment insurance. Federal laws set the minimum legal standard for employee rights; state and local laws may set different standards. Most employees in the United States are hired "at-will," meaning employment can be terminated at any time, with or without notice or cause, but in no event may an employee be terminated for an illegal reason or in retaliation for engaging in a legally protected activity. Individual verification of eligibility to work in the United States is required. State and local employment laws, particularly in California, may impose requirements that are more stringent than those under federal law.

Corporate and Commercial Laws

These laws govern matters including corporate governance, annual reporting and filing obligations, maintenance of corporate records, and other ongoing compliance requirements applicable to corporations conducting business in the United States.

Intellectual Property Laws

The United States has both federal and state laws that govern intellectual property rights.

Intellectual Property Rights Governed by Federal Law

Copyrights and patents are exclusively governed by Federal Law.

Copyrights

A copyright protects original works of authorship fixed in tangible form (covering expressions, no ideas) under the Copyright Act of 1976.

Patents

A patent is a government grant providing the patent owner with the right to exclude others from manufacturing, using, or selling a claimed invention within the United States or practicing a claimed method within the United States. A patent is obtained by filing an application with the U.S. Patent and Trademark Office ("**USPTO**") claiming a useful, novel invention. The application must comply with various requirements set forth in the Patent Act (codified at 35 U.S.C. § 1 et seq) and regulations established by the USPTO. A patent owner can bring an infringement action in a U.S. federal court or, where the importation of infringing goods is involved, before the International Trade Commission. A patent owner may be entitled to remedies against an infringing party including injunctions, damages (including lost profits or royalties), and, in cases of willful infringement, enhanced damages (up to treble) and attorneys' fees.

Intellectual Property Rights Governed by both Federal and State Law

Trademarks and service marks

A "mark" is the use of one or more words, symbols, or logos to identify and distinguish the mark owner's goods and/or services. A trademark is a mark used for goods; a service mark is a mark used in connection with providing services. U.S. trademarks and service marks generally must (i) be different from prior marks, (ii) not be generic, and (iii) not be merely descriptive unless they have acquired distinctiveness. U.S. federal trademark law is governed by the Lanham Act, codified at 15 U.S.C. § 1051 et seq. The USPTO is responsible for examining trademark and service mark applications and either granting or rejecting applications to register marks. Once granted, a trademark or service mark provides its owner with nationwide exclusivity within one or more particular fields of use.

State law may also provide common law trademark rights upon first use in commerce, limited to the state of use.

The owner of a trademark generally has a cause of action for infringement against a defendant who uses a mark that is likely to cause confusion in the relevant marketplace. Available remedies include injunctions, actual monetary damages, accounting of the defendant's profits, and in some cases, attorneys' fees.

Trade secrets

A trade secret is information that (i) has independent economic value from being generally unknown by the public and (ii) is the subject of reasonable efforts under the circumstances to maintain its secrecy. Trade secrets are governed by both federal and state law. The Defend Trade Secrets Act, codified at 18 U.S.C. § 1836, et seq. ("**DTSA**"), is the federal trade secret law. Enacted in 2016, the DTSA applies to trade secrets related to products or services used in, or intended for, interstate or foreign commerce. The DTSA provides specific remedies for trade secret misappropriation, including ex parte seizure in limited circumstances. Most states have enacted the Uniform Trade Secrets Act or similar legislation, and trade secret owner may have an choice of forum between federal and state law.

OVERVIEW

Our history traces back to November 1, 2007, when SKG Technologies Co., Ltd. (未來穿戴技術有限公司) (formerly known as SKG (Shenzhen) Co., Ltd. (未來穿戴(深圳)有限公司), Guangdong SKG Smart Technology Co., Ltd. (廣東艾詩凱奇智慧科技有限公司), Foshan SKG Electric Co., Ltd. (佛山艾詩凱奇電氣有限公司) and Foshan Shikai Home Appliances Co., Ltd. (佛山獅開生活電器有限公司)), our predecessor, was established in the PRC by our Controlling Shareholders, Mr. Liu and his spouse, Ms. Xu. In July 2021, our Company was converted from a limited liability company into a joint stock limited company and renamed to SKG Health Technologies Co., Ltd. (未來穿戴健康科技股份有限公司). We have been led by Mr. Liu, who is our chairman of the Board, executive Director and chief executive officer. For details of the background of Mr. Liu, see "Directors and Senior Management" of this document.

After years of development, we have become the leader in smart soothing technologies in China. According to Frost & Sullivan, in terms of GMV, we ranked first among domestic players in China's smart soothing wearables industry and achieved a domestic market share in China of 21.6% in 2025.

BUSINESS DEVELOPMENT MILESTONES

The table below summarizes our key business development milestones.

Year	Milestone
2007	SKG Technologies Co., Ltd. (未來穿戴技術有限公司), our predecessor, was established in the PRC
2010	We opened our online store on Tmall.com
2016	We established a strategic transformation targeting the personal and household health market
	We were awarded the High-Tech Enterprise Certificate (高新技術企業證書)
2018	We launched the first wearable cervical message product
	We relocated our headquarters to Nanshan, Shenzhen, and established the SKG Research Institute
2019	Our cervical massager products reached over 3 million units in total shipments
2021	Our Company was converted from a limited liability company to a joint stock limited company
	We played a leading role in establishing the Industrial Standard of Household and Similar Use Low-Frequency Massage Appliances (《家用和類似用途低頻按摩儀》行業標準)
2022	We participated in drafting and announcing the Group Standard of Specification for Data Asset Construction of Health Wearable Devices (《健康穿戴設備數據資產建設規範》團體標準)
2023	We were awarded Guangdong Provincial Engineering Technology Research Center (廣東省工程技術研究中心) and Shenzhen Postdoctoral Innovation Practice Base (深圳市博士後創新實踐基地)
2024	Our digital production facility has been successfully established
	We received Pre-**[REDACTED]** Investment from Morgan Stanley

OUR MAJOR SUBSIDIARIES

The table below sets out the place and date of establishment/incorporation and principal business activities of each member of our Group that made a material contribution to our results of operations during the Track Record Period or is or will be of strategic importance.

Subsidiary	Place of establishment/ incorporation	Date of establishment/ incorporation	Principal business activities
Future Sunflower	PRC	December 5, 2019	Manufacturing and sales of smart health wearables
Future Hainan	PRC	October 14, 2021	Sales and marketing of smart health wearables
Future Foshan	PRC	August 9, 2024	Manufacturing of smart health wearables
Wave E-commerce Co., Ltd.	United States	July 14, 2017	Sale of health and wellness products

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

(a) Establishment of the Company

On November 1, 2007, our Company was established as a limited liability company in the PRC with a registered capital of RMB1,000,000. Upon establishment, our Company was owned by Mr. Liu and his spouse Ms. Xu as to 80% and 20%, respectively.

(b) Early Development of Our Company

Between March 2012 and May 2013, the registered capital of our Company was increased to RMB15,000,000 pursuant to the increases in registered capital contributed by Mr. Liu and Ms. Xu in proportion to their respective equity interest in our Company. As of May 13, 2013, the then shareholding structure of our Company was as follows:

Name of Shareholder	Registered capital subscribed for	Equity interest
	(RMB)	*(%)*
Mr. Liu	12,000,000	80.00
Ms. Xu	3,000,000	20.00
Total	**15,000,000**	**100.00**

(c) Capital Increases in 2013 and 2017

On September 5, 2013, the registered capital of our Company was increased by RMB20,000,000, which was subscribed by Future Life Investment, at a consideration of RMB20,000,000. On November 22, 2017, the registered capital of our Company was further increased by RMB20,000,000, which was subscribe by Future Life Investment, at a consideration of RMB20,000,000. Upon completion of the capital increases, the then shareholding structure of our Company was as follows:

Name of Shareholder	Registered capital subscribed for	Equity interest
	(RMB)	*(%)*
Future Life Investment[(1)]	40,000,000	72.73
Mr. Liu	12,000,000	21.82
Ms. Xu	3,000,000	5.45
Total	**55,000,000**	**100.00**

Note:

(1) As of the Latest Practicable Date, Future Life Investment is owned as to approximately 85.71% by Mr. Liu and approximately 14.29% by Ms. Xu.

(d) Equity Transfer in November 2020

On November 25, 2020, Mr. Liu and Ms. Kong Zhen (孔珍) ("**Ms. Kong**") entered into an equity transfer agreement, pursuant to which Mr. Liu transferred 4.50% of the equity interest of our Company to Ms. Kong at a consideration RMB9 million determined with reference to our Company's valuation at the time of transfer after taking into account her contribution to the Group. Upon completion of the transfer of equity interest, the then shareholding structure of our Company was as follows:

Name of Shareholder	Registered capital subscribed for	Equity interest
	(RMB)	*(%)*
Future Life Investment	40,000,000	72.73
Mr. Liu	9,525,000	17.32
Ms. Xu	3,000,000	5.45
Ms. Kong[(1)]	2,475,000	4.50
Total	**55,000,000**	**100.00**

Note:

(1) Ms. Kong is a senior management and a former director of our Company. For details of Ms. Kong, please see "Directors and Senior Management" of this document.

(e) Equity Transfer in December 2020

On December 25, 2020, Mr. Liu, Little Swan Lake and Little Swan Ballet entered into an equity transfer agreement, pursuant to which Mr. Liu transferred 3% and 2% of the equity interest of our Company to Little Swan Lake and Little Swan Ballet, at a consideration of RMB6 million and RMB4 million determined with reference to our Company's valuation at the time of transfer after taking into account the financial performance and our growth prospects,

respectively. Upon completion of the transfer of equity interest, the then shareholding structure of our Company was as follows:

Name of Shareholder	Registered capital subscribed for	Equity interest
	(RMB)	*(%)*
Future Life Investment	40,000,000	72.73
Mr. Liu	6,775,000	12.32
Ms. Xu	3,000,000	5.45
Ms. Kong	2,475,000	4.50
Little Swan Lake[(1)]	1,650,000	3.00
Little Swan Ballet[(1)]	1,100,000	2.00
Total	**55,000,000**	**100.00**

Note:

(1) Little Swan Lake and Little Swan Ballet are our Employee Incentive Platforms. For details of Little Swan Lake and Little Swan Ballet, please see "– Employee Incentive Platforms" of this section.

(f) Equity Transfer in 2021

On February 24, 2021, Mr. Liu, Mr. Lu Shuping (盧書平) ("**Mr. Lu**") and Ms. Lu Yanmei (盧豔梅) ("**Ms. Lu**") entered into an equity transfer agreement, pursuant to which Mr. Liu transferred 0.50% of the equity interest of our Company to each of Mr. Lu and Ms. Lu at a consideration of RMB1.35 million determined with reference to our Company's net asset value at the time of transfer. Upon completion of the transfer of registered capital, the then shareholding structure of our Company was as follows:

Name of Shareholder	Registered capital subscribed for	Equity interest
	(RMB)	*(%)*
Future Life Investment	40,000,000	72.73
Mr. Liu	6,225,000	11.32
Ms. Xu	3,000,000	5.45
Ms. Kong	2,475,000	4.50
Little Swan Lake	1,650,000	3.00
Little Swan Ballet	1,100,000	2.00
Ms. Lu[(1)]	275,000	0.50
Mr. Lu[(1)]	275,000	0.50
Total	**55,000,000**	**100.00**

Note:

(1) Mr. Lu is a former employee and former director of the Group and Ms. Lu is the spouse of Mr. Lu.

(g) Conversion of Our Company into a Joint Stock Limited Company in July 2021

On June 28, 2021, our then Shareholders passed resolutions approving the conversion of our Company from a limited liability company to a joint stock limited company with a registered capital of RMB200,000,000 under the name of SKG Health Technologies Co., Ltd. (未來穿戴健康科技股份有限公司). Upon completion of the joint stock company conversion, the then shareholding structure of our Company was as follows:

Name of Shareholder	Number of Shares Held	Approximate Percentage of Shareholding
	(RMB)	*(%)*
Future Life Investment	145,454,545	72.73
Mr. Liu	22,636,364	11.32
Ms. Xu	10,909,091	5.45
Ms. Kong	9,000,000	4.50
Little Swan Lake	6,000,000	3.00
Little Swan Ballet	4,000,000	2.00
Ms. Lu	1,000,000	0.50
Mr. Lu	1,000,000	0.50
Total	**200,000,000**	**100.00**

(h) Capital injection in December 2021

On December 16, 2021, the then Shareholders agreed to subscribe for additional shares in the Company at a total consideration of RMB160,000,000 in proportion to their respective shares in our Company before the capital injection. The shareholding structure of our Company immediately upon the completion of capital injection was as follows:

Name of Shareholder	Number of Shares Held	Approximate Percentage of Shareholding
	(RMB)	*(%)*
Future Life Investment	261,822,545	72.73
Mr. Liu	40,748,364	11.32
Ms. Xu	19,629,091	5.45
Ms. Kong	16,200,000	4.50
Little Swan Lake	10,800,000	3.00
Little Swan Ballet	7,200,000	2.00
Ms. Lu	1,800,000	0.50
Mr. Lu	1,800,000	0.50
Total	**360,000,000**	**100.00**

(i) Share Transfer in March 2024

On March 22, 2024, Hangzhou Changjin Equity Investment Partnership (Limited Partnership) (杭州長津股權投資合夥企業(有限合夥)) ("**Hangzhou Changjin**") entered into a share transfer agreement with Mr. Liu, Future Life Investment and our Company, pursuant to which Mr. Liu and Future Life Investment transferred approximately 3.06% and 2.50% of the then issued shares in our Company to Hangzhou Changjin at a total consideration of RMB106,666,666.67, which was determined based on the arm's length negotiation between the parties with reference to our Company's valuation at the time of transfer after taking into

account the financial performance and our growth prospects. The consideration was settled on March 25, 2024 and December 9, 2024. The shareholding structure of our Company immediately after the completion of share transfer was as follows:

Name of Shareholder	Number of Shares Held	Approximate Percentage of Shareholding
	(RMB)	*(%)*
Future Life Investment	250,822,545	69.67
Mr. Liu	31,748,364	8.82
Hangzhou Changjin	20,000,000	5.56
Ms. Xu	19,629,091	5.45
Ms. Kong	16,200,000	4.50
Little Swan Lake	10,800,000	3.00
Little Swan Ballet	7,200,000	2.00
Ms. Lu	1,800,000	0.50
Mr. Lu	1,800,000	0.50
Total	**360,000,000**	**100.00**

MATERIAL ACQUISITIONS AND DISPOSALS

We did not conduct any acquisitions, disposals or mergers that we consider to be material to us or which would fall within the scope of Rule 4.05A of the Listing Rules during the Track Record Period and up to the Latest Practicable Date.

A SHARE LISTING ATTEMPT AND LISTING AND DELISTING FROM NEEQ AND REASONS FOR [REDACTED] ON THE STOCK EXCHANGE

In June 2022, our Company submitted an application for the listing of our Shares on the ChiNext market of the Shenzhen Stock Exchange in the PRC (the "**A Share Listing Attempt**"). The Shenzhen Stock Exchange issued two rounds of comments on July 22, 2022 and December 21, 2022. The Company provided written responses to these comments, which were published on the website of the Shenzhen Stock Exchange on December 8, 2022 and July 6, 2023, respectively. In July 2023, after taking into account a number of factors, including the then vetting process of the A Share listing applications, the general market sentiment and our business development and strategic planning, we voluntarily withdrew the A Share Listing Attempt, and the Shenzhen Stock Exchange has accepted such withdrawal of the A Share Listing Attempt and issued the Decision in relation to the Termination of the Review of the Initial Public Offering and Listing of SKG Health Technologies Co., Ltd. on ChiNext (《關於終止對未來穿戴首次公開發行股票並在創業板上市審核的決定》) on July 31, 2023.

We then considered seeking a listing on Beijing Stock Exchange in 2024 (the "**BSE Listing Plan**"). No formal application was submitted in connection with the BSE Listing Plan. As a prerequisite for such listing, we are required to first list on the NEEQ. On August 9, 2024, the shares of our Company were listed on the NEEQ (stock code: 872794) (the "**NEEQ Listing**"). In December 2024, we entered into a tutoring agreement with CSC Financial Co., Ltd. (中信建投證券股份有限公司) ("**CSC**") in connection with a proposed A-share listing on the Beijing Stock Exchange and made a listing tutoring filing (上市輔導備案) with the Shenzhen Regulatory Bureau of the CSRC (中國證券監督管理委員會深圳監管局) (the "**Tutoring Filing**"). The Tutoring Filing does not constitute a listing application. No comment has been raised by the CSRC, any stock exchange or other relevant competent authorities in the PRC in relation to the Tutoring Filing. In August 2025, after considering our then future strategic development and the

then regulatory and market environment, we entered into a termination agreement with CSC to terminate the listing tutoring and voluntarily withdrew the Tutoring Filing.

To further expand our global business footprint and considering that the Stock Exchange would provide us with an international platform to access foreign capital, we voluntarily decided to pursue a listing in Hong Kong. Having taken into account our current business development and long-term strategic plan as well as our focus to the application for the **[REDACTED]**, the Board, following prudent deliberation, resolved to voluntarily delist our shares from the NEEQ, which was duly approved by the then shareholders of our Company on November 7, 2025, by way of a voluntary application for delisting. On November 19, 2025, our Company was delisted from the NEEQ. (the "**NEEQ Delisting**", together with the NEEQ Listing, the "**NEEQ Listing and Delisting**").

As advised by our PRC Legal Advisor, the Company complied with all applicable laws and regulations and the listing rules of NEEQ during its listing on the NEEQ in all material aspects. To the best of the Directors' knowledge and belief, the Directors are not aware of any material matter concerning the A Share Listing Attempt or the NEEQ Listing and Delisting that would adversely affect the Company's suitability for **[REDACTED]** on the Stock Exchange or other material matters that need to be brought to the attention of the Stock Exchange, the Shareholders or potential **[REDACTED]**. Based on the due diligence performed by the Sole Sponsor, the Sole Sponsor concurs with the view of the Directors that there are no other material matters that need to be brought to the attention of the Stock Exchange, the Shareholders or potential **[REDACTED]**.

Our Directors believe that the **[REDACTED]** of its H Shares on the Stock Exchange will be in the interests of our Group's business development strategies, and would be beneficial to us and our Shareholders as a whole for the following reasons: (i) the **[REDACTED]** will further strengthen our business profile and global presence; (ii) the **[REDACTED]** will help us to recruit, motivate and retain talents to support our long-term and sustainable growth; (iii) the **[REDACTED]** will further enhance the our brand influence; and (iv) the **[REDACTED]** will empower our product development.

PRE-[REDACTED] INVESTMENT

Our Company obtained investment from the Pre-**[REDACTED]** Investor. For further details, see "– Corporate Development and Major Shareholding Changes of Our Company" above.

(a) Principal terms of the Pre-[REDACTED] Investment

The table below summarizes the key terms of the Pre-**[REDACTED]** Investment made by the Pre-**[REDACTED]** Investor:

	Method of acquisition of the shares of our Company	Shares of our Company acquired	Date of the relevant agreement	Consideration	Settlement Date	Cost per share	Discount to [REDACTED](1)
Hangzhou Changjin	Transfer of shares	20,000,000	March 22, 2024	RMB106,666,666.67	March 25, 2024 and December 9, 2024	RMB5.33	**[REDACTED]**%

	Method of acquisition of the shares of our Company	Shares of our Company acquired	Date of the relevant agreement	Consideration	Settlement Date	Cost per share	Discount to [REDACTED][(1)]
Basis of determination of valuation and consideration	The valuation of our Group and consideration of Pre-**[REDACTED]** Investment was determined based on arm's length negotiation between our Group and the Pre-**[REDACTED]** Investor taking into account the timing of the Pre-**[REDACTED]** Investment and our business prospects.						
Lock-up	Pursuant to applicable PRC law, within 12 months following the **[REDACTED]**, all existing Shareholders (including the Pre-**[REDACTED]**Investor) shall not dispose of any of the Shares held by them.						
Strategic benefits to our Group brought by the Pre-**[REDACTED]** Investor	Our Directors were of the view that our Group could benefit from the industry knowledge and experience provided by the Pre-**[REDACTED]** investor, as well as their support in global resource integration and our business expansion. The Pre-**[REDACTED]** Investment also demonstrated the Pre-**[REDACTED]** Investor's confidence in and endorsement of our business prospects.						

Notes:

(1) The discount to the **[REDACTED]** is calculated based on: (i) the **[REDACTED]** of **[REDACTED]** per **[REDACTED]** (being the mid-point of the **[REDACTED]** of **[REDACTED]** to **[REDACTED]** per **[REDACTED]**), and (ii) the exchange rate set out in "Information about this Document and the **[REDACTED]**".

(b) Special rights of the Pre-[REDACTED] Investor

Pursuant to the Shareholders' agreements dated March 22, 2024 entered into among Mr. Liu, Future Life Investment and the Pre-**[REDACTED]** Investor, the Pre-**[REDACTED]** Investor was granted certain customary special rights granted by Mr. Liu and Future Life Investment, including, among others, redemption rights, anti-dilution rights, right of first refusal, and co-sale rights. Except for the redemption right, all of such special rights will be terminated immediately upon the completion of a qualified **[REDACTED]** of the Company (which includes the **[REDACTED]**). Pursuant to the amendment to Shareholders' agreement dated December 5, 2025, the redemption right was terminated on March 28, 2024, provided the redemption right so terminated shall be reinstated in the event that the Company fails to consummate a qualified **[REDACTED]** by December 31, 2026 (the "**Long Stop Date**"), provided, however, that (a) if, as of December 31, 2026, the Company has submitted its application for a qualified **[REDACTED]** and such application is under review by both the Stock Exchange and the CSRC, the Long Stop Date shall be extended to December 31, 2027; and (b) if, as of December 31, 2026, the Stock Exchange has approved the Company's application for a qualified **[REDACTED]** and the CSRC has issued the corresponding filing notice, the Long Stop Date shall be extended to a later date on which such application is completed, withdrawn, returned, revoked, or lapses, but in any event no later than December 31, 2027.

(c) Sole Sponsor's Confirmation

On the basis that (i) the respective consideration for the Pre-**[REDACTED]** Investment was settled more than 28 clear days before the date of our Company's first submission of the first **[REDACTED]** form to the Stock Exchange, and (ii) the redemption right granted to the Pre-**[REDACTED]** Investor ceased to be exercisable immediately before our Company's first submission of the first **[REDACTED]** form to the Stock Exchange, and all other special rights granted to the Pre-**[REDACTED]** Investor will be terminated upon the **[REDACTED]**, the Sole Sponsor confirms that the Pre-**[REDACTED]** Investment is in compliance with Chapter 4.2 of the Guide.

(d) Information about Our Pre-[REDACTED] Investor

Our Pre-**[REDACTED]** Investor is Hangzhou Changjin. The background information of our Pre-**[REDACTED]** Investor is set out below. To the best knowledge of our Directors, each of the Pre-**[REDACTED]** Investor and its ultimate beneficial owners is an independent third party.

Hangzhou Changjin

Hangzhou Changjin is a limited partnership established in the PRC. Its general partner is Hangzhou Morgan Stanley Chanson Business Management Consulting Partnership (Limited Partnership) (杭州摩根士丹利長巡企業管理諮詢合夥企業(有限合夥)) ("**Morgan Stanley Chanson**"), holding approximately 3.75% of its partnership interest. The general partner of Morgan Stanley Chanson is Morgan Stanley (China) Private Equity Investment Management Co., Ltd. (摩根士丹利(中國)股權投資管理有限公司) which is indirectly wholly owned by Morgan Stanley and is part of the investment management business of Morgan Stanley. As of the Latest Practicable Date, Hangzhou Changjin had 23 limited partners and none of the limited partner of Hanghzou Changjin held more than 30% of the partnership interest.

EMPLOYEE INCENTIVE PLATFORMS

To incentivize our employees to promote the long-term development of our Company, Little Swan Lake and Little Swan Ballet were established in the PRC as our Employee Incentive Platforms to hold incentive shares pursuant to the Employee Incentive Plans. For details of our Employee Incentive Plans, see "Statutory and General Information – D. Share Incentive Schemes – 1. Employee Incentive Plans" in Appendix V to this document.

Little Swan Lake was established as a limited partnership in the PRC. Its general partner is Mr. Chen Kai (陳凱), an employee of the Group, holding approximately 43.33% of the partnership interest. To the best knowledge of our Directors, Mr. Chen Kai is an independent third party. As of the Latest Practicable Date, the remaining 56.66% partnership interest was held by 33 limited partners, including (i) three Directors, namely Mr. Liu, Mr. Hao Qiankun (郝乾坤) and Ms. Sheng Jiao (盛姣), holding approximately 13.31%, 16.67% and 1.56% of the partnership interests, respectively; and (ii) 30 other participants who are current employees of our Group.

Little Swan Ballet was established as a limited partnership in the PRC. Its general partner is Mr. Liu holding approximately 49% of the partnership interest. As of the Latest Practicable Date, Little Swan Ballet had two limited partners, Mr. Wu Wenxin (吳文新), a former employee of the Group, holding approximately 50% of the partnership interest and Ms. Xun Ruzhen (尋如珍), an employee of our Group, holding approximately 1% partnership interest.

ACTING-IN-CONCERT ARRANGEMENTS

On January 1, 2022, in order to demonstrate Mr. Liu's effective control over the Company in preparation for the A Share Listing Attempt in relation to the proposed listing of the Company's Shares on the ChiNext market of the Shenzhen Stock Exchange, Mr. Liu, Ms. Xu, Little Swan Lake, Little Swan Ballet and Future Life Investment entered into an acting-in-concert agreement (the "**2022 AIC Agreement**"), pursuant to which the parties and agreed that from the date of the 2022 AIC Agreement until the execution of a separate agreement to terminate this agreement, among other things, (i) agreed to act in concert on all proposals and resolutions presented at Board meetings and Shareholders' meetings; and (ii) undertook to follow

the instructions of Mr. Liu in relation to convening meetings, submitting proposals and exercising voting rights at such meetings.

On November 28, 2025, the parties entered into a supplemental acting-in-concert agreement (the "**2025 AIC Agreement**") which supersedes the 2022 AIC Agreement, pursuant to which Little Swan Lake ceased to be a party acting in concert with Mr. Liu and all other terms of the 2022 AIC Agreement remained unchanged. Ms. Xu, Future Life Investment and Little Swan Ballet remained to be parties acting in concert with Mr. Liu. Little Swan Lake is our Employee Incentive Platform which serves solely as a shareholding platform holding incentive shares for and on behalf of the Company's employees with no involvement in the management or operations of the Group, and this arrangement is intended only to facilitate the administration of the incentive shares held by Little Swan Lake pursuant to the Company's Employee Incentive Plans. The exit of Little Swan Lake from the concert party arrangement under the 2022 AIC Agreement was intended to provide greater flexibility and liquidity in managing incentive shares held by Little Sawn Lake pursuant to the Company's employee incentive schemes in preparation for the **[REDACTED]**.

Prior to the 2025 AIC Agreement, Mr. Liu, Ms. Xu, Little Swan Lake, Little Swan Ballet and Future Life Investment were entitled to control the exercise of approximately 88.94% of the voting power at the general meetings of the Company. Immediately after the execution of the 2025 AIC Agreement, Mr. Liu, Ms. Xu, Little Swan Ballet and Future Life Investment were entitled to control the exercise of approximately 85.94% of the voting power at the general meetings of our Company.

The 2025 AIC Agreement did not affect the ownership continuity and daily operation of our Company for the following reasons: (i) Mr. Liu has consistently acted as the de facto controller of our Company both before and after the 2025 AIC Agreement; (ii) Mr. Liu has continuously overseen the daily business operations of our Company and led the senior management team of our Company and there has been no change in his influence on our management as a result of the 2025 AIC Agreement; (iii) Little Swan Lake is our Employee Incentive Platform which serves solely as a shareholding platform with no involvement in the management or operations of the Group, and this arrangement is intended only to facilitate the administration of the incentive shares held by Little Swan Lake pursuant to the Company's Employee Incentive Plans; and (iv) the change in the voting power controlled by Mr. Liu resulting from the 2025 AIC Agreement will not have material impact on Mr. Liu's control over the Company.

Accordingly, our Controlling Shareholders comprise Mr. Liu, Ms. Xu, Little Swan Ballet and Future Life Investment. As of the Latest Practicable Date, our Controlling Shareholders were entitled to exercise voting rights of an aggregate of approximately 85.94% in our Company through (i) Future Life Investment as to approximately 69.67%; (ii) Mr. Liu as to approximately 8.82%; (iii) Ms. Xu as to approximately 5.45%; and (iv) Little Swan Ballet as to approximately 2.00%. Immediately upon completion of the **[REDACTED]** (assuming the **[REDACTED]** are not exercised), our Controlling Shareholders will be entitled to exercise voting rights of an aggregate of approximately **[REDACTED]**% in our Company.

FULL CIRCULATION

Our Company has applied for H Share full circulation to convert an aggregate of **[REDACTED]** Unlisted Shares held by our existing Shareholders, representing **[REDACTED]**% of the total issued Shares of our Company as of the Latest Practicable Date and approximately **[REDACTED]**% of the total issued Shares of our Company upon completion of the Conversion of Unlisted Shares into H Shares and the **[REDACTED]** (assuming the **[REDACTED]** is not

exercised andno additional Shares are issued under the Share Option Schemes). For details, see "Share Capital – Immediately Following the Completion of the **[REDACTED]**" in this document.

[REDACTED] FLOAT AND FREE FLOAT

Immediately upon the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes) and the conversion of Unlisted Shares into H Shares, a total of **[REDACTED]** H Shares held by our Controlling Shareholders, Mr. Liu, Ms. Xu, Future Life Investment and Little Swan Ballet, representing approximately **[REDACTED]**% of our total issued Shares upon the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes), will not be counted towards the **[REDACTED]** float.

Our expected market **[REDACTED]** upon the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised) will not exceed HK$**[REDACTED]** regardless of whether the **[REDACTED]** is at the low-end, mid-point or high-end of the **[REDACTED]**. Pursuant to Rule 19A.13A(1) of the Listing Rules, the minimum prescribed public float percentage applicable to our H Shares is **[REDACTED]**% in all cases. To the best knowledge of our Directors, save as disclosed above, immediately upon the completion of the **[REDACTED]** and conversion of Unlisted Shares into H Shares, given a total of **[REDACTED]** H Shares are held by our Shareholders who are not core connected persons and assuming **[REDACTED]** H Shares are **[REDACTED]** to the **[REDACTED]** Shareholders in the **[REDACTED]**, an aggregate of **[REDACTED]** H Shares representing approximately **[REDACTED]**% of our total issued Shares will be counted towards the **[REDACTED]** float, which is in compliance with the requirement under Rule 19A.13A(1) of the Listing Rules.

Rule 19A.13C(1) of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000. The Company is expected to satisfy the free float requirement under Rule 19A.13C(1)(a) of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

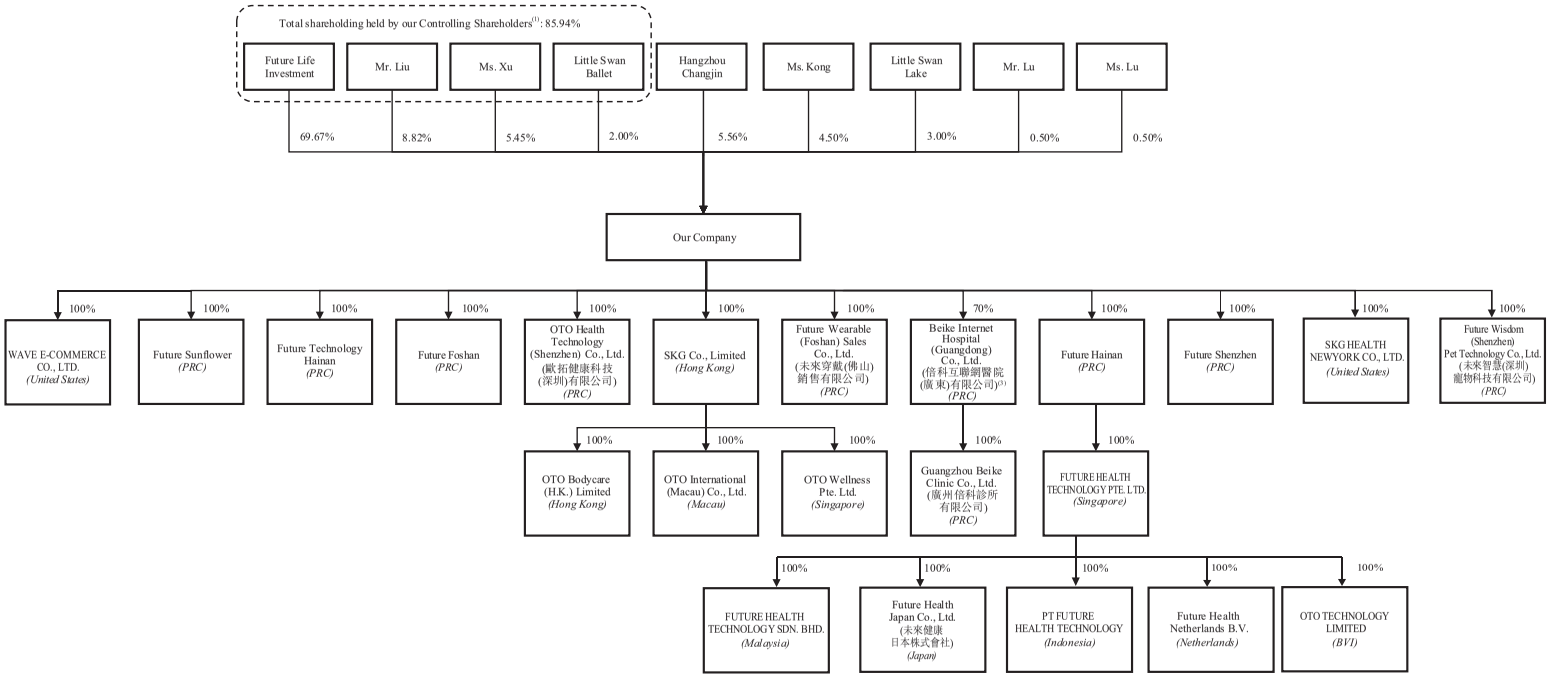
Our Company has filed with CSRC for H Share full circulation to convert an aggregate of **[REDACTED]** Unlisted Shares into H Shares upon the **[REDACTED]**.

The table below sets out the capitalization of our Company as of the Latest Practicable Date and immediately upon the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes):

	As of the Latest Practicable Date		Immediately upon the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no additional Shares are issued under the Share Option Schemes)		
Shareholder	**Number of Unlisted Shares held**	**Approximate ownership percentage**	**Number of H Shares held**	**Number of Unlisted Shares held**	**Approximate ownership percentage**
		(%)			*(%)*
Future Life Investment	250,822,545	69.67	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Mr. Liu	31,748,364	8.82	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Hangzhou Changjin	20,000,000	5.56	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ms. Xu	19,629,091	5.45	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ms. Kong	16,200,000	4.50	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Little Swan Lake	10,800,000	3.00	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Little Swan Ballet	7,200,000	2.00	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Mr. Lu	1,800,000	0.50	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ms. Lu	1,800,000	0.50	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Sub-total:	**360,000,000**	**100.00**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Investors participating in the **[REDACTED]**	–	–	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total:	**360,000,000**	**100.00**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

CORPORATE AND SHAREHOLDING STRUCTURE IMMEDIATELY BEFORE THE COMPLETION OF THE [REDACTED]

The chart below sets out our Group's corporate and shareholding structure immediately before the completion of the **[REDACTED]**.



Notes:

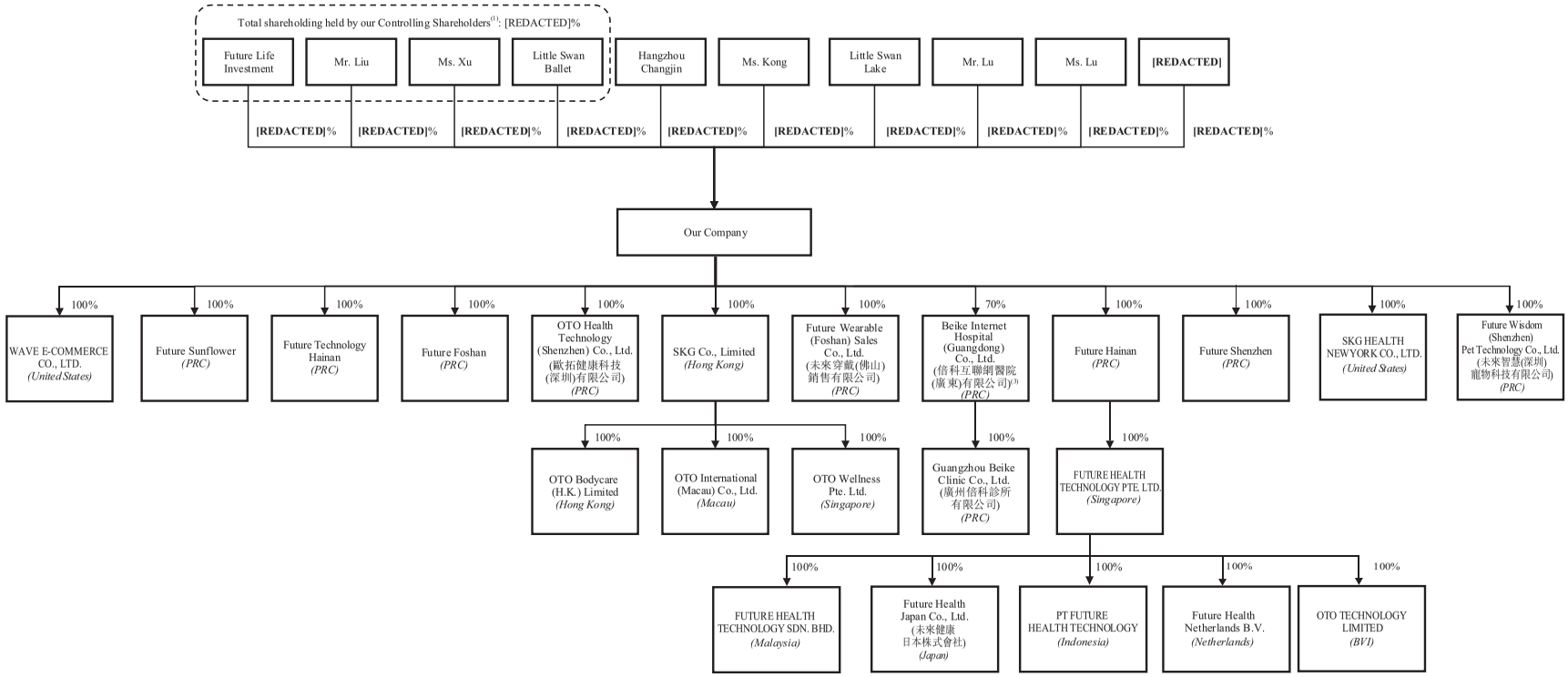
(1) Pursuant to the acting-in-concert arrangement, our Controlling Shareholders comprise Mr. Liu, Ms. Xu, Future Life Investment and Little Swan Ballet. For details, please see "– Acting-in-concert Arrangements" of this section.

(2) The percentages are subject to rounding difference.

(3) The remaining 30% equity interest in Beike Internet Hospital (Guangdong) Co., Ltd. (倍科互聯網醫院(廣東)有限公司) is held by Future Life Investment, one of our Controlling Shareholders.

CORPORATE AND SHAREHOLDING STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE [REDACTED]

The chart below sets out our Group's corporate and shareholding structure immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes).



Notes: See notes 1 to 3 to the chart in "– Corporate and Shareholding Structure Immediately before the Completion of the **[REDACTED]** above.

OVERVIEW

Who We Are

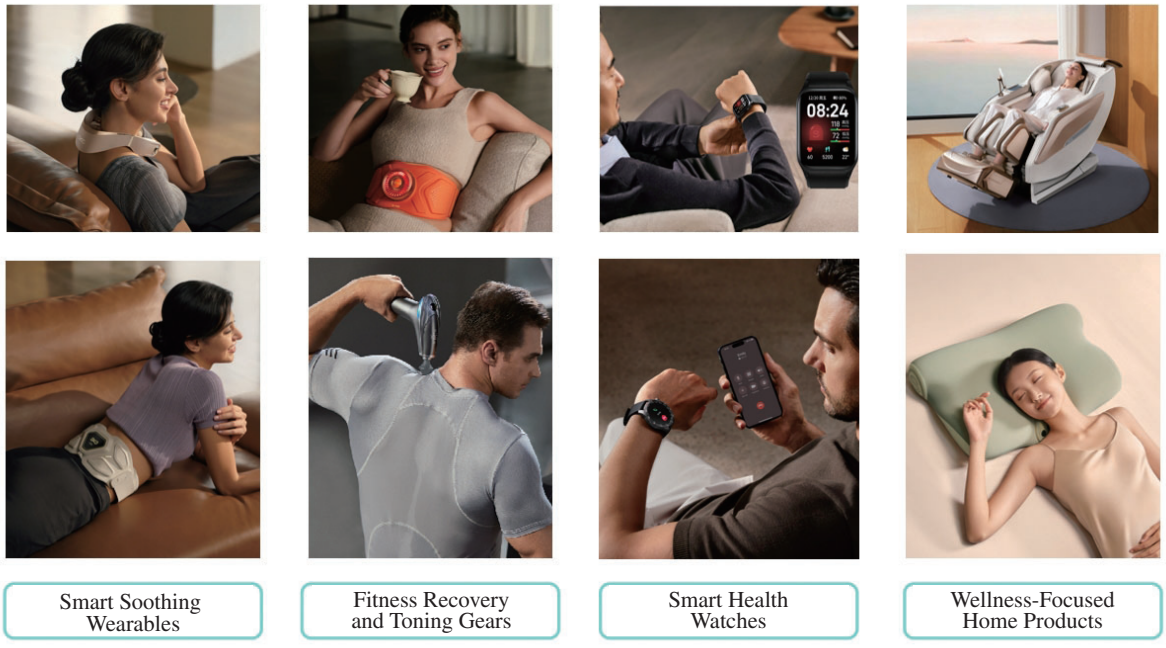
We are a health technology company that develops smart devices for soothing, recovery, and everyday health management across wearables and home products. Since 2016, we have developed a broad range of smart health devices and become a notable brand of smart soothing wearables in China and the world. 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. 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.

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.

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.

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.

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 inquires 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.

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

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,"

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

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

	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.

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.

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	• high-end business professionals	
	P7		
Classic Model	G5	• Urban white-collar workers	
	H5		
Fashion Model	4098 III	• 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.

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.

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	• High-end business professionals	
	K7	• Middle class and white-collar workers	
	E7	• Teenagers	
Classic Model	U5	• Urban white-collar workers	
	K5		
Fashion Model	E3–2	• 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

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	• Urban sports lovers	
Premium Model	W3	• Elderly	
Fashion Model	B3	• 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

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	• High-end business professionals	
Classic Model	K7	• Urban white-collar workers	
Fashion Model	G3	• 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.

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.

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.

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

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	• High Income Elites	
Premium Quality Massage Chair	T5	• Young-to-middle-aged Houseowners	
Smart Massage Sofa	H5	• 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.

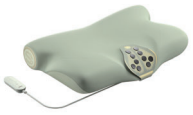
In line with our other core products, our smart massage sofa chairs are developed with our advanced technologies and design concepts. The Series H, for example, offers 12 distinct massage modes and 3D smart adjustments tailored to the shoulders, back, and hips. It incorporates advanced thermal therapy, 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.

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.

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.

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

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.

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.

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.

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	%
	(in thousands, except for percentages)						*(Unaudited)*			
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.

	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.

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.

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.

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.

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

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.

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	%
	(in thousands, except percentages)						*(Unaudited)*			
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

	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)			
Subtotal	–	–	1,838	1.6	44,611	21.4	3,113	4.8	38,347	29.3
Total	84,663	100.0	116,365	100.0	208,877	100.0	64,354	100.0	130,665	100.0

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

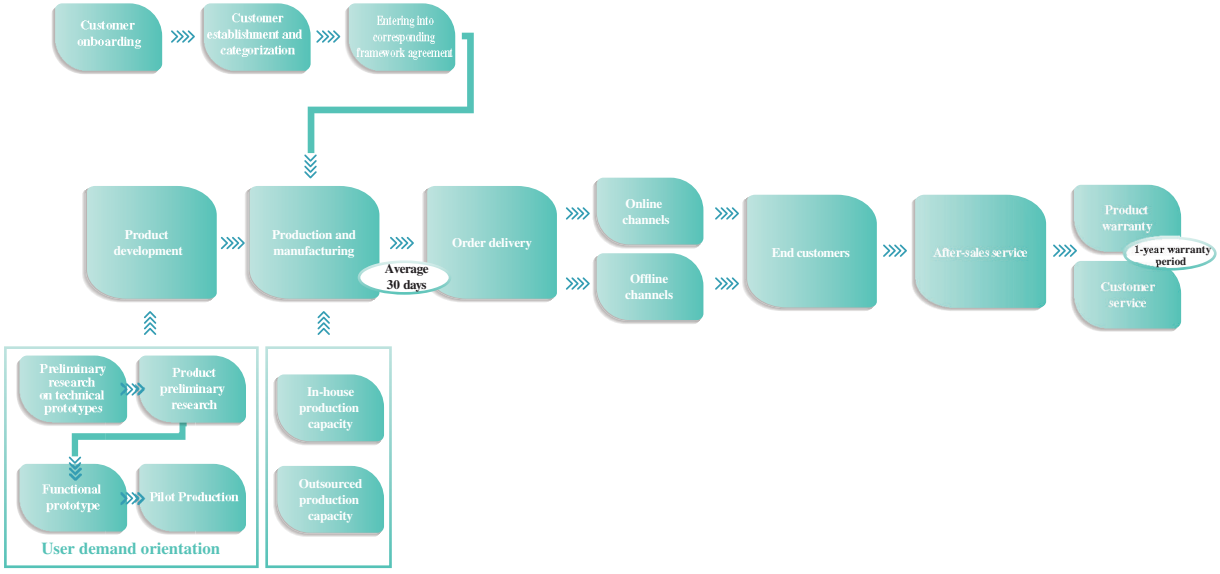
We set product prices based on multiple factors, including the market positioning of our brands and products, materials costs, comparable market prices, prevailing market conditions, and our manufacturing and operational expenses. We maintain a consistent pricing strategy and we participate in various 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

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.

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.

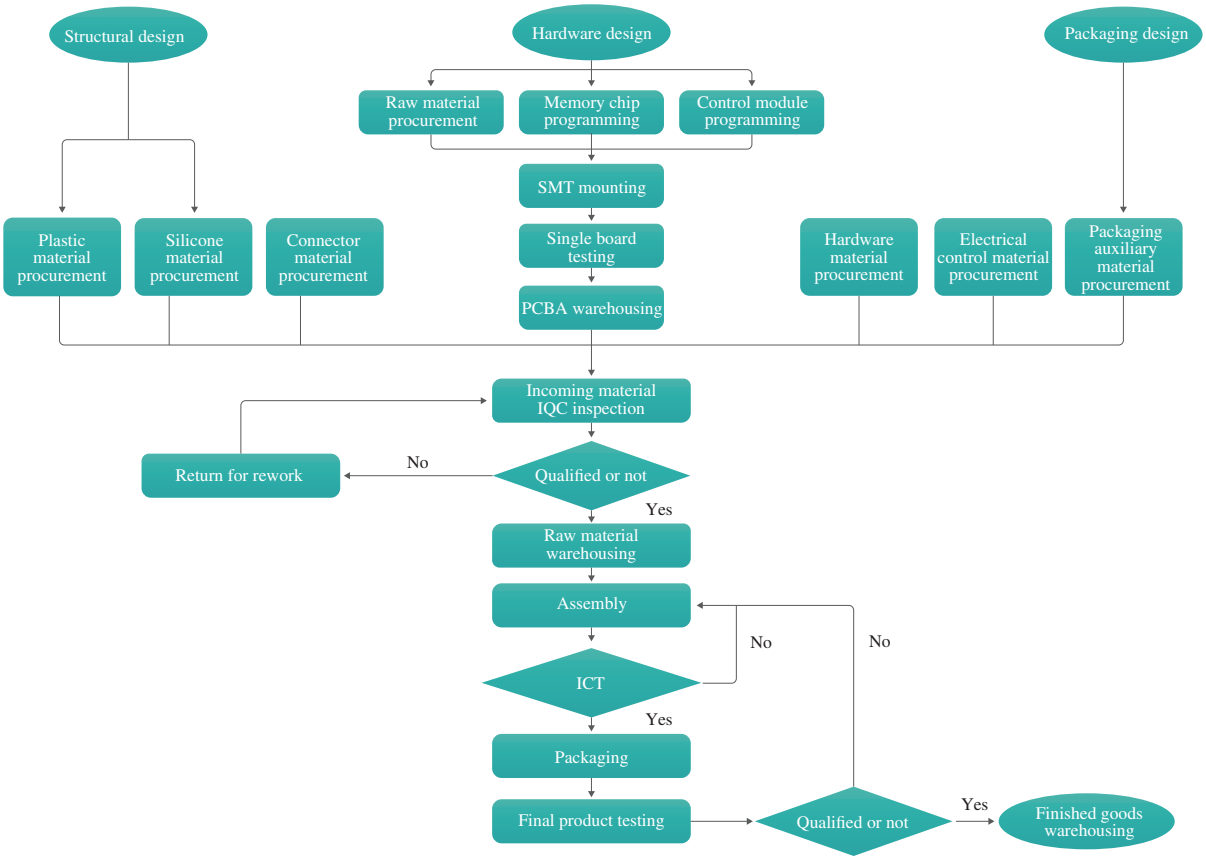
	For the Year ended December 31,			Five Months Ended May 31,
	2023	2024	2025	2026
Production capacity (thousand units)[(1)]	3,396	2,746	2,602	1,344
Production output (thousand units)	3,480	2,701	2,536	1,113
Capacity utilization rate[(2)]	102.5%	98.4%	97.5%	82.8%

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.

(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.

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.

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.

- *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.

- *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,

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 scrappage, 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

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	% of total revenue	Credit periods	Payment methods	Years of commencement of business relationship
			RMB'000				
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.

(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

No.	Customer	Products supplied/ services rendered	Revenue	% of total revenue	Credit periods	Payment methods	Years of commencement of business relationship
			RMB'000				
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	% 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	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.

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	% of total purchase	Credit periods	Payment methods	Years of commencement of business relationship
			RMB'000				
1	Supplier A[(1)]	Finished goods	77,959	16.7%	30 days	Wire transfers/bills payable	2023

No.	Supplier	Products/services provided	Purchased amount	% of total purchase	Credit periods	Payment methods	Years of commencement of business relationship
			RMB'000				
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	% of total purchase	Credit periods	Payment methods	Years of commencement of business relationship
			RMB'000				
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

No.	Supplier	Products/services provided	Purchased amount	% of total purchase	Credit periods	Payment methods	Years of commencement of business relationship
			RMB'000				
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	% of total purchase	Credit periods	Payment methods	Years of commencement of business relationship
			RMB'000				
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.

Year ended December 31, 2023

No.	Supplier	Products/services provided	Purchased amount	% of total purchase	Credit periods	Payment methods	Years of commencement of business relationship
			RMB'000				
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.

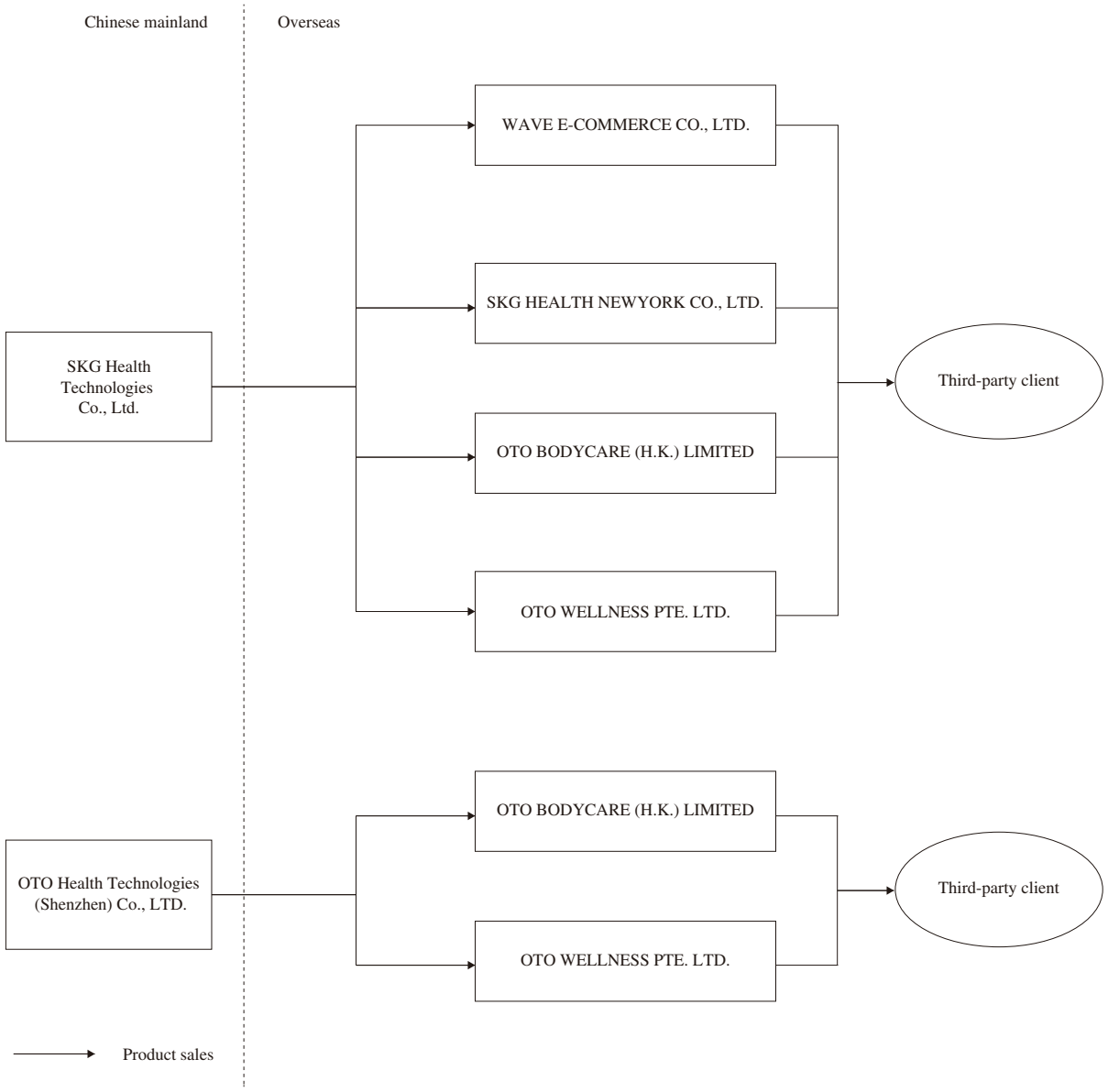
During the Track Record Period, none of our five largest customers were also suppliers, and none of our five largest suppliers were also customers.

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.



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	%
	(in thousands, except for percentage)									
							(Unaudited)			
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

	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%.

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.

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:

- *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,

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

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

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.

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.

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

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.

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

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

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.

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.

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.

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_2e)	N/A	N/A	N/A	N/A
Scope 2 emissions (tCO_2e)	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 tCO_2e 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 tCO_2e 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.

- 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.

	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."

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

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.

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 continuingly 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.	Graning Authority	Grant Date	Expiration Date
Import or Export Recordation (進出口相關備案)	Our Company	4403960V52	Fuzhong Customs	2009.11	N/A
	Future Sunflower	44229609Z8	Shunde Customs	2020.03	N/A
	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.

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

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

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

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."

The following discussion and analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, and our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors" and "Business."

For the purposes of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our fiscal years ended December 31 of such years, respectively.

OVERVIEW

Since 2016, we have been pioneering smart health wearables, a journey that has established us as the leader in smart soothing wearables in China. By bringing professional-grade medical technologies into lightweight consumer electronics, we empower people with professional-quality health management in their everyday lives, redefining the way wellness is experienced.

Driven by customer-centric innovation, our diverse product portfolio spans smart soothing wearables, fitness recovery and toning gears, smart health watches, and wellness-focused home products – all designed to elevate daily health and well-being. Many of our products are advanced in the industry, leveraging well-established wellness technologies such as medium-frequency pulse and transcutaneous electrical nerve stimulation (TENS). According to Frost & Sullivan, 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.

Our business model integrates product innovation, brand building, sales, user engagement and manufacturing into a cohesive system that drives sustainable growth and market competitiveness. We believe our business model enables us to respond swiftly to diverse customer needs, facilitate global resource synergy, and continuously improve product competitiveness and customer service capabilities. Ultimately, it consolidates our comprehensive strength and supports our future growth.

During the Track Record Period, substantially all of our revenues were generated from the sale of our products. We achieved 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 reached 20.1%, 18.4%, 17.1% in 2023, 2024 and 2025, respectively.

BASIS OF PREPARATION AND PRESENTATION

The historical financial information has been prepared in accordance with all applicable IFRSs. The historical financial information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each of the relevant years/periods.

The preparation of the historical financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying our accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 3 to the Accountants' Report in Appendix I to this document.

For the purpose of preparing our consolidated financial statements for the Track Record Period, we have adopted all applicable new and revised IFRSs which are effective to the relevant years/periods. The accounting policies set out in Note 2.3 to the Accountants' Report included in Appendix I to this document have been applied consistently throughout the relevant years/periods. The revised and new accounting standards and interpretations issued but not yet effective are set out in Note 2.2 to the Accountants' Report in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been, and are expected to continue to be, affected by the following major factors.

General Factors

Our business, results of operations and financial condition have been and are expected to be affected by general factors impacting the global and China's health technology industry. These factors include, among others, China's overall macroeconomic conditions, growth in per capita disposable income and consumer spending on health technology products, evolving consumer preferences towards technology-driven health solutions, and the competitive landscape of the industry. Any adverse change in these general conditions may negatively impact our business, results of operations and financial condition.

Specific Factors

While our business is influenced by the general factors set forth above, our results of operations are more directly affected by specific factors relating to our business, primarily including:

Our Ability to Innovate and Successfully Launch New Products

Our performance is highly dependent on our ability to consistently develop, innovate, and successfully launch new products that meet evolving consumer demands. Our product portfolio, which primarily includes smart soothing wearables, fitness recovery and toning gears, smart health watches and wellness-focused home products, is built upon technologies widely applied in medical fields, such as medium-frequency pulse technology and transcutaneous electrical nerve

stimulation (TENS). Our commitment to innovation is supported by our strong R&D capabilities. As of May 31, 2026, we had 168 employees dedicated to research and development, accounting for 23.3% of our total non-production staff. Furthermore, our innovations are protected by our intellectual property portfolio. As of May 31, 2026, we held a global portfolio of 1,554 registered patents, including 1,517 registered in China, and we also had 384 patent applications in China. Our ability to anticipate market trends and commercialize our R&D pipeline is critical to driving revenue growth and maintaining our market position.

Historically, our performance was driven by the strong contribution from our core product categories. Our revenue from the sale of smart soothing wearables was RMB888.3 million, RMB855.5 million, RMB855.9 million and RMB442.4 million in 2023, 2024, 2025 and for the five months ended May 31, 2026, respectively, representing 85.3%, 82.4%, 70.9% and 69.2% of our revenue from the sale of products for the same years/periods. Specifically, shoulder and neck soothing wearables continued to lead our portfolio, accounting for 48.9%, 50.3%, 41.4% and 37.1% of our revenue from the sale of products, respectively. Our research and development costs were RMB95.5 million, RMB79.2 million, RMB73.3 million and RMB38.4 million in 2023, 2024, 2025 and for the five months ended May 31, 2026, respectively, representing 9.1%, 7.6%, 6.0% and 5.9% of our revenue for the corresponding years/periods. The timing and market acceptance of our new product launches can cause our results of operations to fluctuate. A successful launch of a flagship product can significantly increase our revenue, while any delay or failure to meet market expectations could adversely affect our results of operations.

Our Ability to Enhance Brand Recognition and Execute Effective Marketing Strategies

We believe our "SKG" brand is a key asset, and our performance is significantly impacted by our ability to maintain and enhance its recognition and appeal among consumers. Our marketing strategies involve a combination of word-of-mouth referrals, a blend of online and offline advertising, and collaborations with diversified sales channels to reinforce our premium, technology-driven brand image.

The effectiveness of these marketing efforts directly impacts our customer acquisition and sales volume of our products. We have invested significantly in brand building and marketing, as reflected in our selling and marketing expenses, which increased from RMB216.0 million in 2023 to RMB225.6 million in 2024 and further to RMB288.2 million in 2025, representing 20.6%, 21.6% and 23.7% of our total revenue for the respective years. Our selling and marketing expenses amounted to RMB152.6 million for the five months ended May 31, 2026, representing 23.6% of our total revenue for the same period. Our future success will depend, to a certain extent, on our ability to conduct effective marketing campaigns that translate into sales growth and strengthen our brand equity, while managing these expenses efficiently.

Management and Performance of Our Sales Network

Our revenue is generated through a multi-channel network that is primarily distributor-led and supplemented by direct sales. The performance of this network, particularly our key distributors, has a significant impact on our results of operations. During the Track Record Period, revenue generated from the distribution model accounted for 90.8%, 88.1%, 80.9% and 78.4% of our revenue from the sale of products in 2023, 2024, 2025 and for the five months ended May 31, 2026, respectively. Within this model, online distribution is our largest channel, contributing 55.6%, 56.4%, 45.9% and 43.7% of revenue from the sale of products in the same years/periods. Maintaining stability in our distribution network is paramount to our business operations. As the distribution model continues to contribute the majority of our revenue, any

disruption in our relationship with distributors or a decline in their sales performance could materially affect our results of operations.

Our Ability to Manage Costs, Optimize Pricing and Maintain Profitability

Our profitability is primarily driven by our ability to effectively manage our cost of sales while maintaining a competitive pricing strategy. Our cost of sales principally consists of the cost of raw materials and components, and the cost of purchased finished goods. Consequently, fluctuations in the prices of key components, raw materials, and procurement costs can directly impact our margins. Our ability to optimize our supply chain, improve production efficiency at our in-house facility, and negotiate favorable terms with our partners is crucial to controlling these costs.

In addition to cost management, our pricing strategy plays a pivotal role in our profitability. We generally adopt a market-oriented pricing strategy that takes into account the market positioning of our brands and products, materials costs, comparable market prices, prevailing market conditions, and our manufacturing and operational expenses. For details of our pricing strategy, see "Business – Our Sales Network and Pricing – Pricing." Furthermore, our product mix significantly affects our overall margins, as our high-end series typically commands a premium price point and yields higher gross margins compared to other models.

Reflecting the combined effect of our cost management and pricing strategies, our gross margin was 49.1%, 48.9%, 49.5% and 48.2% in 2023, 2024, 2025 and for the five months ended May 31, 2026, respectively. The slight fluctuations in gross margin over the Track Record Period were primarily attributable to changes in our product mix and sales channel strategies. For instance, a strategic shift in the proportion of sales from channels or product categories with different cost structures can impact our overall gross margin.

Apart from gross profit, our overall profitability is also supported by our operational efficiency. During the Track Record Period, we successfully optimized our operating expenses, as evidenced by the effective control of our administrative expenses relative to our revenue growth. Going forward, we expect our profitability to remain sensitive to our ability to manage our sourcing and production costs, optimize our product mix, and execute our pricing strategies effectively.

Seasonality

Our results of operations may be affected by holidays. We typically experience higher sales in the periods leading up to major online shopping festivals in China, such as the "618" Shopping Festival in June and "Double 11" Shopping Festival in November, as well as prior to the Chinese New Year Shopping Festival. This is primarily because our distributors typically increase their purchase orders one to two months in advance to build up their inventory in anticipation of these festivals. Consequently, we generally increase our marketing activities and build up our own inventory accordingly in advance to capture these sales opportunities. The timing of these expenses may not always align with the recognition of the corresponding revenue. As a result, comparisons of our sales and operating results between different periods within a single financial year may not be indicative of our full-year performance and should not be relied upon as such.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our financial statements. Accounting policies that are material for understanding our financial condition and results of operations, including, without limitation, accounting policies in relation to revenue recognition, other income, inventories, share-based payments, and property, plant and equipment and depreciation, are set forth in detail in Note 2.3 to the Accountants' Report in Appendix I to this document. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. See Note 3 to the Accountants' Report in Appendix I to this document for details. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss 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 for percentages)									
							(Unaudited)			
Revenue	**1,045,822**	**100.0**	**1,044,792**	**100.0**	**1,217,540**	**100.0**	**424,908**	**100.0**	**645,683**	**100.0**
Cost of sales	(532,086)	(50.9)	(534,393)	(51.1)	(614,795)	(50.5)	(209,646)	(49.3)	(334,721)	(51.8)
Gross profit	**513,736**	**49.1**	**510,399**	**48.9**	**602,745**	**49.5**	**215,262**	**50.7**	**310,962**	**48.2**
Other income and gains	49,265	4.7	51,720	5.0	57,786	4.7	23,708	5.6	28,281	4.4
Selling and marketing expenses	(215,957)	(20.6)	(225,614)	(21.6)	(288,237)	(23.7)	(105,330)	(24.8)	(152,583)	(23.6)
Administrative expenses	(112,695)	(10.8)	(101,507)	(9.7)	(142,770)	(11.7)	(48,729)	(11.5)	(68,379)	(10.6)
Research and development costs	(95,505)	(9.1)	(79,178)	(7.6)	(73,278)	(6.0)	(28,825)	(6.8)	(38,364)	(5.9)
Impairment losses on financial assets, net	(723)	(0.1)	(648)	(0.1)	(1,440)	(0.1)	(88)	(0.0)	(1,313)	(0.2)
Other expenses	(1,259)	(0.1)	(3,225)	(0.3)	(5,342)	(0.4)	(1,794)	(0.4)	(10,920)	(1.7)
Finance costs	(913)	(0.1)	(2,293)	(0.2)	(2,840)	(0.2)	(1,310)	(0.3)	(1,939)	(0.3)
Profit before tax	**135,949**	**13.0**	**149,654**	**14.4**	**146,624**	**12.0**	**52,894**	**12.4**	**65,745**	**10.2**
Income tax expense	(9,422)	(0.9)	(14,195)	(1.4)	(14,831)	(1.2)	(5,505)	(1.3)	(4,102)	(0.6)
Profit for the year/period	**126,527**	**12.1**	**135,459**	**13.0**	**131,793**	**10.8**	**47,389**	**11.2**	**61,643**	**9.5**

NON-IFRS MEASURES

To supplement our consolidated financial statements which are presented under IFRS, we also use adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that such non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items. These measures provide useful information to **[REDACTED]** and others in understanding and evaluating our consolidated results of operations in the same manner as they

help our management. However, our presentation of the adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit (non-IFRS measure) as profit for the year/period adjusted for (i) equity-settled share-based payment expenses, representing non-cash expenses arising from granting share options and restricted shares to eligible individuals, and (ii) **[REDACTED]** expenses, representing expenses incurred in connection with the **[REDACTED]**, the previous application for the listing of our Shares on the ChiNext market of the Shenzhen Stock Exchange and the listing of our Shares on the NEEQ.

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

	For the Year Ended December 31,			For the Five Months Ended May 31,	
	2023	2024	2025	2025	2026
	(RMB in thousands)			*(Unaudited)*	
Profit for the year/period	**126,527**	**135,459**	**131,793**	**47,389**	**61,643**
Add back:					
Equity-settled share-based payment expenses	(8,385)	(9,491)	4,547	2,423	5,707
[REDACTED] expenses[(1)]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Non-IFRS measures:					
Adjusted net profit for the year/period (non-IFRS measure)	**122,941**	**125,968**	**156,742**	**49,812**	**70,050**
Adjusted net profit margin (non-IFRS measure) (%)	**11.8**	**12.1**	**12.9**	**11.7**	**10.8**

Note:

(1) The amounts include the **[REDACTED]** expenses in connection with previous A share listing attempts and the **[REDACTED]** that are expensed in profit or loss.

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

Our total revenue was RMB1,045.8 million, RMB1,044.8 million, RMB1,217.5 million, RMB424.9 million and RMB645.7 million in 2023, 2024 and 2025 and for the five months ended May 31, 2025 and 2026, respectively.

Revenue by Source

During the Track Record Period, our revenue was principally generated from the sale of our products. A small portion of our revenue was also generated from other sources, which primarily consists of revenue from the provision of product refurbishment services and the sale of

accessories and materials. The following table sets forth a breakdown of our revenue by source 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 for percentages)						*(Unaudited)*			
Revenue										
Sale of products	1,040,354	99.5	1,038,888	99.4	1,206,897	99.1	421,465	99.2	639,619	99.1
Others	5,468	0.5	5,904	0.6	10,643	0.9	3,443	0.8	6,064	0.9
Total	**1,045,822**	**100.0**	**1,044,792**	**100.0**	**1,217,540**	**100.0**	**424,908**	**100.0**	**645,683**	**100.0**

Revenue by Geographical Location

During the Track Record Period, we primarily derived revenue from sales in Chinese Mainland, and we have also been expanding our sales to overseas markets. Our revenue from other countries and regions was primarily generated through direct sales via overseas e-commerce platforms and offline self-operated stores. The following table sets forth a breakdown of our revenue by geographical location 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 for percentages)						*(Unaudited)*			
Revenue										
Chinese Mainland	966,561	92.4	980,782	93.9	1,071,449	88.0	390,150	91.8	561,913	87.0
Other countries and regions[(1)]	79,261	7.6	64,010	6.1	146,091	12.0	34,758	8.2	83,770	13.0
Total	**1,045,822**	**100.0**	**1,044,792**	**100.0**	**1,217,540**	**100.0**	**424,908**	**100.0**	**645,683**	**100.0**

Notes:

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

Revenue from the Sale of Products by Product Type

Our products are broadly categorized into four categories: (i) smart soothing wearables, (ii) fitness recovery and toning gears, (iii) smart health watches, and (iv) wellness-focused home products. Smart soothing wearables – our core product line and primary driver of our historical revenue growth – mainly include devices designed for shoulder and neck, waist, eyes, as well as devices for other body parts, primarily knees and legs. Fitness recovery and toning gears primarily comprise fascia guns and abdominal toners, as well as other products related to fitness recovery and toning.

The following table sets forth a breakdown of our revenue from the sale of products by product category 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 for 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
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.

Revenue from the Sale of Products by Sales Channel

We sell our products through a multi-channel network that primarily consists of a distribution model and a direct sales model, complemented by other sales channels.

- *Distribution sales*. The distribution model, which contributed the majority of our revenue during the Track Record Period, comprises online distribution and offline distribution.

- *Direct sales*. Revenue from direct sales is primarily generated through our self-operated online stores, and to a lesser extent, through our offline flagship stores and specialty stores.

- *Others*. Our other sales channels primarily consist of ODM sales and consignment sales. Our ODM sales represent sales to customers who market products under their own brands and specifications, where we are primarily responsible for product design

and manufacturing. Our consignment sales represent a model where we entrust customers to sell our products, and the corresponding revenue is recognized upon acceptance by the end customers.

The following table sets forth a breakdown of our revenue from the sale of products by sales channel 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 for percentages)									
							(Unaudited)			
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**

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.

During the Track Record Period, we have strategically optimized and diversified our sales channels to enhance our market reach. While the distribution model remains our primary revenue source, we have also achieved significant growth in our direct sales. During the Track Record Period, our direct sales were mainly conducted through online channels, primarily attributable to our successful expansion on major e-commerce platforms, particularly Douyin, as well as Amazon, to enhance direct consumer engagement. We also commenced our direct sales through offline channels in late 2024. Revenue from direct sales grew from RMB84.7 million in 2023 to RMB116.4 million in 2024 and further increased to RMB208.9 million in 2025, and from RMB64.6 million for the five months ended May 31, 2025 to RMB130.7 million for the five months ended May 31, 2026. As a result, the contribution from our direct sales model to our total revenue from the sale of products increased significantly from 8.1% in 2023 to 11.2% in 2024, and further to 17.3% in 2025, and from 15.3% for the five months ended May 31, 2025 to 20.4% for the five months ended May 31, 2026.

At the same time, consistent with our strategy to maintain a stable and efficient distributor network, distribution sales continued to account for the majority of our revenue from sales of products throughout the Track Record Period, while the change in proportion reflects in part the significant growth of our direct sales. Our revenue from distribution sales was RMB945.0 million, RMB915.7 million, RMB976.7 million, RMB351.4 million and RMB501.2 million, representing 90.8%, 88.1%, 80.9%, 83.4% and 78.4% of our total revenue from the sale of products in 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026, respectively.

Cost of Sales

Cost of Sales by Nature

Our cost of sales primarily consists of (i) the cost of raw materials and components for our in-house produced products, (ii) the cost of purchased finished goods from our third-party OEM manufacturers, (iii) manufacturing costs, including depreciation and amortization, staff costs for manufacturing-related personnel, and consumption of auxiliary materials, (iv) direct labor costs, (v) shipping and handling costs and (vi) others, mainly including impairment losses on asset, and costs related to product refurbishment services and the sale of accessories and materials.

The following table sets forth a breakdown of our cost of sales 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	%
	(in thousands, except for percentages)						*(Unaudited)*			
Cost of sales										
Cost of raw materials and components	314,412	59.1	245,133	45.9	244,445	39.8	90,171	43.0	118,412	35.4
Cost of purchased finished goods	129,077	24.3	206,508	38.6	290,188	47.2	95,006	45.3	174,789	52.2
Manufacturing costs	40,884	7.7	35,534	6.6	27,132	4.4	4,881	2.3	10,862	3.2
Direct labor costs	25,274	4.7	20,201	3.8	18,276	3.0	6,128	2.9	9,082	2.7
Shipping and handling costs	13,666	2.6	15,914	3.0	24,265	3.9	7,436	3.6	12,663	3.8
Others	8,773	1.6	11,103	2.1	10,489	1.7	6,024	2.9	8,913	2.7
Total	**532,086**	**100.0**	**534,393**	**100.0**	**614,795**	**100.0**	**209,646**	**100.0**	**334,721**	**100.0**

Cost of Sales by Product Type

The following table sets forth a breakdown of our cost of sales 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	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)						*(Unaudited)*			
Cost of sales										
Smart soothing wearables	442,169	83.1	420,378	78.7	400,608	65.2	146,587	69.9	220,493	65.9
Fitness recovery and toning gears	57,272	10.8	78,932	14.8	168,902	27.5	48,237	23.0	83,048	24.8
Smart health watches	20,003	3.8	10,167	1.9	3,910	0.6	1,718	0.8	4,157	1.2
Wellness-focused home products	3,869	0.7	13,813	2.6	30,886	5.0	7,080	3.4	18,110	5.4
Others[(1)]	8,773	1.6	11,103	2.0	10,489	1.7	6,024	2.9	8,913	2.7
Total	**532,086**	**100.0**	**534,393**	**100.0**	**614,795**	**100.0**	**209,646**	**100.0**	**334,721**	**100.0**

Notes:

(1) Others represent cost of sales related to the provision of product refurbishment services and the sale of accessories and materials.

Gross Profit and Gross Margin

In 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026, our gross profit was RMB513.7 million, RMB510.4 million, RMB602.7 million, RMB215.3 million and RMB311.0 million, respectively, representing a gross margin of 49.1%, 48.9%, 49.5%, 50.7% and 48.2%, respectively.

Gross Profit from the Sale of Products

The following table sets forth our gross profit from the sale of products and the corresponding gross margin 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	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)									
							(Unaudited)			
Sale of products										
Smart smoothing wearables	446,167	50.2	435,146	50.9	455,245	53.2	174,495	54.3	221,919	50.2
Fitness recovery and toning gears	39,941	41.1	59,316	42.9	123,033	42.1	38,463	44.4	66,305	44.4
Smart health watches	27,994	58.3	13,441	56.9	3,218	45.1	1,972	53.4	1,403	25.2
Wellness-focused home products	2,939	43.2	7,695	35.8	21,095	40.6	2,913	29.2	24,184	57.2
Total	**517,041**	**49.7**	**515,598**	**49.6**	**602,591**	**49.9**	**217,843**	**51.7**	**313,811**	**49.1**

Other Income and Gains

We recorded other income and gains of RMB49.3 million, RMB51.7 million, RMB57.8 million, RMB23.7 million and RMB28.3 million in 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026, respectively.

The following table sets forth a breakdown of our other income and gains 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 for percentages)									
							(Unaudited)			
Other income										
Government grants	6,856	13.9	5,462	10.6	2,274	4.0	896	3.8	1,221	4.3
Value added tax refund	27,303	55.4	27,400	52.9	30,305	52.4	12,697	53.6	19,085	67.5

	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 percentages)						*(Unaudited)*			
Bank interest income	9,356	19.0	12,037	23.3	11,441	19.8	4,366	18.4	4,617	16.3
Investment income from financial assets at fair value through profit or loss	2,069	4.2	2,183	4.2	4,130	7.1	1,712	7.2	–	–
Rental income	51	0.1	2,619	5.1	5,964	10.3	2,418	10.2	2,456	8.7
Compensation income	1,217	2.5	15	0.0	1,794	3.1	577	2.4	214	0.8
Others	–	–	613	1.2	859	1.5	392	1.7	424	1.5
Total other income	**46,852**	**95.1**	**50,329**	**97.3**	**56,767**	**98.2**	**23,058**	**97.3**	**28,017**	**99.1**
Gains										
Foreign exchange gains, net	1,062	2.2	700	1.4	–	–	189	0.8	–	–
Fair value gains on financial assets at fair value through profit or loss	346	0.7	253	0.5	488	0.9	458	1.9	–	–
Gains on early termination of right-of-use assets	810	1.6	54	0.1	–	–	–	–	2	0.0
Others	195	0.4	384	0.7	531	0.9	3	0.0	262	0.9
Total gains	**2,413**	**4.9**	**1,391**	**2.7**	**1,019**	**1.8**	**650**	**2.7**	**264**	**0.9**
Total other income and gains	**49,265**	**100.0**	**51,720**	**100.0**	**57,786**	**100.0**	**23,708**	**100.0**	**28,281**	**100.0**

Selling and Marketing Expenses

Our selling and marketing expenses consist primarily of (i) promotion and advertising expenses, which include expenses for online marketing (including new media channels and e-commerce platforms), celebrity endorsements, and offline marketing activities, (ii) staff costs consisting primarily of salaries, bonuses, social insurance and share-based payment expenses for our sales, marketing, and after-sale service personnel, (iii) depreciation and amortization, relating to right-of-use assets for our retail stores, fixed assets, and other intangible assets used by the sales and marketing departments, (iv) office and travel expenses, and (v) others, which mainly consist of material consumption costs for marketing activities, conference fees, and quality-related compensation expenses, among others.

The following table sets forth a breakdown of our selling and marketing expenses 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 for percentages)						*(Unaudited)*			
Selling and marketing expenses										
Promotion and advertising expenses	154,996	71.7	156,526	69.4	189,808	65.9	73,292	69.6	95,634	62.7
Staff costs	40,630	18.8	47,529	21.1	63,007	21.9	20,351	19.3	35,459	23.2
Depreciation and amortization	10,925	5.1	11,975	5.3	19,098	6.6	5,749	5.5	10,098	6.6
Office and travel expenses	5,109	2.4	6,204	2.7	11,288	3.9	3,274	3.1	6,561	4.3
Others	4,297	2.0	3,380	1.5	5,036	1.7	2,664	2.5	4,831	3.2
Total	**215,957**	**100.0**	**225,614**	**100.0**	**288,237**	**100.0**	**105,330**	**100.0**	**152,583**	**100.0**

Administrative Expenses

Our administrative expenses consist primarily of (i) staff costs consisting primarily of salaries, bonuses, social insurance, and share-based payment expenses for our administrative and management personnel, (ii) depreciation and amortization related to our office buildings, equipment, and intangible assets, (iii) consulting expenses for services related to corporate strategy, human resources, and tax compliance, (iv) professional service expenses for services such as financial audits and legal counsel, (v) office and travel expenses including business entertainment expenses, travel and general office expenses, as well as fees for cloud platforms and software usage, (vi) patent maintenance and product certification expenses, (vii) taxes and surcharges, and (viii) others, which mainly consist of bank charges and other miscellaneous expenses.

The following table sets forth a breakdown of our administrative expenses 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 for percentages)						*(Unaudited)*			
Administrative expenses										
Staff costs	66,659	59.1	52,363	51.6	65,706	46.0	27,904	57.3	34,708	50.8
Depreciation and amortization	9,340	8.3	13,648	13.4	14,095	9.9	5,082	10.4	6,402	9.4
Consulting expenses	3,616	3.2	2,628	2.6	7,695	5.4	2,523	5.2	4,704	6.9
H-share **[REDACTED]** expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Professional service expenses	6,996	6.2	1,470	1.4	7,932	5.5	961	2.0	1,308	1.9
Office and travel expenses	7,161	6.4	9,562	9.4	9,800	6.9	3,986	8.2	6,556	9.6

	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 percentages)									
							(Unaudited)			
Patent maintenance and product certification expenses	8,398	7.5	5,262	5.2	7,147	5.0	2,808	5.7	3,314	4.8
Taxes and surcharges	8,163	7.2	10,298	10.1	9,419	6.6	3,138	6.4	4,889	7.1
Others	2,362	2.1	6,276	6.2	6,869	4.8	2,327	4.8	3,798	5.6
Total	**112,695**	**100.0**	**101,507**	**100.0**	**142,770**	**100.0**	**48,729**	**100.0**	**68,379**	**100.0**

Our professional service expenses fluctuated during the Track Record Period. The decrease from RMB7.0 million in 2023 to RMB1.5 million in 2024 was primarily because the audit fees incurred in 2023 related to the Beijing Stock Exchange tutoring were not repeated in 2024. The subsequent increase to RMB7.9 million in 2025 was primarily attributable to the expensing of A-share listing expenses that were previously capitalized in 2024 following the change in our **[REDACTED]** plan.

Our patent maintenance and product certification expenses varied in line with our intellectual property strategy and product certificate volume. The decrease from RMB8.4 million in 2023 to RMB5.3 million in 2024 was primarily due to a strategic adjustment to our patent portfolio, where we ceased maintaining certain low-value or non-core patents, coupled with the expiration of certain patents and fewer new applications. The increase from RMB5.3 million in 2024 to RMB7.1 million in 2025 was mainly driven by an increase in patent maintenance fees resulting from a higher number of patent applications, including new overseas applications, and (ii) an increase in product certification fees due to a greater volume of experimental samples submitted for testing.

Research and Development Costs

We are committed to innovation and have established a robust R&D framework to develop cutting-edge products. Our research and development costs consist primarily of (i) staff costs, including salaries, bonuses, social insurance and share-based payment expenses for our research and development personnel, (ii) office and travel expenses, (iii) research and material expenses, which comprise costs for prototypes, specialized R&D materials, sample units for testing and expenses incurred for new product design and trial production runs, (iv) depreciation and amortization of fixed assets and intangible assets used in R&D activities, and (v) others, which mainly consist of technical development fees for outsourced R&D services and product testing fees, among others.

The following table sets forth a breakdown of our research and development costs 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 for percentages)						*(Unaudited)*			
Research and development costs										
Staff costs	72,641	76.1	60,376	76.3	58,810	80.3	24,682	85.6	32,308	84.2
Research and material expenses	10,675	11.2	9,535	12.0	6,986	9.5	1,963	6.8	2,700	7.0
Office and travel expenses	3,115	3.3	2,307	2.9	1,993	2.7	689	2.4	1,141	3.0
Depreciation and amortization	6,505	6.8	3,773	4.8	2,323	3.2	1,021	3.6	1,071	2.8
Others	2,569	2.6	3,187	4.0	3,166	4.3	470	1.6	1,144	3.0
Total	**95,505**	**100.0**	**79,178**	**100.0**	**73,278**	**100.0**	**28,825**	**100.0**	**38,364**	**100.0**

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net primarily represents credit impairment losses on our trade and bills receivables and impairment losses on other receivables. We recorded impairment losses on financial assets, net of RMB0.7 million, RMB0.6 million, RMB1.4 million, RMB0.1 million and RMB1.3 million in 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026, respectively.

Other Expenses

Our other expenses consist primarily of rental expenses, penalties and overdue charges, losses on disposal of non-current assets, foreign exchange losses, and other miscellaneous expenses. We recorded other expenses of RMB1.3 million, RMB3.2 million, RMB5.3 million, RMB1.8 million and RMB10.9 million in 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026, respectively.

Finance Costs

Our finance costs consist primarily of interest expenses on lease liabilities and interest on bank loans, net of interest capitalized. We recorded finance costs of RMB0.9 million, RMB2.3 million, RMB2.8 million, RMB1.3 million and RMB1.9 million, in 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026, respectively.

Income Tax

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of us are domiciled and operate. We recorded income tax expense of RMB9.4 million, RMB14.2 million, RMB14.8 million, RMB5.5 million and RMB4.1 million in 2023, 2024, 2025 and for the five months ended May 31, 2025 and 2026, respectively. For details, see Note 10 to the Accountants' Report included in Appendix I to this document.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Five Months Ended May 31, 2026 Compared to Five Months Ended May 31, 2025

Revenue

Our revenue increased by 52.0% from RMB424.9 million for the five months ended May 31, 2025 to RMB645.7 million for the five months ended May 31, 2026, primarily driven by revenue growth in smart soothing wearables and fitness recovery and toning gears. In specific:

- *Smart Soothing Wearables*. Revenue from the sale of smart soothing wearables increased by 37.8% from RMB321.1 million for the five months ended May 31, 2025 to RMB442.4 million for the five months ended May 31, 2026, primarily due to an increase in sales across our core product lines, particularly shoulder and neck as well as waist soothing wearables. This robust growth was primarily fueled by a broader recovery in consumer demand for smart health products, stimulated by national consumer subsidy policies enacted in 2026, alongside the rapid expansion and optimization of our distribution network.

- *Fitness Recovery and Toning Gears*. Revenue from the sale of fitness recovery and toning gears increased by 72.3% from RMB86.7 million for the five months ended May 31, 2025 to RMB149.4 million for the five months ended May 31, 2026, which was mainly because of a significant increase in sales of our abdominal toners, particularly the newly launched Q7 series, which successfully captured consumer demand. The growth was further supported by the robust growth in sales of our waist and back recovery devices.

- *Smart Health Watches*. Revenue from the sale of smart health watches increased by 50.7% from RMB3.7 million for the five months ended May 31, 2025 to RMB5.6 million for the five months ended May 31, 2026, primarily attributable to an increase in sales volume of our newly launched health-alert smartwatch models.

- *Wellness-Focused Home Products*. Revenue from the sale of wellness-focused home products increased by 323.2% from RMB10.0 million for the five months ended May 31, 2025 to RMB42.3 million for the five months ended May 31, 2026, primarily due to a substantial increase in revenue from massage chairs. This was mainly because the financial results of the OTO entities, which we acquired in June 2025, were not consolidated in the first five months of 2025 but were fully consolidated in the corresponding period of 2026.

Cost of Sales

Our cost of sales increased by 59.7% from RMB209.6 million for the five months ended May 31, 2025 to RMB334.7 million for the five months ended May 31, 2026, which was generally in line with the growth in our sales volume.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 44.5% from RMB215.3 million for the five months ended May 31, 2025 to RMB311.0 million for the five months ended May 31, 2026, primarily due to the overall growth in our sales volume and revenue. Our overall gross margin decreased from 50.7% for the five months ended May 31, 2025 to 48.2% for the five

months ended May 31, 2026, driven by the scaling up of our physical massage products, which generally carry relatively lower margins. Furthermore, this increase reflected gross margin fluctuations across our product lines as follows:

- *Smart Soothing Wearables*. Gross margin for this category decreased from 54.3% for the five months ended May 31, 2025 to 50.2% for the five months ended May 31, 2026, primarily due to an increased sales proportion of physical massage products within our shoulder and neck soothing wearables, which have lower gross margins than pulse products. The decrease was also attributable to increased price competition in the distribution channels.

- *Fitness Recovery and Toning Gears*. Gross margin for this category remained stable at 44.4% for the five months ended May 31, 2025 and with the high margins of higher-priced newly introduced products, such as our Ultra model abdominal toners sold through direct sales channels, offset by lower-margin waist and back recovery devices.

- *Smart Health Watches*. Gross margin for this category decreased from 53.4% for the five months ended May 31, 2025 to 25.2% for the five months ended May 31, 2026, primarily due to the relatively higher unit cost of new products resulting from their low sales volume in the early stage of the market-expansion phase, which had not yet achieved economies of scale, coupled with higher costs of certain core components, such as chips, due to price increases in the component market.

- *Wellness-Focused Home Products*. Gross margin for this category increased from 29.2% for the five months ended May 31, 2025 to 57.2% for the five months ended May 31, 2026, primarily due to the financial consolidation of OTO following our acquisition in June 2025, which significantly increased the sales proportion of high-value-added and premium massage chairs that carry higher gross margins.

Other Income and Gains

Our other income and gains increased by 19.3% from RMB23.7 million for the five months ended May 31, 2025 to RMB28.3 million for the five months ended May 31, 2026, primarily attributable to an increase in value added tax refund.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 44.9% from RMB105.3 million for the five months ended May 31, 2025 to RMB152.6 million for the five months ended May 31, 2026, primarily due to (i) an increase in promotion and advertising expenses, reflecting our continuous investment in online marketing channels, including e-commerce platforms, new media channels and influencer collaborations, to enhance brand awareness and drive sales, and (ii) increases in staff costs, depreciation and amortization, and office and travel expenses, which were primarily attributable to the expansion of our overseas business operations.

Administrative Expenses

Our administrative expenses increased by 40.3% from RMB48.7 million for the five months ended May 31, 2025 to RMB68.4 million for the five months ended May 31, 2026, primarily due to an increase in staff costs, primarily for the expansion of our administrative team.

Research and Development Costs

Our research and development costs increased by 33.1% from RMB28.8 million for the five months ended May 31, 2025 to RMB38.4 million for the five months ended May 31, 2026, primarily due to an increase in staff costs in relation to the expansion of our R&D team, which was mainly for the development of our smart health watches.

Impairment Losses on Financial Assets, Net

We recorded impairment losses on financial assets, net of RMB0.1 million for the five months ended May 31, 2025, and RMB1.3 million for the five months ended May 31, 2026, primarily due to an increase in the impairment losses on trade and bills receivables, which is in line with the growth in our trade and bills receivables.

Other Expenses

Our other expenses significantly increased from RMB1.8 million for the five months ended May 31, 2025 to RMB10.9 million for the five months ended May 31, 2026, primarily due to (i) an increase in foreign exchange losses resulting from currency fluctuations, and (ii) an increase in purchases of wealth management products.

Finance Costs

Our finance costs increased by 48.0% from RMB1.3 million for the five months ended May 31, 2025 to RMB1.9 million for the five months ended May 31, 2026, primarily due to an increase in interest on bank loans and an increase in interest on lease liabilities.

Income Tax Expenses

Our income tax expenses decreased by 25.5% from RMB5.5 million for the five months ended May 31, 2025 to RMB4.1 million for the five months ended May 31, 2026.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 30.1% from RMB47.4 million for the five months ended May 31, 2025 to RMB61.6 million for the five months ended May 31, 2026.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 16.5% from RMB1,044.8 million in 2024 to RMB1,217.5 million in 2025, primarily driven by revenue growth in fitness recovery and toning gears and wellness-focused home products, partially offset by a decrease in revenue from smart health watches. In specific:

- *Smart Soothing Wearables*. Revenue from the sale of smart soothing wearables remained relatively stable, with a slight increase from RMB855.5 million in 2024 to RMB855.9 million in 2025, primarily due to (i) an increase in revenue from the sale of our other smart soothing wearables, primarily due to an increase in sales of Series W knee soothing wearables such as W3 and W5, which specifically cater to the joint

care needs of elderly users and sports enthusiasts, and (ii) an increase in revenue from the sale of our waist smart soothing wearables, primarily due to the increased revenue contribution from our high-end models with higher selling prices, such as Series G7, which successfully captured the demand for premium massage experiences among high-end business professionals. These increases were partially offset by a decrease in revenue from shoulder and neck soothing wearables as we strategically phased out older models to optimize our product portfolio.

- *Fitness Recovery and Toning Gears*. Revenue from the sale of fitness recovery and toning gears increased by 111.2% from RMB138.2 million in 2024 to RMB291.9 million in 2025, which was mainly because (i) our newly launched abdominal toning devices which are designed for passive muscle stimulation, successfully addressed the needs of sedentary users and generated incremental revenue in 2025, and (ii) we achieved robust growth in sales of our existing fitness gears driven by the introduction of upgraded waist and back recovery devices.

- *Smart Health Watches*. Revenue from the sale of smart health watches decreased by 69.9% from RMB23.6 million in 2024 to RMB7.1 million in 2025. This decrease was primarily due to a significant reduction in our front-end marketing and promotional spending for existing sports watches, coupled with lower average selling prices resulting from clearance sales of older consumer-grade models such as Series V7. These actions were the direct result of a shift in our strategic focus and resources toward the R&D of next-generation products featuring advanced health alert capabilities in preparation for product upgrades. In 2024 and 2025, we gradually phased out our R&D pipeline for sport smart watches as our products reached a mature stage and we shifted our emphasis to smart health watches where we can better leverage our health technology reserve. Specifically, we concentrated our resources on developing the medical-grade oscillometric blood pressure detection technology for our new flagship Series S7, which led to a planned reduction in the marketing and sales of older consumer-grade models, such as Series V7, during this product iteration cycle. Although we launched this new flagship model during this period, it is designed for professional health data monitoring and specifically targets the middle-aged and elderly population with focused health tracking needs. Consequently, as this new health-alert series is still in a gradual sales ramp-up phase, its initial revenue contributions have not yet fully bridged the gap left by the strategic phase-out of our older models.

- *Wellness-Focused Home Products*. Revenue from the sale of wellness-focused home products increased by 141.9% from RMB21.5 million in 2024 to RMB52.0 million in 2025, primarily due to the enrichment of our product portfolio following the acquisition in 2025, which introduced established wellness-focused home products, particularly mature massage chair product lines, to our offerings and significantly boosted sales in this category. For details, see Note 31 to the Accountants' Report included in Appendix I to this document.

Cost of Sales

Our cost of sales increased by 15.0% from RMB534.4 million in 2024 to RMB614.8 million in 2025, which was generally in line with the growth in our sales volume.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 18.1% from RMB510.4 million in 2024 to RMB602.7 million in 2025. Our overall gross margin increased from 48.9% in 2024 to 49.5% in 2025. This overall improvement was primarily driven by the continued expansion of our online direct sales channels, particularly Douyin and Amazon, which generally yield higher gross margins. Furthermore, this increase reflected gross margin fluctuations across our product lines as follows:

- *Smart Soothing Wearables.* Gross margin for this category increased from 50.9% in 2024 to 53.2% in 2025, primarily because we proactively phased out lower-margin older models of shoulder and neck massagers and increased the sales proportion of high-margin flagship products.

- *Fitness Recovery and Toning Gears.* Gross margin for this category slightly decreased from 42.9% in 2024 to 42.1% in 2025, mainly due to promotional subsidies provided for our newly launched abdominal toning devices to rapidly capture market share during their initial rollout.

- *Smart Health Watches.* Gross margin for this category decreased from 56.9% in 2024 to 45.1% in 2025, primarily due to lower-priced clearance sales and promotional initiatives for our older sports and fashion smartwatch models as we strategically transitioned our focus towards the new health-alert series.

- *Wellness-Focused Home Products.* Gross margin for this category increased significantly from 35.8% in 2024 to 40.6% in 2025, largely attributable to the introduction of higher-margin massage chair products following the OTO acquisition.

Other Income and Gains

Our other income and gains increased by 11.8% from RMB51.7 million in 2024 to RMB57.8 million in 2025, primarily attributable to (i) an increase in value added tax refund, (ii) an increase in gross rental income from investment property operating leases and (iii) an increase in investment income from financial assets at FVTPL.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 27.7% from RMB225.6 million in 2024 to RMB288.2 million in 2025, primarily due to (i) an increase in promotion and advertising expenses, reflecting our continuous investment in online marketing channels, including e-commerce platforms and new media channels, to enhance brand awareness and drive sales, and (ii) increases in staff costs, depreciation and amortization, and office and travel expenses, which were primarily attributable to the expansion of our overseas business operations.

Administrative Expenses

Our administrative expenses increased by 40.7% from RMB101.5 million in 2024 to RMB142.8 million in 2025, primarily due to (i) an increase in professional service expenses, mainly attributable to the expensing of A-share listing expenses that were previously capitalized, alongside the newly incurred professional fees for the **[REDACTED]**, (ii) an increase in staff costs, primarily driven by a shift in share-based payment expenses from a reversal in 2024 to an expense recognition in 2025, and (iii) an increase in consulting expenses, resulting from

comprehensive advisory services engaged for our corporate strategic development, human resources management, and organizational optimization.

Research and Development Costs

Our research and development costs decreased by 7.4% from RMB79.2 million in 2024 to RMB73.3 million in 2025, primarily due to (i) a decrease in research and material expenses, mainly driven by the maturation of our product development system and the enhancement of our design and innovation capabilities, which reduced our expenditure on certain outsourced design services, (ii) a decrease in staff costs driven by the strategic optimization of our personnel structure and compensation packages, and (iii) a decrease in depreciation and amortization, primarily attributable to our refined cost control measures that leads to a decrease in rental costs following the renewal of office leases, which resulted in lower amortization of right-of-use assets.

Impairment Losses on Financial Assets, Net

We recorded impairment losses on financial assets, net of RMB1.4 million in 2025, compared to RMB0.6 million in 2024, primarily due to an increase in the impairment losses on trade and bills receivables, which is in line with the growth in our trade and bills receivables.

Other Expenses

Our other expenses increased from RMB3.2 million in 2024 to RMB5.3 million in 2025, primarily due to (i) an increase in foreign exchange losses resulting from currency fluctuations, and (ii) an increase in direct operating expenses arising from rental-earning investment properties.

Finance Costs

Our finance costs increased by 21.7% from RMB2.3 million in 2024 to RMB2.8 million in 2025, primarily due to (i) an increase in interest on lease liabilities following the addition of new leased retail stores from the OTO acquisition, and (ii) an increase in interest on bank loans, driven by our strategic utilization of bank borrowings to support overall business development.

Income Tax Expenses

Our income tax expenses increased by 4.2% from RMB14.2 million in 2024 to RMB14.8 million in 2025.

Profit for the Year

As a result of the foregoing, our profit for the year remained relatively stable at RMB135.5 million in 2024 and RMB131.8 million in 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue remained relatively stable at RMB1,045.8 million in 2023 to RMB1,044.8 million in 2024, reflecting the combined effect of revenue growth in fitness recovery and toning

gears and wellness-focused home products, offset by revenue declines in smart soothing wearables and smart health watches. In specific:

- *Smart Soothing Wearables*. Revenue from the sale of smart soothing wearables decreased by 3.7% from RMB888.3 million in 2023 to RMB855.5 million in 2024, primarily due to a decrease in sales of our waist soothing wearables. This reflected our strategic decision to reallocate resources toward the R&D and sales of waist fitness recovery devices in order to capitalize on the rapid expansion of that market sector, which resulted in a planned reduction in traffic acquisition and marketing budgets for our older electrical pulse waist soothing devices. The decrease was partially offset by an increase in sales of shoulder and neck soothing wearables, which was primarily driven by our successful launch of our H5 Gen II shoulder and neck soothing wearable that better addressed consumer demand for broader massage coverage.

- *Fitness Recovery and Toning Gears*. Revenue from the sale of fitness recovery and toning gears increased significantly by 42.2% from RMB97.2 million in 2023 to RMB138.2 million in 2024, mainly driven by the successful launch and market acceptance of our new waist fitness recovery devices.

- *Smart Health Watches*. Revenue from the sale of smart health watches decreased by 50.8% from RMB48.0 million in 2023 to RMB23.6 million in 2024. This decrease was primarily due to a significant reduction in our front-end marketing and promotional spending for existing sports watches, coupled with lower average selling prices resulting from clearance sales of older consumer-grade models such as Series V7. These actions were the direct result of a shift in our strategic focus and resources towards the R&D of next-generation products featuring advanced health alert capabilities in preparation for product upgrades.

- *Wellness-Focused Home Products*. Revenue from the sale of wellness-focused home products increased significantly by 216.2% from RMB6.8 million in 2023 to RMB21.5 million in 2024, primarily due to an increase in sales of sleep pillows as we expanded our offerings of wellness accessories.

Cost of Sales

Our cost of sales remained relatively stable at RMB532.1 million in 2023 and RMB534.4 million in 2024.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit remained relatively stable at RMB513.7 million in 2023 to RMB510.4 million in 2024. Our overall gross margin remained relatively stable at 49.1% in 2023 and 48.9% in 2024. This stability reflected gross margin fluctuations across our product lines as follows:

- *Smart Soothing Wearables.* Gross margin for this category remained relatively stable, with a slight increase from 50.2% in 2023 to 50.9% in 2024. A slight decrease in the margin of shoulder and neck soothing wearables, which was driven by a higher sales proportion of mechanical models with higher hardware costs to align with evolving consumer preferences, was offset by an increase in the gross margin of waist soothing wearables, primarily driven by an increase in its average selling price.

- *Fitness Recovery and Toning Gears.* Gross margin for this category increased from 41.1% in 2023 to 42.9% in 2024, primarily driven by the introduction of higher-margin non-wearable massage devices, which offset the impact of promotional discounts offered on certain existing products such as fascia guns to maintain market competitiveness.

- *Smart Health Watches.* Gross margin for this category decreased slightly from 58.3% in 2023 to 56.9% in 2024. This slight decline was primarily attributable to initial pricing adjustments and promotional activities for our older smartwatch models, marking the beginning of our strategic transition toward the new health-alert series.

- *Wellness-Focused Home Products.* Gross margin for this category decreased from 43.2% in 2023 to 35.8% in 2024, primarily reflecting our strategic pricing adjustments to rapidly expand our market presence and capture consumer demand through centralized procurement channels and promotional sales for our newly introduced wellness accessories.

Other Income and Gains

Our other income and gains increased by 4.9% from RMB49.3 million in 2023 to RMB51.7 million in 2024, primarily due to (i) an increase in rental income from investment property operating leases and (ii) an increase in bank interest income.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 4.4% from RMB216.0 million in 2023 to RMB225.6 million in 2024, primarily due to (i) an increase in staff costs driven by and an increase in the number of sales and marketing personnel, (ii) an increase in depreciation and amortization mainly attributable to the expansion of our offline sales channels, and (iii) an increase in office and travel expenses.

Administrative Expenses

Our administrative expenses decreased by 9.9% from RMB112.7 million in 2023 to RMB101.5 million in 2024, primarily due to a decrease in staff costs, which was mainly attributable to an increase in the reversal of share-based payment expenses. This reversal was primarily triggered by the resignation of a former executive director in 2024, which resulted in the forfeiture of his unvested share awards and the subsequent reversal of previously recognized expenses.

Research and Development Costs

Our research and development costs decreased by 17.1% from RMB95.5 million in 2023 to RMB79.2 million in 2024, primarily due to (i) a decrease in staff costs as a result of personnel structure adjustments, reflecting the optimization of our personnel structure by reducing the average headcount and improved efficiency of our R&D personnel, (ii) a decrease in depreciation and amortization, mainly attributable to decreased rental rates of R&D facilities, and (iii) a decrease in research and material expenses. These decreases were partially offset by an increase in designing expenses driven by increased investment in the design of new products to strengthen our brand recognition.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets, net, remained relatively stable at RMB0.7 million in 2023 and RMB0.6 million in 2024.

Other Expenses

Our other expenses increased from RMB1.3 million in 2023 to RMB3.2 million in 2024, primarily due to an increase in rental expenses.

Finance Costs

Our finance costs increased from RMB0.9 million in 2023 to RMB2.3 million in 2024, primarily due to an increase in interest expenses on bank loans.

Income Tax Expenses

Our income tax expense increased by 51.1% from RMB9.4 million in 2023 to RMB14.2 million in 2024, primarily due to (i) an increase in our profit before tax, and (ii) a decrease in the tax benefit arising from additional deductible research and development expenses.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 7.1% from RMB126.5 million in 2023 to RMB135.5 million in 2024.

DISCUSSION OF CERTAIN KEY ITEMS ON CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our consolidated balance sheets as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Non-current assets				
Property, plant and equipment	298,886	301,194	309,855	327,747
Investment properties	638	577	515	489
Right-of-use assets	84,883	83,211	95,575	105,210
Intangible assets	25,396	27,204	35,424	33,108
Deferred tax assets	3,329	3,745	5,314	11,943
Prepayments, other receivables and other assets	12,946	4,591	6,827	6,341
Time deposits	–	142,452	146,092	–
Certificates of deposit	128,144	49,283	29,365	–
Restricted bank deposits	–	50,839	–	–
Total non-current assets	**554,222**	**663,096**	**628,967**	**484,838**
Current assets				
Inventories	70,104	60,941	87,484	97,709
Trade and bills receivables	45,001	43,390	86,997	106,529
Prepayments, other receivables and other assets	60,789	72,077	72,693	83,088

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Financial assets at fair value through profit or loss	100,346	200,599	243,096	516,925
Time deposits	–	–	101,737	212,162
Certificates of deposit	–	132,391	21,358	51,319
Restricted bank deposits	76,661	40,803	123,937	35,661
Cash and cash equivalents	313,433	88,521	94,847	98,209
Total current assets	**666,334**	**638,722**	**832,149**	**1,201,602**
Current liabilities				
Trade and bills payables	278,595	253,203	360,407	479,552
Contract liabilities	8,980	22,817	18,756	13,511
Other payables and accruals	174,026	135,144	138,405	125,830
Interest-bearing bank borrowings	12,663	70,042	180,061	220,061
Lease liabilities	4,822	4,161	13,441	12,917
Tax payable	5,753	9,235	2,698	6,641
Provision	2,025	4,647	2,918	3,718
Total current liabilities	**486,864**	**499,249**	**716,686**	**862,230**
Net current assets	**179,470**	**139,473**	**115,463**	**339,372**
Total assets less current liabilities	**733,692**	**802,569**	**744,430**	**824,210**
Non-current liabilities				
Interest-bearing bank borrowings	57,400	–	–	–
Lease liabilities	985	1,229	5,397	17,076
Deferred income	727	640	1,187	1,145
Total non-current liabilities	**59,112**	**1,869**	**6,584**	**18,221**
Net assets	**674,580**	**800,700**	**737,846**	**805,989**

Assets

Property, Plant and Equipment

Our property, plant and equipment primarily consist of buildings, machine equipment and tooling, transportation equipment, other equipment, renovation assets and construction in progress. The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Property, plant and equipment				
Buildings	1,501	243,726	237,604	235,699
Machine equipment and tooling	30,898	30,144	36,025	33,185
Transportation equipment	227	145	157	147
Other equipment	6,648	9,712	7,607	8,619
Renovation assets	13,476	14,254	14,143	12,381
Construction in progress	246,136	3,213	14,319	37,716
Total	**298,886**	**301,194**	**309,855**	**327,747**

Our property, plant and equipment remained relatively stable at RMB298.9 million as of December 31, 2023 and RMB301.2 million as of December 31, 2024, with construction in progress decreasing and buildings increasing primarily due to the transfer of the completed Phase I of SKG Future Health Digital Manufacturing Base from construction in progress to buildings. Our property, plant and equipment slightly increased to RMB309.9 million as of December 31, 2025, primarily attributable to (i) an increase in construction in progress, driven by the commencement of the Phase II of SKG Future Health Digital Manufacturing Base, and (ii) an increase in machine equipment and tooling, reflecting the acquisition of new molds to support our expanded product portfolio in 2025, alongside the purchase of specialized machinery to enhance product quality and production efficiency. The amount further increased to RMB327.7 million as of May 31, 2026, primarily attributable to an increase in construction in progress, driven by an increase in construction in progress, driven by the continuous construction of the Phase II of SKG Future Health Digital Manufacturing Base.

Right-of-use Assets

Our right-of-use assets mainly represent our properties and leasehold land. The following table sets forth the breakdown of our right-of-use assets as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Right-of-use assets				
Properties	5,183	5,165	19,183	29,506
Leasehold land	79,700	78,046	76,392	75,704
Total	**84,883**	**83,211**	**95,575**	**105,210**

Our right-of-use assets were RMB84.9 million as of December 31, 2023 and remained relatively stable at RMB83.2 million as of December 31, 2024. Our right-of-use assets further increased to RMB95.6 million as of December 31, 2025 and RMB105.2 million as of May 31, 2026, primarily attributable to an increase in overseas operating premises driven by the expansion of our overseas business.

Intangible Assets

Our intangible assets consist primarily of software, trademarks and customer relationships. Our intangible assets remained relatively stable at RMB25.4 million as of December 31, 2023 and RMB27.2 million as of December 31, 2024. Our intangible assets increased to RMB35.4

million as of December 31, 2025, primarily attributable to the recognition of intangible assets arising from our acquisition in 2025. Our intangible assets remained relatively stable at RMB33.1 million as of May 31, 2026.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets are categorized into non-current and current portions. The non-current portion primarily comprises prepayments for the acquisition of property, plant and equipment and non-current deposits. The current portion primarily consists of value-added tax (VAT) recoverable, prepayments for raw materials and third-party services, prepaid income tax, current deposits and right-of-return assets and other receivables. The following table sets forth the details of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Prepayments, other receivables and other assets				
Non-current				
Prepayments for property, plant and equipment	11,208	3,496	2,966	3,871
Deposits	1,738	1,095	3,861	2,470
Total	**12,946**	**4,591**	**6,827**	**6,341**
Current				
Prepayments	7,554	11,030	16,897	21,662
VAT recoverable	48,155	49,582	45,637	48,858
Prepaid income tax	1,316	5,023	114	194
Deposits	1,693	3,064	6,225	7,840
Right-of-return assets	763	2,112	949	1,337
Due from the controlling shareholders	–	–	300	–
Deferred **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other receivables	2,059	1,677	978	1,514
Subtotal	**61,540**	**72,488**	**73,047**	**83,576**
Less: Impairment of other receivables	(751)	(411)	(354)	(488)
Total	**60,789**	**72,077**	**72,693**	**83,088**

Our non-current prepayments, other receivables and other assets decreased from RMB12.9 million as of December 31, 2023 to RMB4.6 million as of December 31, 2024, mainly because the prepayments related to Phase I of SKG Future Health Digital Manufacturing Base were capitalized into property, plant and equipment upon the completion. The amount further increased to RMB6.8 million as of December 31, 2025, primarily due to an increase in long-term rental deposits associated with new retail stores following our acquisition in 2025, which was partially offset by a slight decrease in prepayments for property, plant and equipment. Our non-current prepayments, other receivables and other assets was RMB6.3 million as of May 31, 2026, remaining at a relatively stable level. The amount then slightly decreased to RMB6.3 million as of May 31, 2026, primarily attributable to an increase in prepayments for prepayments

for property, plant and equipment in relation to the construction of Phase II of SKG Future Health Digital Manufacturing Base, partially offset by a decrease in deposits primarily due to the reclassification of certain deposits from non-current portion into current portion.

Our current prepayments, other receivables and other assets increased from RMB60.8 million as of December 31, 2023 to RMB72.1 million as of December 31, 2024, primarily due to (i) an increase in prepayments for marketing and promotion services to enhance brand awareness, and (ii) an increase in prepaid income tax. The amount continued to increase to RMB72.7 million as of December 31, 2025, primarily attributable to (i) an increase in prepayments, largely driven by upfront payments for the procurement of raw materials and finished products, (ii) an increase in short-term rental deposits resulting from the acquisition in 2025, and (iii) the recognition of deferred **[REDACTED]** expenses in connection with the **[REDACTED]**. The amount then increased to RMB83.1 million as of May 31, 2026, primarily due to higher advance payments made to suppliers.

As of June 25, 2026, approximately RMB8.7 million, or 9.8% of our prepayments, other receivables and other assets outstanding as of May 31, 2026, had been subsequently settled or utilized.

Inventories

Our inventories mainly represent (i) finished goods, which mainly represent our products ready for sale, (ii) raw materials, which mainly represent electronic components, silicone parts, plastic parts and other materials and components, (iii) goods in transit, which mainly represent products shipped to but not yet received by our customers, and (iv) work in progress, which mainly represent components undergoing the assembly process. The following table sets forth the composition of our inventories as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Inventories				
Finished goods	49,794	41,302	68,176	72,027
Raw materials	16,710	7,924	17,288	21,085
Goods in transit	2,188	10,574	1,202	4,054
Work in progress	1,412	1,141	818	543
Total	**70,104**	**60,941**	**87,484**	**97,709**

Our inventories decreased from RMB70.1 million as of December 31, 2023 to RMB60.9 million as of December 31, 2024, primarily driven by a decrease in raw materials and finished goods, which reflected our enhanced supply chain management through "produce-to-order" and "procure-to-order" strategies. Our inventories increased to RMB87.5 million as of December 31, 2025, primarily due to an increase in finished goods and raw materials, reflecting the consolidation of inventories following the acquisition in 2025, as well as our strategic stocking in line with our expanded overseas direct sale business. Our inventories further increased to RMB97.7 million as of May 31, 2026, primarily due to an increase in finished goods and raw materials, driven by (i) our strategic expansion into overseas markets, which resulted in an increase in overseas inventories, and (ii) the "618" Shopping Festival in 2026 in China.

The following table sets forth our inventories turnover days for the years/periods indicated.

	For the Year Ended December 31,			For the Five Months Ended May 31,
	2023	2024	2025	2026
Inventories turnover days[(1)]	54	45	44	42

Note:

(1) The inventory turnover days are derived by dividing the average of the beginning and ending inventories by cost of sales for the relevant period and multiplied by the number of days in the respective period (i.e., 365 days for the full years and 151 days for the five-month period ended May 31, 2026).

Our inventory turnover days decreased from 54 days in 2023 to 45 days in 2024 and 44 days in 2025, and remained relatively stable at 42 days for the five months ended May 31, 2026. This improvement was primarily attributable to the accelerated consumption of inventory driven by our sales growth, coupled with our optimization of the alignment between production and sales processes and our continuous enhancement of supply chain management efficiency.

The following table sets forth an aging analysis of our inventories as of the date indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Within one year	69,465	60,618	86,983	98,912
One to two years	2,164	1,590	2,671	2,123
Over two years	194	156	505	1,122
Subtotal	**71,823**	**62,364**	**90,159**	**102,157**
Less: inventory provision	(1,719)	(1,423)	(2,675)	(4,448)
Total	**70,104**	**60,941**	**87,484**	**97,709**

As of June 25, 2026, approximately RMB21.7 million, or 21.3% of our inventories outstanding as of May 31, 2026, had been subsequently sold or utilized.

Trade and Bills Receivables

Our trade and bills receivables primarily represent (i) trade receivables from our distributors of business, and (ii) bills receivables, which are bank acceptance bills received from certain customers. The following table sets forth a breakdown of our trade and bills receivables by nature as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Trade and bills receivables				
Trade receivables	42,107	44,411	90,297	111,362
Bills receivables	5,000	1,200	400	–
Subtotal	**47,107**	**45,611**	**90,697**	**111,362**
Less: impairment of trade receivables	(2,106)	(2,221)	(3,700)	(4,833)
Net carrying amount	**45,001**	**43,390**	**86,997**	**106,529**

Our net trade and bills receivables remained relatively stable at RMB45.0 million as of December 31, 2023 and RMB43.4 million as of December 31, 2024. This amount increased to RMB87.0 million as of December 31, 2025, primarily attributable to our enhanced credit and strategic support for distribution channels on the online e-commerce platform, as well as the robust growth of our overseas distribution business. The amount further increased to RMB106.5 million, which was primarily attributable to the seasonal ramp-up for the "618" Shopping Festival in June 2026. As of June 25, 2026, approximately RMB39.1 million, or 35.1% of our trade and bills receivables outstanding as of May 31, 2026, had been subsequently settled.

As of December 31, 2023, 2024, 2025 and May 31, 2026, we recorded a loss allowance for trade receivables of RMB2.1 million, RMB2.2 million, RMB3.7 million and RMB4.8 million, respectively. For details on impairment provisions for trade receivables, see Note 20 to the Accountant's Report set out in Appendix I to this document.

The following table sets forth our trade and bills receivables turnover days for the years indicated.

	For the Year Ended December 31,			For the Five Months Ended May 31,
	2023	2024	2025	2026
Trade and bills receivables turnover days[(1)]	15	15	20	24

Note:

(1) The trade and bills receivables turnover days are derived by dividing the average of the beginning and ending trade and bills receivables, net of loss allowance by revenue for the relevant period and multiplied by the number of days in the respective period (i.e., 365 days for the full years and 151 days for the five-month period ended May 31, 2026).

Our trade and bills receivables turnover days remained stable at 15 days in 2023 and 2024. Our trade and bills receivables turnover days increased to 20 days in 2025 and 24 days for the five months ended May 31, 2026, which is primarily due to the higher period-end trade and bills receivables balance.

Our trade terms with certain customers are on credit, and the credit period is generally within 60 days. We have a concentration of credit risk regarding our trade receivables. As of December 31, 2023, 2024, 2025 and May 31, 2026, 64%, 55%, 55% and 51% of our trade receivables were attributable to our five largest customers, respectively.

As of December 31, 2023, 2024, 2025 and May 31, 2026, all of our trade and bills receivables were aged within one year.

Financial Assets at FVTPL and Certificates of Deposit

During the Track Record Period, we utilized financial assets at fair value through profit or loss (FVTPL) and certificates of deposit (CDs) as part of our cash management strategy to enhance returns on idle funds while preserving capital. Our total financial assets at FVTPL increased from RMB100.3 million as of December 31, 2023 to RMB200.6 million as of December 31, 2024, and further increased to RMB243.1 million as of December 31, 2025 and RMB516.9 million as of May 31, 2026. We held certificates of deposit amounting to RMB128.1 million, RMB181.7 million, RMB50.7 million and RMB51.3 million as of December 31, 2023, 2024, 2025 and May 31, 2026, respectively. For details, see Note 21, Note 22 and Note 38 of the Accountant's Report in Appendix I to the document.

In terms of nature and key terms, our financial assets at FVTPL mainly consisted of structured deposits and wealth management products categorized as low-to-medium risk, while our certificates of deposit were fixed-income deposit products. These assets were primarily issued by reputable commercial banks in Chinese Mainland. The structured deposits typically had a term ranging from one to three years, with returns often linked to financial indicators such as exchange rates or interest rates.

We manage credit risk by strictly limiting our counterparties to large state-owned banks or listed commercial banks which typically hold investment-grade credit ratings from major rating agencies. During the Track Record Period and up to the Latest Practicable Date, the Group has not experienced any default on the principal or interest of our financial assets at FVTPL or certificates of deposit. Based on our maturity analysis as of May 31, 2026, all of these assets were classified as current assets (maturing within one year), comprising RMB516.9 million of financial assets at FVTPL and RMB51.3 million of certificates of deposit.

We have established a comprehensive Capital Management Policy to govern our investment activities, with a primary focus on capital preservation and the efficient use of idle funds. Our investment decisions are guided by an "annual capital management plan," formulated by our Board of Directors, which sets the overall investment limit and strategy for the year. Within this approved framework, our finance department assesses specific opportunities by strictly prioritizing liquidity and capital safety. We implement a strategy of matching cash holding periods with product maturities, ensuring that funds are available when needed for operations. We strictly limit our investments to products rated PR2 (Low-Medium Risk) or below issued by reputable financial institutions and avoid high-risk or speculative financial instruments. To ensure stringent oversight, we strictly enforce the separation of duties between investment decision-making, execution, and accounting. For fund transfers, our internal control system requires a dual-approval process in our online banking system; notably, any single transaction exceeding RMB10 million mandates an additional review and approval by our chief financial officer, ensuring stringent oversight on large-scale capital outflows. We maintain a continuous post-investment monitoring mechanism. Our finance department regularly reviews the status of our investment portfolio, tracking the principal safety and interest settlement status. These monitoring results are subject to the review of our chief financial officer. If any potential risks regarding the counterparty's ability to fulfill its obligations are detected, the finance department will report to the management to formulate response measures.

Our primary strategy regarding these assets is to match the product maturity with our forecasted cash usage and hold them to maturity. Therefore, we generally do not actively trade

these assets. However, we maintain the right to redeem the products early, subject to the terms and conditions of the specific products, should the Group encounter urgent unforeseen liquidity needs. Any decision to divest or redeem early requires the same level of approval authority as the initial investment decision. Upon the **[REDACTED]**, we will ensure that our investments in such financial products strictly comply with the requirements under Chapter 14 of the Listing Rules.

Liabilities

Trade and Bills Payables

Our trade and bills payables consist primarily of payables for the purchase of goods. During the Track Record Period, our bills payable consisted of bank acceptance bills issued primarily for the procurement of raw materials, with maturity periods typically ranging from three to six months. The following table sets forth our trade and bills payables as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Trade and bills payables				
Trade payables	50,782	69,549	80,579	74,180
Bills payable	227,813	183,654	279,828	405,372
Total	**278,595**	**253,203**	**360,407**	**479,552**

Our trade and bills payables decreased from RMB278.6 million as of December 31, 2023 to RMB253.2 million as of December 31, 2024, primarily driven by a decrease in bills payable, which was attributable to a temporary adjustment in our procurement settlement arrangements with a higher proportion of cash settlements in 2024. During this period, procurement orders for certain materials were split between different operating subsidiaries of the Group as part of a transition in our production arrangements. This decentralization of orders reduced the average settlement amount per transaction with suppliers. In accordance with our internal payment policy, which prioritizes the use of bank acceptance bills for settlements exceeding RMB100,000 and cash for smaller amounts, the reduction in individual transaction sizes led to a higher proportion of settlements falling below the threshold for bill issuance, thereby temporarily increasing cash settlements and reducing the balance of bills payable. This amount subsequently increased to RMB360.4 million as of December 31, 2025, reflecting an increase in bills payable. This increase was primarily driven by an increase in our procurement volume to support the sales growth following our continuous channel expansion. The amount further increased to RMB479.6 million as of May 31, 2026, reflecting an increase in bills payable , primarily due to the increase in procurement volume to support the sales growth.

The following table sets forth our trade and bills payables turnover days for the years/periods indicated.

	For the Year Ended December 31,			For the Five Months Ended May 31,
	2023	2024	2025	2026
Trade and bills payables turnover days[(1)]	199	182	182	189

Note:

(1) The trade payables and bills payables turnover days are derived by dividing the average of the beginning and ending trade payables and bills payables balance by cost of sales for the relevant period and multiplied by the number of days in the respective period (i.e., 365 days for the full years and 151 days for the five-month period ended May 31, 2026).

Our trade and bills payables turnover days decreased from 199 days in 2023 to 182 days in 2024, primarily reflecting a decrease in our ending trade and bills payables balance as we increased the proportion of cash settlements. Our trade and bills payables turnover days remained stable at 182 days in 2025 increased to 189 days for the five months ended May 31, 2026, primarily reflecting the increase in our period-end trade and bills payables balance driven by the growth in our procurement volume.

The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Within one year	276,607	251,579	359,838	478,709
Over one year	1,988	1,624	569	843
Total	**278,595**	**253,203**	**360,407**	**479,552**

As of June 25, 2026, approximately RMB62.3 million, or 13.0% of our trade and bills payables outstanding as of May 31, 2026, had been subsequently settled.

Contract Liabilities

Our contract liabilities primarily represent short-term advances received from customers. Our contract liabilities were RMB9.0 million, RMB22.8 million, RMB18.8 million and RMB13.5 million as of December 31, 2023, 2024, 2025 and May 31, 2026, respectively. The fluctuations were primarily due to changes in advances received from certain customers. As of June 25, 2026, approximately RMB5.5 million, or 40.4% of our contract liabilities outstanding as of May 31, 2026, had been subsequently recognized as revenue.

Other Payables and Accruals

Other payables and accruals consist of (i) payroll payable, which represent accrued salaries, bonuses, and other welfare benefits for our employees, (ii) volume rebates payables, which represent estimated rebates payable to distributors based on their sales performance, (iii) deposits, primarily representing security deposits and quality assurance deposits received from suppliers and business partners, (iv) VAT payable, (v) other tax payables, (vi) other payables, primarily consisting of amounts payable for advertising and marketing services, (vii) **[REDACTED]** expenses payable, and (viii) other payables for property, plant and equipment. The following table sets forth our other payables and accruals as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Other payables and accruals				
Payroll payable	37,677	35,469	44,060	31,765
Volume rebates payables	28,424	21,245	16,429	24,505
Deposits	14,140	15,700	13,807	12,908
VAT payable	6,225	7,167	9,542	10,232
Other tax payables	2,656	3,122	4,130	4,514
Other payables	20,653	18,011	24,420	26,782
[REDACTED] expenses payable	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other payables for property, plant and equipment	64,251	34,430	20,308	13,404
Total	**174,026**	**135,144**	**138,405**	**125,830**

Our other payables and accruals decreased from RMB174.0 million as of December 31, 2023 to RMB135.1 million as of December 31, 2024, primarily driven by (i) a decrease in payables for property, plant and equipment following the settlement of construction costs for Phase I of our SKG Future Health Digital Manufacturing Base, and (ii) a decrease in volume rebates payables, as certain major distributors did not achieve their contractual annual performance targets. This amount increased to RMB138.4 million as of December 31, 2025, primarily attributable to (i) an increase in payroll payable, reflecting the consolidation of the newly acquired OTO entities which led to higher accrued salaries, bonuses, and severance pay, (ii) an increase in other payables, primarily driven by accrued expenses for brand promotion and celebrity endorsement campaigns, and (iii) the recognition of **[REDACTED]** expenses payable in connection with the **[REDACTED]**. These increases were partially offset by a continuous decrease in other payables for property, plant and equipment following the settlement of construction costs for our Phase I SKG Future Health Digital Manufacturing Base, as well as a further decrease in volume rebates payables. The amount decreased to RMB125.8 million as of May 31, 2026, primarily attributable to (i) a decrease in payroll payable due to the payment of staff bonuses in 2026, (ii) a decrease in other payables for property, plant and equipment, driven by the settlement of payables relating to stores' renovation, and (iii) a decrease in **[REDACTED]** expenses payable in connection with the **[REDACTED]**. These decreases were partially offset by an increase in volume rebates payables, primarily driven by a lower level of rebate settlements during the period.

Provisions

Our provisions increased from RMB2.0 million as of December 31, 2023 to RMB4.6 million as of December 31, 2024, primarily due to an increase in provisions for sales return and the recognition of provisions for product warranties. This amount decreased to RMB2.9 million as of December 31, 2025, primarily due to a decrease in provisions for sales return and product warranties. Our provisions increased to RMB3.7 million as of May 31, 2026, primarily due to an increase in provisions for sales return and the recognition of provisions for product warranties.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund our procurement of raw material, research and development and sales activities, and other operational needs. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with cash generated from our operations. After the **[REDACTED]**, we believe that our liquidity requirements will continue to be satisfied with a combination of these sources and net

[REDACTED] from the **[REDACTED]**. As of December 31, 2023, 2024 and 2025 and May 31, 2026, our cash and cash equivalents, restricted bank deposits, time deposits and certificates of deposit amounted to RMB518.2 million, RMB504.3 million, RMB517.3 million and RMB397.4 million, respectively.

Cash Flows

The following table sets forth our selected cash flow data for the years/periods indicated.

	For the Year Ended December 31,			For the Five Months Ended May 31,	
	2023	2024	2025	2025	2026
			(RMB in thousands)	*(Unaudited)*	
Net cash flows generated from/(used in) operating activities	235,503	129,902	171,820	(24,471)	245,740
Net cash flows used in investing activities	(258,184)	(339,987)	(58,425)	(140,066)	(271,973)
Net cash flows (used in)/generated from financing activities	(43,225)	(15,286)	(106,874)	140,797	30,065
Net (decrease)/increase in cash and cash equivalents	**(65,906)**	**(225,371)**	**6,521**	**(23,740)**	**3,832**
Cash and cash equivalents at the beginning of the year/period	378,103	313,433	88,521	88,521	94,847
Effect of foreign exchange rate changes, net	1,236	459	(195)	116	(470)
Cash and cash equivalents at the end of the year/period	**313,433**	**88,521**	**94,847**	**64,897**	**98,209**

Net Cash Generated/(Used in) from Operating Activities

Our restricted bank deposits affected our working capital changes during the Track Record Period. These restricted bank deposits were mainly used for (i) the issuance of bank acceptance bills, which are released when the corresponding bills are paid, and (ii) securing certain lawsuits between our Group and other third parties, which are released upon the settlement of the respective cases. Given these specific purposes, these bank deposits are not readily available for meeting our Group's general liquidity needs.

Net cash from operating activities was RMB245.7 million for the five months ended May 31, 2026, primarily due to a profit before tax of RMB65.7 million, as adjusted for (i) certain non-cash or non-operating items, primarily including (a) depreciation of property, plant and equipment of RMB13.0 million, (b) depreciation of right-of-use assets of RMB8.6 million, (c) share-based payment expenses of RMB5.7 million, partially offset by interest income of RMB4.6 million, and (d) fair value losses from financial assets at FVTPL, net of RMB4.7 million; and (ii) changes in working capital that positively affected cash flows, primarily including (a) an

increase in trade and bills payables of RMB110.6 million, primarily due to the growth in our sales and (b) a decrease in restricted bank deposits of RMB88.1 million, reflecting the increased issuance of bank acceptance bills for procurement, which required higher security deposits. These were partially offset by changes in working capital that negatively affected cash flows, primarily including (a) an increase in trade and bills receivables of RMB20.7 million, (b) an increase in inventories of RMB14.5 million, (c) an increase in prepayments, other receivables and other assets of RMB8.9 million, and (d) a decrease in contract liabilities of RMB5.2 million.

Net cash from operating activities was RMB171.8 million in 2025, primarily due to a profit before tax of RMB146.6 million, as adjusted for (i) certain non-cash or non-operating items, primarily including (a) depreciation of property, plant and equipment of RMB31.7 million, (b) depreciation of right-of-use assets of RMB14.4 million, (c) amortization of intangible assets of RMB6.0 million, and (d) share-based payment expenses of RMB4.5 million, partially offset by interest income of RMB11.4 million. This was further affected by changes in working capital that negatively affected cash flows, primarily including (a) an increase in trade and bills receivables of RMB38.1 million, reflecting the growth in our sales and the consolidation of trade receivables from the OTO acquisition in 2025, (b) an increase in restricted bank deposits of RMB31.8 million, mainly due to the increased issuance of bank acceptance bills for procurement, which required higher security deposits, and (c) an increase in inventories of RMB21.7 million, which were partially offset by changes in working capital that positively affected cash flows, primarily including an increase in trade and bills payables of RMB90.7 million.

Net cash from operating activities was RMB129.9 million in 2024, primarily due to a profit before tax of RMB149.7 million, as adjusted for (i) certain non-cash or non-operating items, primarily including (a) depreciation of property, plant and equipment of RMB31.3 million, (b) depreciation of right-of-use assets of RMB8.7 million, and (c) write-down of inventories of RMB5.9 million, partially offset by interest income of RMB12.0 million and share-based payment expense reversal of RMB9.5 million. This was further affected by changes in working capital that negatively affected cash flows, primarily including (a) an increase in restricted bank deposits of RMB17.9 million, mainly due to the freezing of approximately RMB10.0 million in bank deposits related to a litigation case, (b) a decrease in trade and bills payables of RMB20.4 million, mainly due to a temporary adjustment in our procurement settlement arrangements with a higher proportion of cash settlements in 2024, and (c) a decrease in other payables and accruals of RMB8.8 million, which were partially offset by changes in working capital that positively affected cash flows, including an increase in contract liabilities of RMB13.8 million.

Net cash from operating activities was RMB235.5 million in 2023, primarily due to a profit before tax of RMB135.9 million, as adjusted for (i) certain non-cash or non-operating items, primarily including (a) depreciation of property, plant and equipment of RMB28.7 million, (b) depreciation of right-of-use assets of RMB10.6 million, and (c) write-down of inventories of RMB6.2 million, partially offset by interest income of RMB9.4 million and share-based payment expense reversal of RMB8.4 million; and (ii) changes in working capital that positively affected cash flows, primarily including (a) an increase in trade and bills payables of RMB37.0 million, (b) an increase in other payables and accruals of RMB38.6 million, and (c) a decrease in inventories of RMB10.5 million. These were partially offset by changes in working capital that negatively affected cash flows, primarily including an increase in prepayments, other receivables and other assets of RMB12.1 million.

Net Cash Used in Investing Activities

Within our cash flows from investing activities, cash flows related to the financial assets at FVTPL primarily represented the wealth management products and structured deposits purchased by our Group from certified financial institutions in Chinese mainland. The proceeds from disposal of financial assets at FVTPL do not relate to the disposal of assets before their maturity, but rather represent the proceeds received upon the maturity of these financial assets. Additionally, the bid deposits for asset purchases refer to the deposits received from our construction suppliers in relation to our Group's construction in progress. As they are directly related to the capital expenditure of our Group, the associated cash flows are classified as investing activities.

Net cash used in investing activities was RMB272.0 million for the five months ended May 31, 2026, primarily due to RMB935.0 million in additions of financial assets at FVTPL, RMB64.2 million in additions of time deposits and RMB30.3 million in purchases of items of property, plant and equipment. This was partially offset by RMB656.4 million in proceeds from disposal of financial assets at FVTPL and RMB100.0 million in proceeds from maturity of time deposits.

Net cash used in investing activities was RMB58.4 million in 2025, primarily due to RMB2,159.7 million in additions of financial assets at FVTPL, RMB132.2 million in additions of time deposits and RMB50.6 million in purchases of items of property, plant and equipment. This was partially offset by RMB2,121.8 million in proceeds from disposal of financial assets at FVTPL, RMB120.4 million in proceeds from maturity of certificates of deposit and RMB32.8 million in proceeds from maturity of time deposits.

Net cash used in investing activities was RMB340.0 million in 2024, primarily due to RMB560.0 million in payments for the purchase of financial assets at FVTPL, RMB246.6 million in additions of time deposits, and RMB53.7 million in purchases of property, plant and equipment. This was partially offset by RMB462.2 million in proceeds from the disposal of financial assets at FVTPL and RMB107.4 million in receipts of time deposits upon maturity.

Net cash used in investing activities was RMB258.2 million in 2023, primarily due to RMB182.8 million in purchases of property, plant and equipment and RMB314.0 million in payments for the purchase of financial assets at FVTPL. This was partially offset by RMB257.1 million in proceeds from the disposal of financial assets at FVTPL.

Net Cash (Used in)/Generated from Financing Activities

Net cash generated from financing activities was RMB30.1 million for the five months ended May 31, 2026, primarily due to RMB120.0 million in proceeds from new bank borrowings, partially offset by RMB80.0 million in repayment of bank borrowings, RMB7.4 million in principal portion of lease payments and RMB1.9 million in interest paid.

Net cash used in financing activities was RMB106.9 million in 2025, primarily due to RMB199.4 million in dividends paid and RMB170.0 million in repayment of bank borrowings. These were partially offset by RMB280.0 million in proceeds from new bank borrowings.

Net cash used in financing activities was RMB15.3 million in 2024, primarily due to RMB7.4 million in principal portion of lease payments, RMB5.1 million in payments of **[REDACTED]** expenses and RMB2.5 million in interest paid. During the year, proceeds from new bank borrowings of RMB164.5 million were fully utilized for the repayment of bank borrowings.

Net cash used in financing activities was RMB43.2 million in 2023, primarily due to RMB30.0 million in dividends paid and RMB10.3 million in principal portion of lease payments.

Working Capital Sufficiency

Taking into account the net **[REDACTED]** from the **[REDACTED]** and the financial resources available to us, including cash and cash equivalents and cash flows from operating activities, our Directors believe that we have sufficient working capital required for our operations at present and for at least the next 12 months from the date of this document.

Current Assets and Current Liabilities'

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of May 31,	As of June 25,
	2023	2024	2025	2026	2026
	(RMB in thousands)				*(Unaudited)*
Current assets					
Inventories	70,104	60,941	87,484	97,709	125,063
Trade and bills receivables	45,001	43,390	86,997	106,529	80,095
Prepayments, other receivables and other assets	60,789	72,077	72,693	83,088	97,076
Financial assets at fair value through profit or loss	100,346	200,599	243,096	516,925	428,803
Time deposits	–	–	101,737	212,162	212,162
Certificates of deposit	–	132,391	21,358	51,319	51,319
Restricted bank deposits	76,661	40,803	123,937	35,661	35,661
Cash and cash equivalents	313,433	88,521	94,847	98,209	110,609
Total current assets	**666,334**	**638,722**	**832,149**	**1,201,602**	**1,140,788**
Current liabilities					
Trade and bills payables	278,595	253,203	360,407	479,552	466,247
Contract liabilities	8,980	22,817	18,756	13,511	14,666
Other payables and accruals	174,026	135,144	138,405	125,830	114,132
Interest-bearing bank borrowings	12,663	70,042	180,061	220,061	160,025
Lease liabilities	4,822	4,161	13,441	12,917	11,952
Tax payables	5,753	9,235	2,698	6,641	6,641
Provision	2,025	4,647	2,918	3,718	3,718
Total current liabilities	**486,864**	**499,249**	**716,686**	**862,230**	**777,381**
Net Current Assets	**179,470**	**139,473**	**115,463**	**339,372**	**363,408**

Our net current assets increased from RMB339.4 million as of May 31, 2026 to RMB363.4 million as of June 25, 2026, primarily because the decrease in our total current liabilities outpaced the decrease in our total current assets. The decrease in our total current liabilities from RMB862.2 million to RMB777.4 million was mainly driven by (i) a decrease in interesting-bearing bank borrowings from RMB220.1 million to RMB160.0 million, (ii) a decrease in trade and bills payables from RMB479.6 million to RMB466.2 million, (iii) a

decrease in other payables and other accruals from RMB125.8 million to RMB114.1 million. The decrease in total current assets from RMB1,201.6 million to RMB1,140.8 million was mainly driven by (i) a decrease in financial assets at fair value through profit or loss from RMB516.9 million to RMB428.8 million, (ii) a decrease in trade and bills receivables from RMB106.5 million to RMB80.1 million. These decreases were partially offset by (i) an increase in inventories from RMB97.7 million to RMB125.1 million, (ii) an increase in prepayments, other receivables and other assets from RMB83.1 million to RMB97.1 million, and (iii) an increase in cash and cash equivalents from RMB98.2 million to RMB110.6 million.

Our net current assets increased from RMB115.5 million as of December 31, 2025 to RMB339.4 million as of May 31, 2026, primarily because the increase in our total current assets outpaced the increase in our total current liabilities. The increase in total current assets from RMB832.1 million to RMB1,201.6 million was mainly driven by (i) an increase in financial assets at FVTPL from RMB243.1 million to RMB516.9 million, and (ii) an increase in time deposits from RMB101.7 million to RMB212.2 million. These increases were partially offset by a decrease in restricted bank deposits from RMB123.9 million to RMB35.7 million. The increase in total current liabilities from RMB716.7 million to RMB862.2 million was mainly driven by (i) an increase in trade and bills payables from RMB360.4 million to RMB479.6 million, and (ii) an increase in interest-bearing bank borrowing from RMB180.1 million to RMB220.1 million. This increase was partially offset by (i) a decrease in other payables and accruals from RMB138.4 million to RMB125.8 million, and (ii) a decreased in contract liabilities from RMB18.8 million to RMB13.5 million.

Our net current assets decreased from RMB139.5 million as of December 31, 2024 to RMB115.5 million as of December 31, 2025, primarily because the increase in our total current liabilities outpaced the growth in our total current assets. The increase in total current liabilities from RMB499.2 million to RMB716.7 million was mainly driven by (i) an increase in trade and bills payables from RMB253.2 million to RMB360.4 million and (ii) an increase in interest-bearing bank borrowings from RMB70.0 million to RMB180.1 million. The increase in total current assets from RMB638.7 million to RMB832.1 million was mainly attributable to (i) an increase in time deposits with original maturity of over three months from nil to RMB101.7 million, (ii) an increase in restricted bank deposits from RMB40.8 million to RMB123.9 million, (iii) an increase in trade and bills receivables from RMB43.4 million to RMB87.0 million, (iv) an increase in financial assets at fair value through profit or loss from RMB200.6 million to RMB243.1 million, and (v) an increase in inventories from RMB60.9 million to RMB87.5 million. This overall increase was partially offset by a decrease in certificates of deposit from RMB132.4 million to RMB21.4 million.

Our net current assets decreased from RMB179.5 million as of December 31, 2023 to RMB139.5 million as of December 31, 2024. This was primarily because our total current assets decreased from RMB666.3 million to RMB638.7 million, while our total current liabilities increased from RMB486.9 million to RMB499.2 million. The decrease in total current assets was mainly due to a decrease in cash and cash equivalents from RMB313.4 million to RMB88.5 million. This was partially offset by (i) an increase in financial assets at fair value through profit or loss from RMB100.3 million to RMB200.6 million, and (ii) an increase in certificates of deposit from nil to RMB132.4 million. The increase in total current liabilities was primarily due to an increase in interest-bearing bank borrowings from RMB12.7 million to RMB70.0 million. This increase was partially offset by (i) a decrease in other payables and accruals from RMB174.0 million to RMB135.1 million, and (ii) a decrease in trade and bills payables from RMB278.6 million to RMB253.2 million.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of May 31,	As of June 25,
	2023	2024	2025	2026	2026
	(RMB in thousands)				*(Unaudited)*
Current					
Interest-bearing bank borrowings	12,663	70,042	180,061	220,061	160,025
Lease liabilities	4,822	4,161	13,441	12,917	11,952
Subtotal	**17,485**	**74,203**	**193,502**	**232,978**	**171,977**
Non-current					
Interest-bearing bank borrowings	57,400	–	–	–	–
Lease liabilities	985	1,229	5,397	17,076	16,337
Subtotal	**58,385**	**1,229**	**5,397**	**17,076**	**16,337**
Total	**75,870**	**75,432**	**198,899**	**250,054**	**188,314**

Interest-bearing bank borrowings

We had interest-bearing bank borrowings of RMB70.1 million, RMB70.0 million, RMB180.1 million, RMB220.1 million and RMB160.0 million as of December 31, 2023, 2024, 2025, May 31, 2026 and June 25, 2026, respectively. The total amount of our bank borrowings remained relatively stable as of December 31, 2023 and December 31, 2024, and subsequently increased as of December 31, 2025 and May 31, 2026, primarily to fund our working capital and support our business expansion. The effective interest rate of our interest-bearing bank loans ranged between 1.50% and 2.70% during the Track Record Period.

Certain of our bank borrowings were secured by our assets or guaranteed by related parties during the Track Record Period. As of December 31, 2023, certain of our leasehold land was pledged to secure bank borrowings amounting to RMB70.0 million. As of December 31, 2024, certain of our invention patents were pledged to secure bank borrowings amounting to RMB65.0 million. Our long-term bank borrowings in the amount of RMB70.0 million were repaid in 2024 prior to maturity. As of December 31, 2023, 2024, 2025 and May 31, 2026, certain related parties of the Group provided guarantees for certain of our bank borrowings. As of May 31, 2026, a significant portion of these guarantees provided by related parties had been released. The remaining guarantees provided by related parties are expected to be released on or before the **[REDACTED]**. For further details regarding the guarantees provided by related parties, please refer to Note 36(d) to the Accountants' Report included in Appendix I to this document.

Our bank loans contain standard terms, conditions and covenants that are customary for commercial bank loans in China. Our Directors confirmed that we did not experience any difficulty in obtaining bank loans or other borrowings, default in payment of bank loans or other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. As of June 25, 2026, we had unutilized banking facilities of RMB831.5 million which were committed and unrestricted.

Lease Liabilities

Our lease liabilities primarily relate to our leases for properties, including offices, production facilities, and R&D centers. Our lease liabilities were RMB5.8 million, RMB5.4 million, RMB18.8 million, RMB30.0 million and RMB28.3 million as of December 31, 2023, 2024, 2025 and May 31, 2026 and June 25, 2026, respectively. The balance remained relatively stable as of December 31, 2023 and 2024. The subsequent increase as of December 31, 2025 and May 31, 2026 was mainly attributable to (i) the consolidation of lease liabilities arising from the acquisition in 2025, and (ii) new lease agreements entered into for our office space.

Indebtedness Statement

Except as discussed above, as of June 25, 2026, being the indebtedness statement date, we did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing. As of June 25, 2026, we did not have plans for other material external debt financing.

Our Directors confirm that (i) there has not been any material change in our indebtedness since June 25, 2026 and up to the Latest Practicable Date, and (ii) during the Track Record Period and up to the date of this document, we did not have any material default on our indebtedness or breach of covenant.

CAPITAL EXPENDITURE

Our capital expenditures during the Track Record Period were primarily related to purchases of items of property, plant and equipment and additions of intangible assets. Our capital expenditures were RMB180.1 million, RMB42.3 million, RMB44.4 million and RMB31.3 million in 2023, 2024 and 2025 and for the five months ended May 31, 2026, respectively. We intend to fund our future capital expenditures with net proceeds from equity and debt financings and the cash on our consolidated statements of financial position.

CAPITAL COMMITMENT

Our capital commitments are mainly related to contracts for the acquisition of property, plant and equipment. As of December 31, 2023, 2024 and 2025 and May 31, 2026, we had RMB55.4 million, RMB11.4 million, RMB98.5 million and RMB71.0 million of capital commitments contracted for but not yet provided.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any off-balance sheet commitments or arrangements.

KEY FINANCIAL INDICATORS

The following table sets forth our selected financial indicators for the years/periods and as of the dates indicated.

	For the Year Ended/As of December 31,			For the Five Months Ended/ As of May 31,
	2023	2024	2025	2026
Profitability indicators				
Gross margin (%)[1]	49.1	48.9	49.5	48.2
Adjusted net profit margin (non-IFRS measure) (%)[2]	11.8	12.1	12.9	10.8
Return on equity (%)[3]	20.1	18.4	17.1	N/A
Liquidity indicators				
Current ratio (times)[4]	1.4	1.3	1.2	1.4
Quick ratio (times)[5]	1.2	1.2	1.0	1.3

Notes:

(1) Gross margin equals gross profit divided by revenue for the same year/period.

(2) Adjusted net profit margin (non-IFRS measure) equals adjusted net profit for the year/period (non-IFRS measure) divided by revenue for the same year/period. Adjusted net profit is a non-IFRS measure derived from profit for the year/period by adjusting for certain items. See "Financial Information – Non-IFRS Measures" for more details and a reconciliation of this measure.

(3) Return on equity equals profit for the year divided by the average of the beginning and ending equity balances of a year.

(4) Current ratio equals current assets divided by current liabilities as of the end of each year/period.

(5) Quick ratio equals current assets less inventories divided by current liabilities as of the end of each year/period.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our material related party transactions, see Note 36 to the Accountants' Report included in Appendix I to this document.

Our Directors are of the view that each of the material related party transactions set out in Note 36 to the Accountants' Report included in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our material-related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

FINANCIAL RISKS

Our principal financial instruments comprise interest-bearing bank borrowings, financial assets at fair value through profit or loss and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for our operations. We have various other financial assets and liabilities which arise directly from our operations. The main risks arising from our financial instruments are foreign currency risk, credit risk and liquidity risk.

See Note 39 to the Accountant's Report in Appendix I to this document for more details.

DIVIDENDS

We have adopted a dividend policy as part of our Articles of Association. In 2023, a dividend of RMB30.0 million was declared by us to our equity shareholders, of which RMB30.0

million was paid in the same year. In 2025, a dividend of RMB199.4 million was declared by us to our equity shareholders, and was paid in September and October 2025. No dividend was declared or paid by us in 2024 and during the five months ended May 31, 2026 to our equity shareholders.

According to applicable PRC laws and regulations, including the Company Law of the People's Republic of China (《中華人民共和國公司法》), and our Articles of Association, when distributing our after-tax profit for a given year, we must allocate 10% of such profit to the statutory reserve, unless the accumulated amount of such reserve has reached 50% or more of our registered capital. If our statutory reserve is insufficient to make up for the losses of the previous year, we shall first use the profit of the current year to make up for such losses. After making up for the losses and making allocation to the statutory reserve, we may also make allocation to the discretionary common reserve subject to Shareholders' approval. The remaining after-tax profit shall be distributed to the Shareholders in proportion to their shareholdings. We do not currently have a pre-determined dividend payout ratio.

Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders in a general meeting. Our PRC Legal Advisor is of the opinion that we may pay dividends following approval by our Shareholders in a general meeting, in accordance with applicable laws, regulations, and our Articles of Association.

DISTRIBUTABLE RESERVES

As of May 31, 2026, we had retained profits of RMB313.5 million, which represent the reserves available for distribution to shareholders of the Company as of the same date.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, **[REDACTED]**, and other fees incurred in connection with the **[REDACTED]**. The estimated total **[REDACTED]** expenses (based on the mid-point of the **[REDACTED]** range and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately **[REDACTED]** million (equivalent to approximately **[REDACTED]** million), accounting for approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]**. These expenses consist of (i) **[REDACTED]**-related expenses of approximately **[REDACTED]** million (approximately **[REDACTED]** million), and (ii) non-**[REDACTED]** related expenses of approximately **[REDACTED]** million (approximately **[REDACTED]** million), which consist of fees and expenses of legal advisors and Reporting Accountants of approximately **[REDACTED]** million (approximately **[REDACTED]** million), and other fees and expenses of approximately **[REDACTED]** million (approximately **[REDACTED]** million). Approximately **[REDACTED]** million (equivalent to approximately **[REDACTED]** million) of the estimated **[REDACTED]** expenses is directly attributable to the **[REDACTED]** of new Shares to the public and will be accounted for as a deduction from equity upon completion of the **[REDACTED]**. During the Track Record Period, we incurred **[REDACTED]** expenses of **[REDACTED]** million (approximately **[REDACTED]** million), **[REDACTED]** million (approximately **[REDACTED]** million) of which was charged to our consolidated statements of profit or loss. Approximately **[REDACTED]** million (equivalent to approximately **[REDACTED]** million) is expected to be charged in profit or loss before or upon completion of the **[REDACTED]**. This calculation is subject to adjustment based on the actual amount incurred or to be incurred. The **[REDACTED]** expenses above are the best estimate as of the Latest Practicable Date and are for reference only. The actual amount may differ from such an estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

[REDACTED]

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or **[REDACTED]** position or prospects since May 31, 2026, being the end date of our latest consolidated financial statements as set out in "Appendix I – Accountants' Report" to this document, and up to the date of this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

OUR CONTROLLING SHAREHOLDERS

On January 1, 2022, Mr. Liu, Ms. Xu, Little Swan Lake, Little Swan Ballet and Future Life Investment entered into an acting-in-concert agreement (the "**2022 AIC Agreement**"), pursuant to which the parties and agreed that from the date of the 2022 AIC Agreement until the execution of a separate agreement to terminate this agreement, among other things, (i) agreed to act in concert on all proposals and resolutions presented at Board meetings and Shareholders' meetings; and (ii) undertook to follow the instructions of Mr. Liu in relation to convening meetings, submitting proposals and exercising voting rights at such meetings. On November 28, 2025, the parties entered into a supplemental acting-in-concert agreement which supersedes the 2022 AIC Agreement, pursuant to which Little Swan Lake ceased to be a party acting in concert with Mr. Liu and all other terms of the 2022 AIC Agreement remained unchanged. Ms. Xu, Future Life Investment and Little Swan Ballet remained to be parties acting in concert with Mr. Liu. For details of the acting-in-concert arrangements among Mr. Liu, Ms. Xu, Little Swan Ballet and Future Life Investment, see "History, Development and Corporate Structure – Acting-in-concert Arrangements" of this document.

Accordingly, as of the Latest Practicable Date, Mr. Liu, Ms. Xu, Little Swan Ballet and Future Life Investment, by virtue of the acting-in-concert arrangements, are entitled to exercise or control the exercise of an aggregate of approximately 85.94% voting rights at the general meeting of our Company, and are considered to be a group of our Controlling Shareholders.

Immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes), our Controlling Shareholders will be entitled to exercise or control the exercise of an aggregate of approximately **[REDACTED]**% voting rights at the general meeting of our Company, and therefore remain as a group of Controlling Shareholders of our Company under the Listing Rules.

Mr. Liu is the founder, chairman of our Board, executive Director, general manager of our Company. For details of the background of Mr. Liu, see "Directors and Senior Management" of this document. Ms. Xu is the spouse of Mr. Liu.

Little Swan Ballet is one of our Employee Incentive Platforms, with Mr. Liu acting as its general partner. Future Life Investment primarily engages in investment holding. As of the Latest Practicable Date, Future Life Investment is owned as to approximately 85.71% by Mr. Liu and approximately 14.29% by Ms. Xu.

INTERESTS OF OUR CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Our Controlling Shareholders confirmed that as of the Latest Practicable Date, none of our Controlling Shareholders and their respective close associates had any interest in any business that competes or is likely to compete, either directly or indirectly with our Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors believe that our Group will be capable of carrying out our business independently from our Controlling Shareholders and their respective close associates after the **[REDACTED]** for the reasons set out below.

Operational Independence

We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their respective close associates. We are in possession of all relevant licenses, assets, copyrights, trademarks and other intellectual properties necessary to carry on and operate our business. In addition, we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that our Group will be able to operate independently from our Controlling Shareholders and their respective close associates after the **[REDACTED]**.

Management Independence

Upon the **[REDACTED]**, our Board will comprise two executive Directors, one non-executive Director and three independent non-executive Directors, and our senior management team will comprise three members. Our executive Directors and senior management team are responsible for the daily management of our operations.

Our Directors believe that our Group will be able to function independently from our Controlling Shareholders and their respective close associates after the **[REDACTED]** for the following reasons:

(a) our Board has a balanced composition of executive Directors, non-executive Director and independent non-executive Directors. Our independent non-executive Directors are not associated with our Controlling Shareholders or their respective close associates, which ensures that decisions of our Board are made only after due consideration of independent and impartial opinions;

(b) our independent non-executive Directors individually and collectively possess the requisite knowledge, experience and competence to provide a balance of potentially interested Directors with a view to promote the interests of our Company and our Shareholders as a whole;

(c) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions;

(d) each of our Directors is aware of his or her fiduciary duties and responsibilities under the Listing Rules as a director of a **[REDACTED]** issuer, which require that he or she acts for the benefit and in the best interest of our Company, and does not allow any conflict between his or her duties as a Director and his or her personal interests; and

(e) if there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Directors are obliged to declare and fully disclose such potential conflict of interest and shall abstain from voting at the relevant Board meetings in respect of such transactions.

Based on the above, our Directors believe that they and senior management as a whole will be able to perform the managerial roles in our Company independently from our Controlling Shareholders and their respective close associates after the **[REDACTED]**.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance team responsible for discharging treasury functions. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders or their respective close associates. We have made tax filings and paid tax independently from our Controlling Shareholders and their close associates pursuant to applicable laws and regulations.

During the Track Record Period, our Controlling Shareholders and their close associates had provided guarantees in respect of certain bank facilities granted to us by commercial banks. As of the Latest Practicable Date, all such guarantees provided by our Controlling Shareholders and their close associates had been released or would be fully released upon **[REDACTED]** pursuant to the agreements entered into between the Company and the relevant commercial banks. As of the Latest Practicable Date, save as disclosed above, the Controlling Shareholders and their respective close associates did not provide any loans, guarantees or pledges to our Group, and our Group did not provide any loans, guarantees or pledges to our Controlling Shareholders and their respective associates.

Based on the above, our Directors believe that our Group will be able to maintain financial independence from our Controlling Shareholders and their respective close associates after the **[REDACTED]**.

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. We have adopted the following corporate governance measures to maintain good corporate governance standards and to avoid potential conflict of interest between our Group and our Controlling Shareholders and their respective close associates:

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

(b) where a Shareholders' meeting is to be held to consider proposed transactions in which our Controlling Shareholders or their respective close associates have any material interests, our Controlling Shareholders and their respective close associates (as applicable) will not vote on the relevant resolutions;

(c) our independent non-executive Directors will review whether there is any conflict of interest between our Group and our Controlling Shareholders and their respective close associates and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) if any of our Controlling Shareholders or Directors has a conflict of interest in a matter to be considered by our Board which our Board has determined to be material, the matter will be dealt with by a physical meeting rather than a written resolution. Additionally, our independent non-executive Directors with no material interest in the matter will be present at the relevant Board meeting;

(e) where the advice from an independent professional, such as a financial or legal advisor, is reasonably requested by our Directors (including independent non-executive Directors), the appointment of such independent professional will be made at our Company's expenses; and

(f) we have appointed Rainbow Capital (HK) Limited as our Compliance Advisor who will provide advice and guidance to us with respect to compliance with the applicable laws and the Listing Rules, including various requirements relating to Directors' duties and corporate governance matters.

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

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the registered capital of our Company was 360,000,000 divided into 360,000,000 Unlisted Shares with a nominal value of RMB1.00 each.

IMMEDIATELY FOLLOWING THE COMPLETION OF THE [REDACTED]

Immediately following the completion of the **[REDACTED]** and the conversion of the Unlisted Shares into H Shares, assuming the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of our share capital
		(%)
H Shares converted from Unlisted Shares	360,000,000	**[REDACTED]**
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100.00**

Immediately following the completion of the **[REDACTED]** and the conversion of the Unlisted Shares into H Shares, assuming the **[REDACTED]** is fully exercised and no additional Shares are issued under the Share Option Schemes, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of our share capital
		(%)
H Shares converted from Unlisted Shares	360,000,000	**[REDACTED]**
[REDACTED]	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100.00**

RANKING

Upon the completion of the **[REDACTED]** and the conversion of the Unlisted Shares into H Shares, our Shares will consist of H Shares only. H Shares and Unlisted Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

Unlisted Shares and H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

According to the regulations issued by the CSRC, the holders of Unlisted Shares may, at their own option, authorize our Company to apply to the CSRC for conversion of their respective Unlisted Shares into H Shares, and such converted Shares may be **[REDACTED]** and **[REDACTED]** on an overseas stock exchange provided that the required filings with the CSRC for the conversion, **[REDACTED]** and **[REDACTED]** of such converted Shares have been completed. Additionally, such conversion, **[REDACTED]** and **[REDACTED]** shall meet applicable requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any Unlisted Shares are to be converted, **[REDACTED]** and **[REDACTED]** as H Shares on the Stock Exchange, the filings with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for the **[REDACTED]** of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the **[REDACTED]** to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry in the H Share register of members. As the **[REDACTED]** of additional H Shares after the **[REDACTED]** on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it will not require such prior application for **[REDACTED]** at the time of our initial **[REDACTED]** in Hong Kong. Any application for **[REDACTED]** of the converted H Shares on the Stock Exchange after the **[REDACTED]** is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite filings have been completed and approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register of members, and our Company will re-register such Shares on the **[REDACTED]** of members maintained in Hong Kong and instruct the **[REDACTED]** to **[REDACTED]** H Share certificates. Registration on the **[REDACTED]** of members of our Company will be on the conditions that (i) the **[REDACTED]** lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the **[REDACTED]** of members and the due dispatch of H Share certificates, and (ii) the admission of the H Shares to be **[REDACTED]** on the Stock Exchange complies with the Listing Rules and the General Rules of HKSCC and HKSCC Operational Procedures in force from time to time. Until the converted Shares are re-registered in the **[REDACTED]** of members of our Company, such Shares would not be **[REDACTED]** as H Shares. For details of our existing Shareholders' proposed conversion of Unlisted Shares into H Shares, see "History, Development and Corporate Structure – Capitalization of Our Company."

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

Pursuant to the PRC Company Law, our Shares issued prior to the **[REDACTED]** shall not be transferred within one year from the **[REDACTED]**.

Shares transferred by our Directors and senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors or senior management in our Company.

See "**[REDACTED]** – **[REDACTED]** Arrangements and Expenses – **[REDACTED]** – Undertakings pursuant to the **[REDACTED]**" for details of the lock-up undertakings.

REGISTRATION OF SHARES NOT LISTED ON OVERSEAS STOCK EXCHANGE

According to the Notice on Adjustment of Business Acceptance of Registration and Depository of Non-Overseas Listed Shares of Overseas Listed Companies of China Securities Depositary and Clearing Corporation Limited (《中國證券登記結算有限責任公司關於境外上市公司非境外上市股份登記存管業務受理調整的通知》) and the Business Guidelines for the Registration and Depository of Non-Overseas Listed Shares of Overseas Listed Companies of China Securities Depositary and Clearing Corporation Limited Shenzhen Branch (《中國證券登記結算有限責任公司深圳分公司境外上市公司非境外上市股份登記存管業務指南》), our Company is required to register and deposit our Shares that are not listed on the overseas stock exchange with the Shenzhen Branch of the CSDC.

SHAREHOLDERS' MEETING

For details of circumstances under which our Shareholders' meeting is required, see "Appendix IV – Summary of Articles of Association."

GENERAL MANDATE TO [REDACTED] SHARES AND SELL AND/OR TRANSFER TREASURY SHARES

Subject to the completion of the **[REDACTED]**, pursuant to the Shareholder resolutions of our Company, our Board has been granted a general mandate to **[REDACTED]** Shares and sell and/or transfer treasury Shares. See "Appendix V – Statutory and General Information – A. Further Information about Our Group – 4. Resolutions of Our Shareholders."

SHARE INCENTIVE SCHEMES

We adopted the Employee Incentive Plans and Share Option Schemes. For further information regarding the terms and information of the participants of such share incentive schemes, see "Appendix V – Statutory and General Information – D. Share Incentive Schemes."

So far as our Directors are aware, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes) and the conversion of Unlisted Shares to H Shares, the following persons will have interests and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company.

Name of shareholder	Capacity/Nature of interest	Description of Shares[1]	Number of Shares	Approximate percentage of shareholding in the total Share capital of our Company as of the Latest Practicable Date[1]	Approximate percentage of shareholding in the total Share capital of our Company immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued under the Share Option Schemes)[2]	Approximate Percentage of shareholding in the H Shares immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued under the Share Option Schemes)[3]
				(%)	*(%)*	*(%)*
Mr. Liu	Beneficial interest	H Shares	31,748,364	8.82	**[REDACTED]**	**[REDACTED]**
	Interest in controlled corporation; interest of spouse; interest jointly held with another person[4][5][6]	H Shares	277,651,636	77.13	**[REDACTED]**	**[REDACTED]**
Ms. Xu	Beneficial interest	H Shares	19,629,091	5.45	**[REDACTED]**	**[REDACTED]**
	Interest in controlled corporation; interest of spouse; interest jointly held with another person[4][5][6]	H Shares	289,770,909	80.49	**[REDACTED]**	**[REDACTED]**
Future Life Investment	Beneficial interest	H Shares	250,822,545	69.67	**[REDACTED]**	**[REDACTED]**
	Interest jointly held with another person[6]	H Shares	58,577,455	16.27	**[REDACTED]**	**[REDACTED]**
Little Swan Ballet	Beneficial interest	H Shares	7,200,000	2.00%	**[REDACTED]**	**[REDACTED]**
	Interest jointly held with another person[6]	H Shares	302,200,000	83.94%	**[REDACTED]**	**[REDACTED]**

Notes:

(1) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares. All interests stated are long positions. The calculation is based on the total number of Shares in issue as of the Latest Practicable Date, which consist of **[REDACTED]** Unlisted Shares which will be converted into H Shares upon completion of the **[REDACTED]** after receipt of the filing notice regarding H share "Full circulation" from the CSRC.

(2) The calculation is based on the total number of **[REDACTED]** Shares in issue immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes).

(3) The calculation is based on the total number of **[REDACTED]** H Shares in issue immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes) after receipt of the filing notice regarding H share "Full circulation" from the CSRC.

(4) Little Swan Ballet is a limited partnership incorporated under the laws of the PRC and is managed by its general partner, Mr. Liu. As such, Mr. Liu is deemed to be interested in the Shares held by Little Swan Ballet under the SFO.

(5) Future Life Investment is a limited liability company incorporated under the laws of the PRC and is owned by Mr. Liu and Ms. Xu, the spouse of Mr. Liu, as to 85.71% and 14.29%, respectively. As such, Mr. Liu and Ms. Xu are deemed to be interested in the Shares held by Future Life Investment under the SFO.

(6) An acting-in-concert agreement was entered into on January 1, 2022, and a supplementary agreement was entered into on November 28, 2025, pursuant to which Mr. Liu, Ms. Xu, Little Swan Ballet and Future Life Investment agreed to act in concert on all proposals and resolutions presented at Board meetings and Shareholders meetings. For details of the acting-in-concert agreement, see "History, Development and Corporate Structure - Acting-in-concert Arrangement."

Save as disclosed above and in "Appendix V – Statutory and General Information – Further Information about our Directors and Substantial Shareholders – 3. Disclosure of Interests," our Directors are not aware of any person who will, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes) and the conversion of Unlisted Shares to H Shares, have any interest and/or short position in the Shares or underlying Shares of our Company which will fall to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group.

BOARD OF DIRECTORS

Upon the **[REDACTED]**, our Board will comprise six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive re-appointments.

The table below sets out certain information of our Directors.

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Responsibilities
Executive Directors					
Mr. Liu Jie (劉傑)	51	Chairman of our Board, executive Director, and general manager	November 1, 2007	November 2007	Responsible for managing the operations of the Board, overall strategic planning and setting the business direction of our Group
Mr. Hao Qiankun (郝乾坤)	41	Executive Director, chief financial officer and secretary of the Board	September 30, 2025	August 2018	Responsible for the overall financial strategy, corporate finance, capital management and Board related matters of our Group
Non-executive Directors					
Ms. Sheng Jiao (盛姣)	39	Non-executive Director (employee representative Director)	November 4, 2025	April 2013	Responsible for overseeing our Group's management and providing advice on strategic development
Independent Non-executive Directors					
Dr. Yu Peiyou (于培友)	48	Independent non-executive Director	July 26, 2021	July 2021	Responsible for supervising and providing independent judgment to our Board
Ms. Yang Min (楊敏)	49	Independent non-executive Director	December 5, 2025	December 2025	Responsible for supervising and providing independent judgment to our Board
Mr. Sit Tsing Yui Robert (薛正睿)	40	Independent non-executive Director	December 5, 2025	December 2025, with effect from the **[REDACTED]**	Responsible for supervising and providing independent judgment to our Board

Executive Directors

Mr. Liu Jie (劉傑), aged 51, is the founder of our Group, our chairman of the Board, an executive Director, and general manager of our Company. He is responsible for managing the operations of the Board, overall strategic planning and setting the business direction of our Company. Since founding our Group in 2007, Mr. Liu has played a vital role in its growth and development.

Mr. Liu founded our Company in November 2007, and served as our Director and president from November 2007 to July 2021. He has been serving as our chairman of the Board and general manager since July 2021, and was re-designated as an executive Director on December 5, 2025. He also serves as a director of Future Foshan.

Mr. Liu completed the general manager program at China Europe International Business School (中歐國際工商學院) in the PRC in July 2017.

Mr. Hao Qiankun (郝乾坤), aged 41, is our executive Director, chief financial officer and secretary of the Board. He is responsible for the overall financial strategy, corporate finance, capital management and Board related matters of our Group.

Mr. Hao joined our Group in August 2018, and served as a senior manager of budget from August 2018 to September 2020. He has been servicing as our chief financial officer and secretary of the Board since January 2021 and July 2021, respectively. He was appointed as a Director on September 30, 2025, and was re-designated as an executive Director on December 5, 2025. He also serves as a director of OTO BODYCARE (H.K.) LIMITED.

Mr. Hao has over ten years of experience in accounting and corporate finance. Prior to joining our Group, he served as a general ledger accountant at Guangzhou Midea Hualing Refrigerator Co., Ltd. (廣州美的華凌冰箱有限公司) from August 2015 to September 2016. From October 2016 to August 2018, Mr. Hao served as a senior specialist in budget management at Midea Group Co., Ltd. (美的集團股份有限公司), a company dually listed on the Shenzhen Stock Exchange (stock code: 000333) and the Stock Exchange (stock code: 300).

Mr. Hao obtained a bachelor's degree in accounting from Heilongjiang University (黑龍江大學) in the PRC in June 2008.

Non-executive Directors

Ms. Sheng Jiao (盛姣), aged 39, is our non-executive Director. She is responsible for overseeing our Group's management and providing advice on strategic development.

Ms. Sheng joined our Company in April 2013, and has been serving as our manager of recruiting, and director of human resources since then. She was elected as an employee representative Director on November 4, 2025, and re-designated as our non-executive Director on December 5, 2025. Prior to joining our Group, Ms. Sheng served at Anhui Zhucheng Environmental Protection and Energy Saving New Building Materials Co., Ltd. (安徽筑誠環保節能新型建材有限責任公司) from November 2012 to March 2013.

Ms. Sheng obtained a bachelor's degree in Chinese language and literature from Fuyang University of Technology (阜陽理工學院) (formerly known as School of Information Engineering of Fuyang Normal College (阜陽師範學院信息工程學院)) in the PRC in July 2010.

Independent Non-executive Directors

Dr. Yu Peiyou (于培友), aged 48, was appointed as an independent Director on July 26, 2021, and was re-designated as an independent non-executive Director on December 5, 2025. He is responsible for supervising and providing independent judgment to our Board.

Dr. Yu has approximately 20 years of experience in finance and corporate management. From June 2006 to May 2008, he worked at Qingdao Iron & Steel Co., Ltd. (青島鋼鐵有限公

司), where he was mainly involved in budgeting and investment management. He served at Hisense Group Co., Ltd. (海信集團有限公司) ("**Hisense Group**") from June 2008 to May 2015, holding successive positions including supervisor of the group financial and business management department and financial head of a subsidiary of Hisense Group, where he oversaw the financial functions across the group. Dr. Yu also served as an executive director and manager at Caidao Capital Management (Qingdao) Co., Ltd. (財道諮詢管理(青島)有限公司) (formerly known as Caidao Capital Management (Qingdao) Co., Ltd. (財道資本管理(青島)有限公司)) from February 2021 to January 2025, during which he managed the firm's operations and contributed to its strategic planning. Dr. Yu has been serving as an executive director and general manager of Caidao Consulting Management (Qingdao) Co., Ltd. (青島順為創富管理諮詢有限公司) since December 2015, where he oversees the company's overall operations. He has also been serving as an external director of Qingdao Qingtie Commercial Development Co., Ltd. (青島青鐵商業發展有限公司) since October 2023, without holding any managerial duties.

Dr. Yu has held multiple academic and leadership roles. Since June 2015, he has been a faculty member at the School of Economics and Management, Qingdao University of Science and Technology (青島科技大學經濟與管理學院), where he currently serves as an associate professor. He served as director of the MPAcc Center at the same school from June 2015 to July 2023. He was a visiting scholar at the Marshall School of Business, University of Southern California, from August 2019 to August 2020.

Dr. Yu served as an independent director of Doright Co., Ltd. (青島德固特節能裝備股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300950), from October 2018 to November 2024. Dr. Yu has also been serving as an independent director of Shandong Bot Precision Engineering Co., Ltd. (山東博特精工股份有限公司), an independent director of Qingdao Junray Intelligent Instrument Co., Ltd. (青島眾瑞智能儀器股份有限公司) (formerly known as Qingdao Junray Intelligent Instrument Co., Ltd. (青島眾瑞智能儀器有限公司)), and an independent director of Shandong Qilu Huaxin Industrial Co., Ltd. (山東齊魯華信實業股份有限公司), a company listed on the Beijing Stock Exchange (stock code: 920832), since May 2018, December 2020, and July 2021, respectively.

Dr. Yu obtained a Ph.D. degree in corporation management (financial management) from Shanghai Jiao Tong University (上海交通大學) in July 2006. Dr. Yu is a senior accountant (高級會計師) granted by Shandong Province Senior Accounting Qualification Review Committee (山東省會計資格高級評審委員會) in April 2015. Based on the foregoing, Dr. Yu has accumulated sufficient and appropriate practical knowledge and extensive experience in supervising and monitoring the financial reporting, internal control and other accounting-related matters of listed issuers, and gained accounting or related financial management expertise for the purpose of Rule 3.10(2) of the Listing Rules.

Ms. Yang Min (楊敏), aged 49, was appointed as an independent non-executive Director on December 5, 2025. She is responsible for supervising and providing independent judgment to our Board.

Ms. Yang has over 10 years of experience in investment and capital management. Ms. Yang served as the chairwoman of Beijing Shengde Hengyuan Technology Co., Ltd. (北京盛德恒遠科技有限公司) from July 2011 to January 2017, where she was responsible for business management. She also served as an independent non-executive director of Dashan Education Holdings Limited (大山教育控股有限公司) from June 2020 to April 2022, a company listed on the Stock Exchange (stock code: 09986) and an education investment group focusing on K-12 investment, overseas study services, international language training, family education and immigration-related education services, and a director of Lingnan Eco & Cultural Tourism Co.,

Ltd. (嶺南生態文旅股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002717) and principally engaged in ecological landscape construction and restoration, water conservancy project management and cultural and tourism business, respectively. Ms. Yang has been serving as a director of Shanghai Qingke Huagai Investment Management Co., Ltd. (上海清科華蓋投資管理有限公司), responsible for business development and overall management.

Ms. Yang obtained a bachelor's degree in electrical engineering and automation from Changchun University of Technology (長春工業大學) in the PRC in June 2003 and an executive master's degree in business administration from Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2017.

Mr. Sit Tsing Yui Robert (薛正睿), aged 40, was appointed as an independent non-executive Director on December 5, 2025 with effect from the **[REDACTED]**. He is responsible for supervising and providing independent judgment to our Board.

Mr. Sit has over 15 years of experience in legal practice in various law firms in Hong Kong, including King & Wood Mallesons, Norton Rose Fulbright, Appleby, Travers Thorp Alberga and Forbes Hare. Mr. Sit has been the director and sole shareholder of Buttercup Consultancy Services Limited since April 2025 and currently works as a partner of Forbes Hare (Hong Kong) LLP.

Mr. Sit obtained a bachelor's degree in laws in 2009 and a postgraduate certificate of laws in 2010 from City University of Hong Kong, respectively.

Mr. Sit is a solicitor and admitted to practice in Hong Kong.

SENIOR MANAGEMENT

Upon the **[REDACTED]**, our senior management will comprise three members.

The following table sets out certain information of our senior management.

Name	Age	Position	Date of appointment as senior management	Date of joining our Group	Responsibilities
Mr. Liu Jie (劉傑)	51	Chairman of our Board, executive Director, and general manager	November 1, 2007	November 2007	Responsible for managing the operations of the Board, overall strategic planning and setting the business direction of our Group
Ms. Kong Zhen (孔珍)	40	Deputy general manager	July 26, 2021	December 2009	Responsible for overall coordination and management of sales and marketing
Mr. Hao Qiankun (郝乾坤)	41	Executive Director, chief financial officer and Secretary of the Board	July 26, 2021	August 2018	Responsible for the overall financial strategy, corporate finance, capital management and Board related matters of our Group

For the biographical details of Mr. Liu Jie (劉傑) and Mr. Hao Qiankun (郝乾坤), see "– Board of Directors" above.

Ms. Kong Zhen (孔珍), aged 40, was appointed as our deputy general manager on July 26, 2021. She is responsible for overall coordination and management of sales and marketing.

Ms. Kong joined our Group in December 2009. She successively served as a sales manager, the sales director and vice precedent of the Company since then to July 2021. She was a Director of our Company from July 2021 to September 2025. Ms. Kong has been our deputy general manager since July 2021.

Ms. Kong obtained a bachelor's degree in logistics management from Chang'an University (長安大學) in 2008.

FURTHER INFORMATION OF OUR DIRECTORS AND SENIOR MANAGEMENT

Save as otherwise disclosed in this document, to the best knowledge, information and belief of our Directors having made all reasonable enquiries, as of the Latest Practicable Date:

(i) none of our Directors and senior management has held any other directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this document;

(ii) none of our Directors and senior management was related to other Directors and senior management;

(iii) save as disclosed in "Appendix IV – Statutory and General Information – C. Further Information about Our Directors and Substantial Shareholders – 3. Disclosure of Interests," none of our Directors and chief executive held any interest in the shares and underlying shares of our Company and our associated corporations which should be disclosed pursuant to Part XV of the SFO; and

(iv) there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders, and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Liu was the director of (i) Chongqing Mobasuo Economic Management Co., Ltd. (重慶摩巴索經濟管理有限公司) ("**Chongqing Mobasuo**"), a company incorporated in the PRC which was de-registered on July 12, 2022 due to revocation of business license; (ii) Sichuan Mobasuo Investment Management Co., Ltd. (四川摩巴索投資管理有限公司) ("**Sichuan Mobasuo**"), a company incorporated in the PRC which was de-registered on April 7, 2009 due to revocation of business license; and (iii) Chongqing Fengguang Shiye Co., Ltd. (重慶風光實業有限公司) ("**Chongqing Fengguang**"), a company incorporated in the PRC which was de-registered on September 9, 2019 due to revocation of business license. As of the time of the deregistration, each of Chongqing Mobasuo, Sichuan Mobasuo and Chongqing Fengguang was not insolvent, nor had any outstanding liabilities nor was involved in any pending claims. To the best knowledge of our Directors, the business licenses of each of Chongqing Mobasuo, Sichuan Mobasuo and Chongqing Fengguang was revoked because they failed to carry out annual inspections due to the cessation of business. The revocation did not result in any penalties or fines imposed by any competent authorities, nor did it give rise to any outstanding or potential

claims or liabilities against Mr. Liu or each of Chongqing Mobasuo, Sichuan Mobasuo and Chongqing Fengguang.

CONFIRMATION FROM OUR DIRECTORS

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

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on December 4, 2025, and (ii) understands his or her obligations as a director of a **[REDACTED]**.

Each of our independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules, (ii) he/she had no past or present financial or other interest in the business of our Company or our subsidiaries or any connection with any core connected person of our Company as of the Latest Practicable Date, and (iii) that there have been no other factors that might affect his/her independence at the time of his/her appointment.

REMUNERATION OF OUR DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

For details of the service contracts and appointment letters we entered into with our Directors, see "Appendix IV – Statutory and General Information – C. Further Information about Our Directors and Substantial Shareholders – 1. Particulars of Directors' Service Contracts."

The aggregate amount of emoluments of our Directors for the three years ended December 31, 2025 and the five months ended May 31, 2026 amounted to approximately RMB9.4 million, RMB(2.3) million, RMB7.5 million and 4.5 million, respectively. The aggregate amount of emoluments of our five highest paid individuals for the three years ended December 31, 2025 and the five months ended May 31, 2026 amounted to approximately RMB15.0 million, RMB20.6 million, RMB18.4 million and 11.0 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation, including estimated share-based compensation, to be accrued to our Directors for the year ending December 31, 2026 to be approximately RMB9.6 million. The actual remuneration of our Directors in 2026 may be different from the expected remuneration set out above.

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

JOINT COMPANY SECRETARIES

Mr. Hao Qiankun (郝乾坤) was appointed as a joint company secretary of our Company with effect from the **[REDACTED]**. Please refer to "– Executive Directors" in this section for the biographical details of Mr. Hao.

Ms. Suen Ka Yan (孫嘉恩) was appointed as a joint company secretary of our Company with effect from the **[REDACTED]**.

Ms. Suen has over nine years of experience in the corporate secretarial field, providing corporate services to listed companies and private companies incorporated in Hong Kong and overseas. She is currently an assistant manager at SWCS Corporate Services Group (Hong Kong) Limited. Ms. Suen is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. Suen obtained a bachelor's degree in business administration from the Caritas Institute of Higher Education (currently known as Saint Francis University) in November 2016 and a bachelor's degree in law from the University of Lancashire in the United Kingdom in September 2025.

CORPORATE GOVERNANCE

We have established four Board committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy Committee. Our Board committees operate in accordance with the terms of reference established by our Board.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee comprises three independent non-executive Directors, namely Dr. Yu Peiyou (于培友), Ms. Yang Min (楊敏) and Ms. Sheng Jiao (盛姣), with Dr. Yu currently serving as the chairperson. Dr. Yu has the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, among others, assisting our Board by providing an independent view of the effectiveness of our financial reporting process, internal control and risk management systems of our Group, overseeing the audit process, and performing other duties and responsibilities assigned by our Board.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code. The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely Ms. Yang Min (楊敏), Mr. Liu Jie (劉傑) and Dr. Yu Peiyou (于培友), with Ms. Yang currently serving as the chairperson. The primary duties of the Nomination Committee include, among others, reviewing the structure, size and composition of our Board, assisting our Board in maintaining a Board skills matrix, assessing the independence of our independent non-executive Directors, making recommendations to our Board on matters relating to the appointment of Directors, and performing other duties and responsibilities assigned by our Board.

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration Committee comprises one non-executive Director and two independent non-executive Directors, namely Dr. Yu Peiyou (于培友), Ms. Sheng Jiao (盛姣) and Ms. Yang

Min (楊敏), with Dr. Yu currently serving as the chairperson. The primary duties of the Remuneration Committee include, among others, making recommendations to our Board on our policy and structure for the remuneration of all Directors and senior management, determining specific remuneration packages of all Directors and senior management, reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time, and performing other duties and responsibilities assigned by our Board.

Strategy Committee

We have established the Strategy Committee with written terms of reference. The Strategy Committee comprises two executive Directors and one independent non-executive Director, namely Mr. Liu Jie (劉傑), Mr. Hao Qiankun (郝乾坤) and Dr. Yu Peiyou (于培友), with Mr. Liu currently serving as the chairperson. The primary duties of the Strategy Committee include, but are not limited to, conducting research and making recommendations on our Company's long-term development plans, business strategies and objectives, and major strategic investment and financing proposals.

Corporate Governance Code

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with the Corporate Governance Code after the **[REDACTED]** save for the matter disclosed below.

Pursuant to code provision C.2.1 in Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have separate chairman of our Board and general manager, and Mr. Liu currently performs these two roles. Our Board believes that vesting the roles of both the chairman of our Board and general manager in the same person has the benefit of ensuring consistent leadership within our Group and enabling more effective and efficient overall strategic planning and execution of strategic initiatives for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of the chairman of our Board and chief executive officer at a time when it is appropriate taking into account the circumstances of our Group as a whole.

Diversity Policy

We are committed to promoting diversity within our Company to the extent practicable by taking into consideration a number of factors in respect of our corporate governance structure. We have adopted a diversity policy which sets out the objective and approach for achieving and maintaining the diversity of our Board and our workforce (including senior management). In accordance with the diversity policy, we seek to achieve Board diversity by taking into account a number of factors, including but not limited to gender, age, ethnicity, culture and educational background, professional experience, skills, knowledge and length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to our Board having due regard to the benefits of diversity on our Board and also the specific needs of our Company without focusing on a single diversity aspect. We are also committed to promoting

diversity within our workforce (including senior management) to enhance the effectiveness of our corporate governance as a whole.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in areas such as accounting and corporate finance, human resources, finance and corporate management, investment and capital management, and legal practice. They obtained degrees in various fields including accounting, Chinese language and literature, information science, electrical engineering and automation, business administration, laws and logistics management. Furthermore, our Board has a diverse age and gender representation with two female Directors and four male Directors ranging from 39 years old to 51 years old.

After the **[REDACTED]**, we will from time to time discuss and agree on expected goals to ensure diversity, and review and, where necessary, update the diversity policy to ensure its continued effectiveness. We will report on the implementation of the diversity policy in our corporate governance report on an annual basis.

COMPLIANCE ADVISOR

We have appointed Rainbow Capital (HK) Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable laws and regulations. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances, including:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfer of treasury shares and share repurchases;

(iii) where we propose to use the **[REDACTED]** from the **[REDACTED]** in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and

(iv) where the Stock Exchange makes an inquiry to our Company under Rule 13.10 of the Listing Rules.

Pursuant to the Note to Rule 3A.24 of the Listing Rules, the Compliance Adviser must, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules and any new or amended laws and regulations in Hong Kong applicable to us.

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

FUTURE PLANS

See "Business – Strategies" for more details of our future business plans and strategies.

USE OF [REDACTED]

We estimate that we will receive net **[REDACTED]** from the **[REDACTED]** of approximately **[REDACTED]** million, after deducting estimated **[REDACTED]** commissions, fees and expenses payable by us in connection with the **[REDACTED]**, assuming an **[REDACTED]** of **[REDACTED]** per H Share, being the mid-point of the indicative **[REDACTED]** range of **[REDACTED]** to **[REDACTED]** per H Share, and assuming the **[REDACTED]** is not exercised.

In line with our strategies, we intend to use the net **[REDACTED]** for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, is expected to be used to fortify our fundamental R&D capabilities in health technology and accelerate our technological innovation. We plan to establish dedicated laboratories in key fields, attract top-tier talent in areas such as artificial intelligence, software application development, and assemble dedicated R&D teams aligned with these strategic objectives. In particular,

  (i) approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, will be used for the R&D and iteration of our smart health watches. As people's health awareness grows, the demand for preventive health management and daily monitoring in sub-health scenarios is rising rapidly, driving growth in the smart health wearable devices market. See "Industry Overview – Overview of Global Smart Health Wearables Market". We plan to develop a diversified product lineup that mainly includes smart watches, smart rings, and smart wristbands, all of which are supported by intellectual property fully owned by us. This portfolio will address both premium professional monitoring needs and mainstream sports and wellness applications, enabling us to avoid homogenized competition within a single product segment and capture the significant growth potential of the emerging medical-grade health monitoring market. Specifically:

    (a) approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, will be used to build up an R&D team with rich industry experience. Specifically, the R&D team includes: (1) approximately 20 engineers, including hardware engineers, algorithm engineers, structural engineers and embedded software engineers, to develop, optimize and iterate relevant technologies and hardware. These engineers are expected to have bachelor's degrees and above and more than three years of experience in relevant areas, and the average annual salary for each person is expected to range from HKD260.0 thousand to HKD480.0 thousand; (2) two medical consultants to conduct clinical requirement alignment, medical evidence support and medical review of registration materials. These medical consultants are expected to be qualified as associate chief physician or above and specializing in cardiology or geriatrics, and the average annual salary for each person is expected to range from HKD600.0 thousand to HKD750.0 thousand; (3) two project managers and two product managers to conduct project planning, resource coordination and product iteration. These managers are expected to have past experience in project management or product analysis, and have

obtained relevant certificates in relevant fields. The average annual salary for each person is expected to range from HKD300.0 thousand to HKD390.0 thousand.

(b) approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, is expected to be used to establish three pilot production lines for smart health watches, equipped with a total of 54 units of production equipment in total, covering functions spanning SMT assembly, quality inspection, functional and reliability testing, and mechanical assembly and firmware programming.

(c) approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, is expected to be used to pay costs in connection with product testing, verification and registration;

(d) approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, is expected to be used to pay other operating expenses, comprising travel expenses for liaison visits to contract manufacturers, and R&D facility rental fees.

The following table sets forth some details of our new products to be developed:

Product Line	Product Name	Enhanced Function	Estimated Commercialization time
Guardian Alert Series	Guardian Alert Watch Pro	Oscillometric BP + PPG trend and ECG monitoring; Proactive safety with ten core early-warning services.	First quarter of 2026
	Guardian Alert Wristband 1.0	More than ten days battery life with 4G/GPS; Eight major health alerts and BP/ECG/SpO2 monitoring.	Third quarter of 2026
GT5 Series	GT5 GT5 Pro GT5 Pro Female Edition	High-definition AMOLED display, premium metal frame, and 5ATM waterproofing; with 5-system GPS, 100+ sports modes, bluetooth calling, and comprehensive health monitoring in a bilingual interface.	First quarter of 2026

The following table sets forth a breakdown of our proposed allocation of net **[REDACTED]** for the R&D and iteration of our smart health watches from 2026 to 2028.

	Year Ended December 31,			
	2026	2027	2028	Total
	(HKD in million)			
R&D and iteration of smart health watches	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Expanding R&D team	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Establishing pilot production line	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Product testing, verification and registration	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other operating expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

(ii) approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, will be used for the development of our digital R&D platform and related systems, including a user platform for early alert and monitoring management on our app. The number of members on our user platform represents registered app users, which is expected to reach 10 million, with chargeability to be determined based on future business conditions. We will strategically invest in integrated, data-driven technology systems to evaluate our user experience and feedback, as well as iterating our products and delivering our services more effectively through the system. This consists of a user-data-driven design framework, a seamless service interaction system that supports multi-channel customer service and personalized user engagement, an advanced curriculum design and management system that enables the creation and management of personalized health and wellness plans, and a multi-device management module for our app with features such as one-tap device pairing and categorized data viewing.

(a) approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, is expected to be used to develop a user-data-driven design framework, a seamless service interaction system, an advanced curriculum design and management system. To support these initiatives, we plan to recruit approximately 40 R&D personnel with rich experience, including programming engineers, front-end engineers, testing engineers, software product managers, UX/UI engineers and data engineers, to support our systems from data infrastructure and user interface interaction to system testing and evaluation. The average annual salary per person is expected to range from HKD300 thousand to HKD800 thousand. We also plan to allocate our net **[REDACTED]** in: (1) advancing industry-academia-research collaboration by partnering with universities or research institutions to accelerate product innovation; (2) procuring cloud services and workstations, as well as acquiring software licenses and copyrights.

(b) approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, is expected to be used to develop a multi-device management module for our app with features like one-tap device pairing and categorized data viewing. To support these initiatives, we plan to recruit approximately 20 R&D personnel with rich experience, including algorithm engineers, front-end engineers, back-end engineers and product engineers, to upgrade our system architecture, develop application multi-service management modules, and develop individualized algorithms. The average annual salary per person is expected to range from HKD200 thousand to HKD500 thousand. We also plan to allocate our net **[REDACTED]** in: (1) procuring cloud infrastructure, including high-concurrency cloud servers, distributed databases, and data backup and security systems; (2) conducting user-end testing and optimization of the system, primarily consist of expenses related to user recruitment, UX optimization and algorithm verification; (3) implementing marketing and promotion strategies through short-form video campaigns, community hospital collaboration and user referral.

The following table sets forth a breakdown of details of our proposed allocation of net **[REDACTED]** for the development of our digital R&D platform from 2026 to 2028.

	Year Ended December 31,			
	2026	2027	2028	Total
	(HKD in million)			
Digital R&D platform	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Establishing integrated data-driven technology system	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Advancing research collaboration	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Expanding R&D team	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Procuring cloud services and workstations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Other operating expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Establishing alert monitoring and management user platform	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Expanding R&D team	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Procuring cloud infrastructure	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Platform testing and optimization	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Marketing and promotion	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Other operating expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

(iii) approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, will be used to upgrade the laboratory equipment of our SKG Technology Research Institute and establish laboratories focused on biomimetic technology, ergonomics, and AI algorithms. Specifically, we plan to recruit approximately 35 R&D personnel with rich experience, including structural engineers, hardware engineers, embedded software engineers and algorithm engineers, deepening our R&D capabilities and converting research results into production features. We also plan to allocate our net **[REDACTED]** in: (1) procuring laboratory equipment, including EMG acquisition devices for muscle activity analysis, 3D human body scanners for body shape and dimensional measurement, and machines for mechanical testing, as well as subscribing design and engineering software, including 3D modeling and CAD tools, rendering and visualization software, simulation and analysis tools, and systems for multi-modal data fusion, circuit simulation, and EMC measurement; (2) procuring research materials and technical services, and (3) leasing laboratories and office premises.

The following table sets forth a breakdown of details of our proposed allocation of net **[REDACTED]** for upgrading the laboratory equipment and establishing specialized laboratories from 2026 to 2028.

	Year Ended December 31,			
	2026	2027	2028	Total
	(HKD in million)			
Laboratory equipment and specialized laboratories	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Procuring research materials and technical services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Expanding R&D team	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Procuring equipment and subscribing software	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Leasing new laboratories and office premises	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

(iv) approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, will be used for research and development initiatives focused on addressing the specific needs and usage patterns of users across various overseas markets. We will adapt and optimize product features to meet the unique needs and preferences of users in certain target overseas markets, including (i) deep muscle recovery solutions for North American users; (ii) healthcare and medical compatibility for the European market; (iii) noise-reduction and lightweight designs for Japanese consumers. This will involve recruiting experienced engineers and product consultants. Furthermore, we also plan to purchase R&D-related equipment and tools for these R&D initiatives; and

(v) approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, will be used to establish an industrial design center, with a focus on advancing our capabilities in product aesthetics and ergonomics engineering. This center will be tasked with enhancing the visual appeal, functional design, and ergonomic comfort of our products, thereby strengthening user experience and brand recognition.

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, is expected to be used for further integration of upstream and downstream industry resources and exploration of strategic partnerships. We will seek potential investment and acquisition opportunities to invest in or acquire leading companies within the industry, which have robust history of business operations and innovations, as well as strong management teams. The companies we would consider investing in or acquiring would: (i) be qualified and licensed in household disease or pain management medical devices, (ii) possess products, sales channels and R&D capabilities in household health products, or (iii) possess sales channels or with wide geographical market coverage in smart health wearables or sport and health technology products. We will build an industry ecosystem through investments and acquisitions, further integrating industrial resources, enhancing supply chain security, and strengthening our presence in the market. According to Frost & Sullivan, as of May 31, 2026, there were over 30 potential targets in China and 70 worldwide in the market that met our criteria. As such, our Directors are of the opinion that there is a sufficient number of suitable target companies available in the market for our investment and acquisition plans. However, there is no guarantee that we will be able to invest in or acquire the targets that we desire. As of the Latest Practicable Date, we have not negotiated with any specific acquisition targets nor identified any such targets.

To effectively integrate industry resources, we will also leverage our technical expertise to consolidate research resources across the value chain, enabling the development of flagship products. By utilizing our extensive omni-channel sales network, we will facilitate resource sharing and cross-selling to accelerate market penetration for new products. We will capitalize on our self-owned smart factories to vertically integrate upstream suppliers, ensuring production capacity and enhancing supply chain resilience through centralized coordination.

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, is expected to be used for brand building and omnichannel marketing to further enhance our brand awareness. In particular,

  - approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, will be used to further e-commerce and social media platforms to directly connect with end users and customers; (ii) invest in outdoor and billboard advertising to enhance brand visibility, prioritizing strategic locations in public areas with high foot traffic; (iii) participate in exhibitions, expos, and forums to directly engage with potential customers; and (iv) launch and operate high-end brand experience stores. Specifically, we aim to open over 60 new high-end experience stores across China in 2026, as well as renovate and expand existing locations. By enhancing visual merchandising and improving user interaction, we aim to strengthen brand reputation among consumers; and

  - approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, will be used to expand our international presence, with a focus on key markets including North America, Europe, and Southeast Asia. We plan to (i) accelerate our overseas expansion by recruiting approximately 50 business professionals for our overseas marketing and operation teams to provide customer and post-sale services for our key markets; (ii) increase investment in the operation of mainstream e-commerce platforms such as Amazon, AliExpress, and Lazada, and expand and strengthen overseas sales channel networks through cooperation with local distributors; (iii) strengthen collaborations with approximately 1,500 KOLs/KOCs and craft quality content on mainstream social media platforms such as TikTok, Facebook and YouTube for marketing and distribution to deepen emotional connections and resonance with overseas consumers; and (iv) participate in overseas exhibitions, expos, and forums to directly engage with potential customers.

The following table sets forth a breakdown of details of our proposed allocation of net **[REDACTED]** for brand building and omnichannel marketing from 2026 to 2028.

	Year Ended December 31,			
	2026	**2027**	**2028**	**Total**
	(HKD in million)			
Brand building and omnichannel marketing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Expanding domestic market presence	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Expanding international market presence	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- Approximately **[REDACTED]**% of the net **[REDACTED]**, or **[REDACTED]** million, is expected to be allocated to working capital and general corporate purposes.

If the **[REDACTED]** is set at **[REDACTED]** per H Share, being the high end of the **[REDACTED]**, the net **[REDACTED]** from the **[REDACTED]** will increase to approximately **[REDACTED]** million. If the **[REDACTED]** is set at **[REDACTED]** per H Share, being the low end of the indicative **[REDACTED]** range, the net **[REDACTED]** from the **[REDACTED]** will decrease to approximately **[REDACTED]** million. The above allocation of the net **[REDACTED]** from the **[REDACTED]** will be adjusted on a pro-rata basis in the event that the **[REDACTED]** is fixed at a higher or lower level compared to the midpoint of the **[REDACTED]** stated in this document.

If the **[REDACTED]** is exercised in full, the net **[REDACTED]** that we will receive will be approximately **[REDACTED]** million, assuming an **[REDACTED]** of **[REDACTED]** per H Share (being the mid-point of the **[REDACTED]**). In the event that the **[REDACTED]** is exercised, we intend to apply the additional net **[REDACTED]** to the above purposes in the proportions stated above.

To the extent that our net **[REDACTED]** are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash available on hands, bank loans and other borrowings.

If the net **[REDACTED]** of the **[REDACTED]** are not immediately used for the purposes described above, to the extent permitted by the relevant laws and regulations, we will only deposit the net **[REDACTED]** into short-term interest bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions, as long as it is deemed to be in the best interests of the Company. We will comply with all disclosure requirements under the Listing Rules if there is any change to the above proposed use of **[REDACTED]**.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

[To insert the firm's letterhead]
SKG Health Technologies Co., Ltd.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SKG HEALTH TECHNOLOGIES CO., LTD. AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of SKG Health Technologies Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to [●], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024, 2025 and the five months ended 31 May 2026 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024, 2025 and 31 May 2026 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [●] to [●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the initial **[REDACTED]** of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024, 2025 and 31 May 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the five months ended 31 May 2025 and other explanatory information (the "Interim Comparative Financial Information").

The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report,

is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [3] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[●]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
REVENUE	5	1,045,822	1,044,792	1,217,540	424,908	645,683
Cost of sales		(532,086)	(534,393)	(614,795)	(209,646)	(334,721)
Gross profit		513,736	510,399	602,745	215,262	310,962
Other income and gains	5	49,265	51,720	57,786	23,708	28,281
Selling and marketing expenses		(215,957)	(225,614)	(288,237)	(105,330)	(152,583)
Administrative expenses		(112,695)	(101,507)	(142,770)	(48,729)	(68,379)
Research and development costs		(95,505)	(79,178)	(73,278)	(28,825)	(38,364)
Impairment losses on financial assets, net		(723)	(648)	(1,440)	(88)	(1,313)
Other expenses		(1,259)	(3,225)	(5,342)	(1,794)	(10,920)
Finance costs	7	(913)	(2,293)	(2,840)	(1,310)	(1,939)
PROFIT BEFORE TAX	6	135,949	149,654	146,624	52,894	65,745
Income tax expense	10	(9,422)	(14,195)	(14,831)	(5,505)	(4,102)
PROFIT FOR THE YEAR/PERIOD		126,527	135,459	131,793	47,389	61,643
Attributable to:						
Owners of the parent		126,527	135,459	131,793	47,389	61,643
Non-controlling interests		–	–	–	–	–
		126,527	135,459	131,793	47,389	61,643
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12					
Basic *(RMB)*		0.35	0.38	0.37	0.13	0.17
Diluted *(RMB)*		0.35	0.38	0.37	0.13	0.17

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
PROFIT FOR THE YEAR/PERIOD	126,527	135,459	131,793	47,389	61,643
OTHER COMPREHENSIVE (LOSS)/INCOME					
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations, net	–	–	(165)	–	798
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	–	–	(165)	–	798
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD, NET OF TAX	–	–	(165)	–	798
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	126,527	135,459	131,628	47,389	62,441
Attributable to:					
Owners of the parent	126,527	135,459	131,628	47,389	62,441
Non-controlling interests	–	–	–	–	–
	126,527	135,459	131,628	47,389	62,441

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December			31 May
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	13	298,886	301,194	309,855	327,747
Investment properties		638	577	515	489
Right-of-use assets	14(a)	84,883	83,211	95,575	105,210
Intangible assets	15	25,396	27,204	35,424	33,108
Deferred tax assets	17	3,329	3,745	5,314	11,943
Prepayments, other receivables and other assets	18	12,946	4,591	6,827	6,341
Time deposits	22	–	142,452	146,092	–
Certificates of deposit	22	128,144	49,283	29,365	–
Restricted bank deposits	22	–	50,839	–	–
Total non-current assets		554,222	663,096	628,967	484,838
CURRENT ASSETS					
Inventories	19	70,104	60,941	87,484	97,709
Trade and bills receivables	20	45,001	43,390	86,997	106,529
Prepayments, other receivables and other assets	18	60,789	72,077	72,693	83,088
Financial assets at fair value through profit or loss	21	100,346	200,599	243,096	516,925
Time deposits	22	–	–	101,737	212,162
Certificates of deposit	22	–	132,391	21,358	51,319
Restricted bank deposits	22	76,661	40,803	123,937	35,661
Cash and cash equivalents	22	313,433	88,521	94,847	98,209
Total current assets		666,334	638,722	832,149	1,201,602
CURRENT LIABILITIES					
Trade and bills payables	23	278,595	253,203	360,407	479,552
Contract liabilities	24	8,980	22,817	18,756	13,511
Other payables and accruals	25	174,026	135,144	138,405	125,830
Interest-bearing bank borrowings	26	12,663	70,042	180,061	220,061
Lease liabilities	14(b)	4,822	4,161	13,441	12,917
Tax payable		5,753	9,235	2,698	6,641
Provision	27	2,025	4,647	2,918	3,718
Total current liabilities		486,864	499,249	716,686	862,230
NET CURRENT ASSETS		179,470	139,473	115,463	339,372
TOTAL ASSETS LESS CURRENT LIABILITIES		733,692	802,569	744,430	824,210

	Notes	31 December			31 May
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		733,692	802,569	744,430	824,210
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	26	57,400	–	–	–
Lease liabilities	14(b)	985	1,229	5,397	17,076
Deferred income	28	727	640	1,187	1,145
Total non-current liabilities		59,112	1,869	6,584	18,221
Net assets		674,580	800,700	737,846	805,989
EQUITY					
Equity attributable to owners of the parent					
Share capital	29	360,000	360,000	360,000	360,000
Reserves	30	314,580	440,700	377,546	445,689
		674,580	800,700	737,546	805,689
Non-controlling interests		–	–	300	300
Total equity		674,580	800,700	737,846	805,989

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent					
	Share capital	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Retained profits	Total equity
	RMB'000 (note 29)	*RMB'000 (note 30)*	*RMB'000 (note 30)*	*RMB'000 (note 30)*	*RMB'000*	*RMB'000*
At 1 January 2023	360,000	36,402	33,008	24,856	132,172	586,438
Profit for the year	–	–	–	–	126,527	126,527
Total comprehensive income for the year	–	–	–	–	126,527	126,527
Share-based payment expenses *(note 32)*	–	–	(8,385)	–	–	(8,385)
Transfer from retained profits	–	–	–	11,330	(11,330)	–
Dividends declared	–	–	–	–	(30,000)	(30,000)
At 31 December 2023	360,000	36,402*	24,623*	36,186*	217,369*	674,580

Year ended 31 December 2024

	Attributable to owners of the parent					
	Share capital	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Retained profits	Total equity
	RMB'000 (note 29)	*RMB'000 (note 30)*	*RMB'000 (note 30)*	*RMB'000 (note 30)*	*RMB'000*	*RMB'000*
At 1 January 2024	360,000	36,402	24,623	36,186	217,369	674,580
Profit for the year	–	–	–	–	135,459	135,459
Total comprehensive income for the year	–	–	–	–	135,459	135,459
Share-based payment expenses *(note 32)*	–	–	(9,491)	–	–	(9,491)
Transfer from retained profits	–	–	–	15,152	(15,152)	–
Donation from a shareholder *(note 36)*	–	152	–	–	–	152
At 31 December 2024	360,000	36,554*	15,132*	51,338*	337,676*	800,700

Year ended 31 December 2025

	Attributable to owners of the parent								
	Share capital	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (note 29)	*RMB'000 (note 30)*	*RMB'000 (note 30)*	*RMB'000 (note 30)*	*RMB'000 (note 30)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	360,000	36,554	15,132	51,338	–	337,676	800,700	–	800,700
Profit for the year	–	–	–	–	–	131,793	131,793	–	131,793
Exchange differences on translation of foreign operations	–	–	–	–	(165)	–	(165)	–	(165)
Total comprehensive income for the year	–	–	–	–	(165)	131,793	131,628	–	131,628
Share-based payment expenses *(note 32)*	–	–	4,658	–	–	–	4,658	–	4,658
Appropriations to reserves	–	–	–	18,169	–	(18,169)	–	–	–
Changes in ownership interest without a loss of control	–	–	–	–	–	–	–	300	300
Dividends declared	–	–	–	–	–	(199,440)	(199,440)	–	(199,440)
At 31 December 2025	360,000	36,554*	19,790*	69,507*	(165)*	251,860*	737,546	300	737,846

Five months ended 31 May 2026

	Attributable to owners of the parent								
	Share capital	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (note 29)	*RMB'000 (note 30)*	*RMB'000 (note 30)*	*RMB'000 (note 30)*	*RMB'000 (note 30)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	360,000	36,554	19,790	69,507	(165)	251,860	737,546	300	737,846
Profit for the period	–	–	–	–	–	61,643	61,643	–	61,643
Exchange differences on translation of foreign operations	–	–	–	–	798	–	798	–	798
Total comprehensive income for the period	–	–	–	–	798	61,643	62,441	–	62,441
Share-based payment expenses *(note 32)*	–	–	5,702	–	–	–	5,702	–	5,702
At 31 May 2026	360,000	36,554*	25,492*	69,507*	633*	313,503*	805,689	300	805,989

* These reserve accounts comprise the consolidated reserves of RMB314,580,000, RMB440,700,000, RMB377,546,000 and RMB445,689,000 in the consolidated statements of financial position as at 31 December 2023, 2024, 2025 and 31 May 2026, respectively.

Five months ended 31 May 2025 (Unaudited)

	Attributable to owners of the parent						
	Share capital	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total equity
	RMB'000 (note 29)	*RMB'000 (note 30)*	*RMB'000 (note 30)*	*RMB'000 (note 30)*	*RMB'000 (note 30)*	*RMB'000*	*RMB'000*
At 1 January 2025	360,000	36,554	15,132	51,338	–	337,676	800,700
Profit for the period	–	–	–	–	–	47,389	47,389
Total comprehensive income for the period	–	–	–	–	–	47,389	47,389
Share-based payment expenses *(note 32)*	–	–	2,423	–	–	–	2,423
At 31 May 2025 (Unaudited)	360,000	36,554	17,555	51,338	–	385,065	850,512

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		135,949	149,654	146,624	52,894	65,745
Adjustments for:						
Finance costs	7	913	2,293	2,840	1,310	1,939
Interest income		(9,356)	(12,037)	(11,441)	(4,366)	(4,617)
Fair value (gains)/losses from financial assets at fair value through profit or loss, net		(346)	(253)	(488)	(458)	4,673
Investment (income)/losses from financial assets at fair value through profit or loss		(2,069)	(2,183)	(4,130)	(1,712)	114
Loss on disposal of items of property, plant and equipment		157	119	394	–	37
Loss on disposal of intangible assets	6	6	–	50	–	–
Gains on early termination of right-of-use assets	6	(810)	(54)	–	–	(2)
Depreciation of property, plant and equipment	6	28,728	31,282	31,743	7,871	13,039
Depreciation of investment properties		62	61	62	26	26
Depreciation of right-of-use assets	6	10,585	8,723	14,358	3,313	8,632
Amortisation of intangible assets	6	3,702	4,211	6,048	3,088	2,602
Amortisation of deferred government grants	6	(43)	(87)	(114)	(39)	(42)
Impairment/(reversal of impairment) of trade and bills receivables, net	6	26	115	1,497	(482)	1,179
Impairment/(reversal of impairment) of other receivables, net	6	697	533	(57)	570	134
Write-down of inventories to net realisable value	6	6,192	5,946	3,878	3,484	4,258
Impairment of an investment in an associate	6	1,059	–	–	–	–
Share-based payment expenses	32	(8,385)	(9,491)	4,547	2,423	5,707
		167,067	178,832	195,811	67,922	103,424

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Decrease/(increase) in inventories		10,464	3,218	(21,696)	(44,487)	(14,483)
Decrease/(increase) in restricted bank deposits		6,589	(17,869)	(31,789)	(108,442)	88,125
(Increase)/decrease in trade and bills receivables		(6,743)	1,040	(38,059)	6,845	(20,711)
Increase in prepayments, other receivables and other assets		(12,069)	(8,641)	(168)	(31,867)	(8,859)
(Decrease)/increase in contract liabilities		(3,680)	13,838	(8,776)	3,964	(5,245)
Increase/(decrease) in trade and bills payables		37,004	(20,392)	90,671	115,841	110,585
Increase/(decrease) in other payables and accruals		38,552	(8,801)	(512)	(14,467)	(1,380)
Increase in deferred income		770	–	661	661	–
Cash generated from operations		237,954	141,225	186,143	(4,030)	251,456
Interest received		3,957	3,513	3,595	1,527	1,161
Income tax paid		(6,408)	(14,836)	(17,918)	(21,968)	(6,877)
Net cash flows from/(used in) operating activities		235,503	129,902	171,820	(24,471)	245,740

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Net cash flows from/(used in) operating activities		235,503	129,902	171,820	(24,471)	245,740
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		–	581	12,391	12,391	2,400
Additions of financial assets at fair value through profit or loss		(314,000)	(560,000)	(2,159,670)	(776,000)	(935,040)
Additions of time deposits		–	(246,574)	(132,201)	(132,201)	(64,234)
Additions to certificates of deposit		(40,000)	(48,882)	–	–	–
Purchases of items of property, plant and equipment		(182,804)	(53,674)	(50,585)	(14,944)	(30,349)
Additions of intangible assets		(5,423)	(6,804)	(3,583)	(1,435)	(344)
Refund of bid deposit for assets purchase		–	(255)	(8,511)	(718)	(1,460)
Receipt of bid deposit for assets purchase		–	340	9,669	1,359	400
Proceeds from disposal of items of property, plant and equipment		–	2,373	89	–	79
Proceeds from disposal of intangible assets		544	424	–	–	–
Proceeds from maturity of financial assets at fair value through profit or loss		257,120	462,182	2,121,791	651,712	656,424
Proceeds from maturity of time deposits		–	107,414	32,839	–	100,000
Proceeds from maturity of certificates of deposit		–	–	120,391	119,982	–
Increase in restricted bank deposit		(1,351)	(591)	(2,090)	(420)	(387)
Decrease in restricted bank deposit		27,730	3,479	1,882	208	538
Acquisition of subsidiaries	31	–	–	(837)	–	–
Net cash flows used in investing activities		(258,184)	(339,987)	(58,425)	(140,066)	(271,973)

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank borrowings		–	164,500	280,000	145,000	120,000
Repayment of bank borrowings		–	(164,500)	(170,000)	–	(80,000)
Interest paid		(2,952)	(2,477)	(2,955)	(1,352)	(1,939)
Principal portion of lease payments		(10,278)	(7,414)	(13,538)	(2,851)	(7,384)
Payments of A-share IPO listing expenses		–	(5,052)	–	–	–
Payments of **[REDACTED]** expenses		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Payments of lease deposits		–	(782)	–	–	(360)
Refunds of lease deposits		5	439	267	–	265
Dividends paid		(30,000)	–	(199,440)	–	–
Disposal ownership interest of a subsidiary without a loss of control		–	–	–	–	300
Net cash flows (used in)/from financing activities		(43,225)	(15,286)	(106,874)	140,797	30,065
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(65,906)	(225,371)	6,521	(23,740)	3,832
Cash and cash equivalents at beginning of year/period		378,103	313,433	88,521	88,521	94,847
Effect of foreign exchange rate changes, net		1,236	459	(195)	116	(470)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		313,433	88,521	94,847	64,897	98,209
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	22	313,433	58,657	38,888	47,894	98,209
Non-pledged time deposits with original maturity of less than three months when acquired	22	–	29,864	55,959	17,003	–
Cash and cash equivalents as stated in the statement of financial position and cash flows		313,433	88,521	94,847	64,897	98,209

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	31 December			31 May
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	13	19,975	20,551	18,603	17,516
Investment properties		638	577	515	489
Right-of-use assets	14(a)	4,702	3,345	5,322	13,364
Intangible assets	15	22,407	24,603	22,079	20,510
Investments in subsidiaries	16	12,009	16,334	21,446	21,802
Deferred tax assets	17	1,190	982	1,527	3,016
Prepayments, other receivables and other assets	18	4,745	749	2,073	2,127
Time deposits	22	–	142,452	146,092	–
Certificates of deposit	22	128,144	49,283	29,365	–
Restricted bank deposits	22	–	50,839	–	–
Total non-current assets		193,810	309,715	247,022	78,824
CURRENT ASSETS					
Inventories	19	–	54,027	63,732	65,633
Trade and bills receivables	20	80,823	104,546	164,935	166,680
Prepayments, other receivables and other assets	18	306,475	410,117	380,768	487,957
Financial assets at fair value through profit or loss	21	100,346	200,599	243,096	516,925
Time deposits	22	–	–	101,737	187,770
Certificates of deposit	22	–	132,391	21,358	51,319
Restricted bank deposits	22	75,457	40,697	123,597	35,557
Cash and cash equivalents	22	290,538	62,579	46,750	47,905
Total current assets		853,639	1,004,956	1,145,973	1,559,746
CURRENT LIABILITIES					
Trade and bills payables	23	246,863	226,594	287,795	470,160
Contract liabilities	24	38,604	38,879	22,898	15,785
Other payables and accruals	25	113,810	188,634	156,972	178,486
Interest-bearing bank borrowings	26	–	65,042	150,061	100,061
Lease liabilities	14(b)	4,395	3,011	4,121	3,559
Tax payable		2,467	8,683	–	6,322
Provision	27	–	872	704	850
Total current liabilities		406,139	531,715	622,551	775,223

	Notes	31 December			31 May
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NET CURRENT ASSETS		447,500	473,241	523,422	784,523
TOTAL ASSETS LESS CURRENT LIABILITIES		641,310	782,956	770,444	863,347
NON-CURRENT LIABILITIES					
Lease liabilities	14(b)	984	533	1,221	10,053
Deferred income	28	727	640	554	518
Total non-current liabilities		1,711	1,173	1,775	10,571
Net assets		639,599	781,783	768,669	852,776
EQUITY					
Share capital	29	360,000	360,000	360,000	360,000
Reserves	30	279,599	421,783	408,669	492,776
Total equity		639,599	781,783	768,669	852,776

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company established in the People's Republic of China (the "PRC") on 1 November 2007, which was converted into a joint stock company in July 2021. The Company's shares were delisted from the National Equities Exchange and Quotations System on 19 November 2025. The registered office address of the Company is 23AF, Building 3, China Academy of Science & Technology Development Zone, 9 Gaoxin Sonth 3rd Road, Nanshan District, Shenzhen, Guangdong, the PRC.

In the opinion of the directors, LIU Jie, Ms Xu Siying, Shenzhen Little Swan Ballet Enterprise Management Partnership (Limited Partnership) and Future Life Investment Group Limited are considered as the controlling shareholders of the Company as of the end of the Relevant Periods.

During the Relevant Periods, the Company and its subsidiaries (together, the "Group") were involved in the research and development (the "R&D"), design, manufacture, marketing and sale of health and wellness products.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of the principal subsidiaries are set out below:

Name	*Notes*	Place and date of incorporation/ registration and place of operations	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Future Sunflower Robot (Guangdong) Co., Ltd. ("未來向日葵機器人(廣東)有限公司")*#	(a)	5 December 2019 PRC/Chinese mainland	RMB10,000,000	100%	–	Manufacture and sale of health and wellness products
Future Wear (Hainan) Technology Co., Ltd. ("未來穿戴(海南)技術有限公司")*	(b)	14 October 2021 PRC/Chinese mainland	RMB1,000,000	100%	–	Sale of health and wellness products
Future Wearable Technology (Foshan) Co., Ltd. ("未來穿戴技術(佛山)有限公司")*	(c)	9 August 2024 PRC/Chinese mainland	RMB5,000,000	100%	–	Manufacture and sale of health and wellness products
Wave E-commerce Co., Ltd.	(c)	14 July 2017 United States of America (the "USA")	U.S. dollars (the "USD") 1,000,000	100%	–	Sale of health and wellness products

* The English names of these companies registered in the PRC represent the best effort made by the directors of the Company to translate the Chinese names as these companies have not been registered with any official English names.

\# Future Sunflower Robot (Guangdong) Co., Ltd. was formerly known as Guangdong Shiqi Manufacture Co., Ltd. (廣東詩奇製造有限公司).

Notes:

(a) The statutory financial statements of the entity for the years ended 31 December 2023 and 2024, prepared in accordance with Accounting Standards for Business Enterprises as issued by the Ministry of Finance (the "PRC GAAP"), were audited by Foshan Fengqin Certified Public Accountants, certified public accountants registered in the PRC.

(b) The statutory financial statements of the entity for the year ended 31 December 2024, prepared in accordance with PRC GAAP were audited by Foshan Fengqin Certified Public Accountants, certified public accountants registered in the PRC.

(c) As at the date of this report, no audited financial statements have been prepared for the entities.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information and the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention except for financial assets at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial information of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]
IFRS 20	*Regulatory Assets and Regulatory Liabilities*[2]
Amendments to IAS 28	*Fair value option for investments in Associates and Join Ventures*[4]

[1] Effective for annual/reporting periods beginning on or after 1 January 2027

[2] Effective for annual/reporting periods beginning on or after 1 January 2029

[3] No mandatory effective date yet determined but available for adoption

[4] Applied consistently with IFRS 18

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application. The application of IFRS 18 is not expected to have a material impact on the consolidated financial position of the Group but is expected to affect the presentation of the consolidated statements of profit or loss, statements of other comprehensive income and statements of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICIES INFORMATION

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	1.90% to 4.75%
Machine equipment and tooling	9.50% to 19.00%
Transportation equipment	23.75%
Other equipment	19.00% to 31.67%
Renovation assets	33.30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on the straight-line basis, with depreciation periods consistent with the useful lives of the buildings and land.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with definite useful lives are amortised on the straight-line basis over the following useful economic lives:

Software	Shorter of remaining service terms and estimated useful lives
Trademark	9.5 years
Customer relationship	6.5 years

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Properties	2 to 5 years
Leasehold land	50 years

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and bills payables, other payables and accruals, interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks and short-term deposits as defined above.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery and acceptance of the products as agreed in the sales contracts.

(i) Distribution model

A significant part of the Group's products is sold under distribution model to distributors, who have discretion over both price and distribution methods for products to be sold in their designated geographical areas. Revenue is recognised at the point in time when the products are delivered and accepted by the distributors in accordance with the sales contract.

(ii) Direct sales model

The Group sells its products directly to end customers via e-commerce platforms or offline outlets. Revenue is recognised at the point in time when the goods are delivered and accepted by the end customers. The Group estimates the time of acceptance by the end customers based on the actual delivery time, the historical experience on transportation time required, and the time when online payment is completed.

During the Relevant Periods, the Group generated a small portion of revenue from the sales of ODM products and consignment sales. According to the cooperation agreement with ODM customers, the Group is responsible for the production and delivery of the ODM products to ODM customers. Revenue is recognised at a point in time when the products are delivered and accepted by the ODM customers. Consignment sales involve delivering products to consignees who act as the sales agents and revenue is recognised when the products are sold and accepted by the ultimate customers.

Some contracts for the sale of products provide customers with rights of return and volume rebates, giving rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(ii) Volume rebates

Retrospective volume rebates may be provided to certain customers under certain conditions as agreed in the sales contract. Rebates are settled by offsetting against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

(b) Product refurbishment services

Revenue from product refurbishment services is recognised at the point in time when the services are rendered and accepted by the customers.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based payments

The Group operates a share option scheme and a restricted share scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of restricted shares refers to the fair value of the underlying ordinary shares and the fair value of share options is determined using the Black-Scholes model and Binomial Lattice model. Further details are included in note 32 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

For overseas subsidiaries, the Group pays fixed contributions into a local separate fund, which is responsible for paying pensions and other post-retirement benefits to the retired employees. The amounts based on the defined contribution plans are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to profit or loss for the current period.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Variable consideration for returns and volume rebates

The Group estimates variable consideration to be included in the transaction price for the sale of products with rights of return and volume rebates.

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each product to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date.

The Group has applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

Provision for expected credit losses on trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade and bill receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and bills receivables is disclosed in note 20 to the Historical Financial Information.

Leases – Estimating the incremental borrowing rate ("IBR")

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Write-down of inventories to net realisable value

Net realisable value of inventories is based on estimated selling prices less any estimation costs to be incurred to completion and disposal. These estimates, based on the current market condition and the historical experience in selling goods of a similar nature, include but not limited to economic outlook, sales forecasts and the forecast market value for the inventory items. They could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period. The carrying amount of inventories is given in note 19 to the Historical Financial Information.

Estimation of fair value of share-based award

The equity-settled share-based award were estimated based on fair value of the awards as at the date of grant using valuation model depending on the terms and conditions of the grant. This requires the Group to determine the most appropriate inputs to the valuation model and make assumptions about them. Further details are included in note 32 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

The Group manages its business as a whole for the purpose of making decisions on resource allocation and performance assessment, therefore, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Chinese mainland	966,561	980,782	1,071,449	390,150	561,913
Other countries/regions	79,261	64,010	146,091	34,758	83,770
Total	1,045,822	1,044,792	1,217,540	424,908	645,683

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chinese mainland	421,011	415,682	420,096	444,274
Other countries/regions	–	–	24,239	26,151
Total	421,011	415,682	444,335	470,425

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from each of the major customers, which accounted for 10% or more of the Group's revenue during the Relevant Periods and the five months ended 31 May 2025 is set out below:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Customer A	171,546	146,426	135,150	53,125	*
Customer B	132,345	*	*	*	*
Customer C	*	129,994	*	*	*

* The corresponding revenue of the customers is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the Relevant Periods and the five months ended 31 May 2025.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue from contracts with customers	1,045,822	1,044,792	1,217,540	424,908	645,683
Total	1,045,822	1,044,792	1,217,540	424,908	645,683

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Types of goods or services					
Sale of products	1,040,354	1,038,888	1,206,897	421,465	639,619
Others *	5,468	5,904	10,643	3,443	6,064
	1,045,822	1,044,792	1,217,540	424,908	645,683
Timing of revenue recognition					
Goods transferred at a point in time	1,041,578	1,041,167	1,212,570	423,740	643,720
Service transferred at a point in time	4,244	3,625	4,970	1,168	1,963
Total	1,045,822	1,044,792	1,217,540	424,908	645,683

* The amounts disclosed for revenue from product refurbishment services and sales of accessories and materials.

The following table shows the amounts of revenue recognised in the Relevant Periods and the five months ended 31 May 2025 that were included in the contract liabilities at the beginning of each of the reporting periods and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the year:					
Sale of products	12,659	8,980	22,817	22,817	18,756
Total	12,659	8,980	22,817	22,817	18,756

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The performance obligation is satisfied upon delivery and acceptance of the products. Payment is generally due within 60 days from delivery for distribution model, where payment is normally settled through on-line payment platforms for direct sales model.

Rendering of services

The performance obligation for product refurbishment services is satisfied when the services are completed and accepted by the customers. Payment is generally due within 60 days from service completion.

As the contracts with customers are performed in a short period of time, which is generally less than one year, the Group has elected the practical expedient not to disclose the transaction price allocated to the remaining performance obligations.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Other income					
Government grants	6,856	5,462	2,274	896	1,221
Value added tax refund	27,303	27,400	30,305	12,697	19,085
Bank interest income	9,356	12,037	11,441	4,366	4,617
Investment income from financial assets at fair value through profit or loss	2,069	2,183	4,130	1,712	–
Rental income	51	2,619	5,964	2,418	2,456
Compensation income	1,217	15	1,794	577	214
Others	–	613	859	392	424
Total other income	46,852	50,329	56,767	23,058	28,017
Gains					
Foreign exchange gains	1,062	700	–	189	–
Fair value gains on financial assets at fair value through profit or loss	346	253	488	458	–
Gains on early termination of right-of-use assets	810	54	–	–	2
Others	195	384	531	3	262
Total gains	2,413	1,391	1,019	650	264
Total other income and gains	49,265	51,720	57,786	23,708	28,281

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cost of inventories sold*		529,915	531,368	611,627	208,715	333,414
Cost of services provided		2,171	3,025	3,168	931	1,307
Depreciation of property, plant and equipment**	13	28,728	31,282	31,743	7,871	13,039
Depreciation of investment properties**		62	61	62	26	26
Depreciation of right-of-use assets**		10,585	8,723	14,358	3,313	8,632
Amortisation of intangible assets**	15	3,702	4,211	6,048	3,088	2,602
Amortisation of deferred government grants	28	(43)	(87)	(114)	(39)	(42)
Research and development costs		95,505	79,178	73,278	28,825	38,364
Lease payments not included in the measurement of lease liabilities	14	–	36	–	–	–
Direct operating expenses arising from rental-earning investment properties and property, plant and equipment, including depreciation		62	1,583	2,070	869	844
Auditor's remuneration		400	300	200	6	168
[REDACTED] expenses		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Employee benefit expenses (excluding directors' and supervisors' remuneration *(note 8)*):						
Salaries, allowances and benefits in kind		185,984	167,875	184,423	68,480	101,228
Pension scheme contributions		19,376	20,105	16,272	6,045	8,339
Share-based payment expenses		(1,741)	4,461	5,532	2,070	5,108
Total		203,619	192,441	206,227	76,595	114,675

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Foreign exchange differences, net		(1,062)	(700)	1,010	(189)	4,351
Impairment of an investment in an associate***		1,059	–	–	–	–
Impairment losses on financial assets, net:						
Impairment/(reversal of impairment) of trade and bills receivables, net	20	26	115	1,497	(482)	1,179
Impairment/(reversal of impairment) of other receivables, net	18	697	533	(57)	570	134
Write-down of inventories to net realisable value*		6,192	5,946	3,878	3,484	4,258
Product warranty provision*		635	4,351	2,287	121	1,455
Fair value (gains)/losses on financial assets at fair value through profit or loss	5	(346)	(253)	(488)	(458)	4,673
Investment (income)/losses from financial assets at fair value through profit or loss	5	(2,069)	(2,183)	(4,130)	(1,712)	114
Loss on disposal of items of property, plant and equipment, net****		157	119	394	–	37
Loss on disposal of items of intangible assets****		6	–	50	–	–
Gains on early termination of right-of-use assets, net****		(810)	(54)	–	–	(2)

* The amounts disclosed for cost of inventories sold include the write-down of inventories to net realisable value and product warranty provision.

** The depreciation of property, plant and equipment, investment properties and right-of-use assets, amortisation of intangible assets are included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses", "Research and development costs" and "Other expenses" in profit or loss.

*** It represented a full impairment provided for the investment in an associate, Future Meiye (Shenzhen) Technology Limited (the "Future Meiye"), as at 31 December 2023 and the associate was deregistered on 12 August 2024. The impairment was included in "Other expenses" in profit or loss.

**** The amounts are included in "Other income and gains" and "Other expenses" in profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest on bank loans	1,929	2,237	2,317	1,189	1,545
Interest on lease liabilities	913	219	523	121	394
Total interest expense on financial liabilities not at fair value through profit or loss	2,842	2,456	2,840	1,310	1,939
Less: Interest capitalised	(1,929)	(163)	–	–	–
Total	913	2,293	2,840	1,310	1,939

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration of each director, supervisor and chief executive as recorded during the Relevant Periods and the five months ended 31 May 2025, is set out below:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Fees	240	160	160	66	66
Other emoluments:					
Salaries, allowances and benefits in kind	11,855	8,068	6,623	3,134	1,655
Performance related bonus	5,807	5,754	3,693	3,485	2,124
Pension scheme contributions	548	379	321	142	102
Share-based payment expenses	(6,644)	(13,952)	(985)	353	599
Subtotal	11,566	249	9,652	7,114	4,480
Total	11,806	409	9,812	7,180	4,546

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the five months ended 31 May 2025 were as follows:

		Year ended 31 December			Five months ended 31 May	
	Note	**2023**	**2024**	**2025**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Mr. YU Peiyou	(i)	80	80	80	33	34
Mr. ZHANG Yong	(ii)	80	80	75	33	–
Mr. HU Yougen	(iii)	80	–	–	–	–
Ms. YANG Min	(iv)	–	–	5	–	32
Total		240	160	160	66	66

Notes:

(i) Mr. YU Peiyou was appointed as an independent non-executive director of the Company with effect from 26 July 2021 and was reappointed on 19 September 2024.

(ii) Mr. ZHANG Yong was appointed as an independent non-executive director of the Company with effect from 26 July 2021 and resigned on 3 December 2025.

(iii) Mr. HU Yougen was appointed as an independent non-executive director of the Company with effect from 26 July 2021 and resigned on 1 January 2024.

(iv) Ms. Yang Min was appointed as an independent non-executive director of the Company with effect from 5 December 2025.

Mr. Sit Tsing Yui Robert was appointed as an independent non-executive director of the Company on 5 December 2025 with effect from the **[REDACTED]**.

(b) Directors, supervisors and the chief executive

Year ended 31 December 2023

	Notes	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total remuneration
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:						
Ms. KONG Zhen	(i)	1,989	1,400	91	–	3,480
Mr. WU Wenxin	(ii)	3,497	–	92	(4,418)	(829)
Mr. LU Shuping	(iii)	1,497	855	92	(2,267)	177
Subtotal		6,983	2,255	275	(6,685)	2,828
Supervisors:						
Mr. KUANG Yuxi	(iv)	461	219	48	10	738
Mr. XIANG Dongdong	(v)	423	269	92	12	796
Mr. KANG Xiaohui	(vi)	500	264	42	19	825
Subtotal		1,384	752	182	41	2,359
Chief executive:						
Mr. LIU Jie		3,488	2,800	91	–	6,379
Total		11,855	5,807	548	(6,644)	11,566

Year ended 31 December 2024

	Notes	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total remuneration
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:						
Ms. KONG Zhen	(i)	2,008	1,593	76	–	3,677
Mr. WU Wenxin	(ii)	299	–	12	(14,405)	(14,094)
Mr. LU Shuping	(iii)	1,502	930	85	199	2,716
Subtotal		3,809	2,523	173	(14,206)	(7,701)
Supervisors:						
Mr. KUANG Yuxi	(iv)	474	290	39	80	883
Mr. XIANG Dongdong	(v)	489	291	54	85	919
Mr. KANG Xiaohui	(vi)	505	278	37	89	909
Subtotal		1,468	859	130	254	2,711
Chief executive:						
Mr. LIU Jie		2,791	2,372	76	–	5,239
Total		8,068	5,754	379	(13,952)	249

Year ended 31 December 2025

	Notes	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total remuneration
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:						
Ms. KONG Zhen	(i)	1,503	1,125	60	–	2,688
Mr. LU Shuping	(iii)	1,183	–	69	(1,696)	(444)
Mr. HAO Qiankun	(vii)	212	36	20	421	689
Subtotal		2,898	1,161	149	(1,275)	2,933
Non-executive director:						
Ms. SHENG Jiao	(viii)	90	39	13	36	178
Supervisors:						
Mr. KUANG Yuxi	(iv)	384	239	25	77	725
Mr. XIANG Dongdong	(v)	402	270	29	83	784
Mr. KANG Xiaohui	(vi)	383	259	25	94	761
Subtotal		1,169	768	79	254	2,270
Chief executive:						
Mr. LIU Jie		2,466	1,725	80	–	4,271
Total		6,623	3,693	321	(985)	9,652

Five months ended 31 May 2026

	Notes	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total remuneration
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:						
Mr. HAO Qiankun	(vii)	551	602	34	524	1,711
Non-executive director:						
Ms. SHENG Jiao	(viii)	225	114	34	75	448
Chief executive:						
Mr. LIU Jie		879	1,408	34	–	2,321
Total		1,655	2,124	102	599	4,480

Five months ended 31 May 2025 (Unaudited)

	Notes	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total remuneration
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:						
Ms. KONG Zhen	(i)	833	986	33	–	1,852
Mr. LU Shuping	(iii)	626	740	34	212	1,612
Subtotal		1,459	1,726	67	212	3,464
Supervisors:						
Mr. KUANG Yuxi	(iv)	208	156	14	43	421
Mr. XIANG Dongdong	(v)	219	209	14	46	488
Mr. KANG Xiaohui	(vi)	213	161	14	52	440
Subtotal		640	526	42	141	1,349
Chief executive:						
Mr. LIU Jie		1,035	1,233	33	–	2,301
Total		3,134	3,485	142	353	7,114

There was no arrangement under which directors or supervisors or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the five months ended 31 May 2025.

During the Relevant Periods and the five months ended 31 May 2025, certain directors were granted share options and restricted shares, in respect of their services to the Group, further details of which are set out in note 32 to the Historical Financial Information. The fair values of such awards, which have been recognised in profit or loss over the vesting periods, were determined as at the dates of grant and the amounts included in the Historical Financial Information for each of the Relevant Periods and the five months ended 31 May 2025 are included in the above directors', supervisors' and chief executive's remuneration disclosures.

Notes:

(i) Ms. KONG Zhen was appointed as an executive director of the Company with effect from 26 July 2021 to 30 September 2025.

(ii) Mr. WU Wenxin was appointed as an executive director of the Company with effect from 26 July 2021 and resigned on 24 January 2024.

(iii) Mr. LU Shuping was appointed as an executive director of the Company with effect from 26 July 2021 and resigned on 20 November 2025.

(iv) Mr. KUANG Yuxi was appointed as a supervisor of the Company with effect from 26 July 2021 to 30 September 2025.

(v) Mr. XIANG Dongdong was appointed as a supervisor of the Company with effect from 26 July 2021 to 30 September 2025.

(vi) Mr. KANG Xiaohui was appointed as a supervisor of the Company with effect from 26 July 2021 to 30 September 2025.

(vii) Mr. HAO Qiankun was appointed as an executive director of the Company with effect from 30 September 2025.

(viii) Ms. SHENG Jiao was appointed as a non-executive director of the Company with effect from 4 November 2025.

The Company had dissolved the supervisory committee from 30 September 2025.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024, 2025 and the five months ended 31 May 2025 and 2026 included 3, 3, 3, 3 and 2 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining 2, 2, 2, 2 and 3 highest paid employees who were neither a director nor a supervisor nor chief executive of the Group years ended 31 December 2023, 2024, 2025 and the five months ended 31 May 2025 and 2026 are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	2,384	3,400	3,266	1,467	1,956
Performance related bonus	1,320	2,319	2,005	1,568	2,787
Pension scheme contributions	166	153	113	66	83
Share-based payment expenses	(71)	3,052	2,812	1,389	1,728
Total	3,799	8,924	8,196	4,490	6,554

The numbers of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees				
	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
				(Unaudited)	
Nil to HK$1,000,000	–	–	–	–	1
HK$1,000,001 to HK$1,500,000	1	–	–	1	–
HK$1,500,001 to HK$2,000,000	–	–	1	–	–
HK$2,000,001 to HK$2,500,000	–	1	–	–	1
HK$2,500,001 to HK$3,000,000	1	–	–	–	–
HK$3,500,001 to HK$4,000,000	–	–	–	1	–
HK$4,000,001 to HK$4,500,000	–	–	–	–	1
HK$7,000,001 to HK$7,500,000	–	1	1	–	–
Total	2	2	2	2	3

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Hong Kong

During the Relevant Periods and the five months ended 31 May 2025, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong, except for one subsidiary of the Group, **OTO Bodycare (H.K.) Limited**, which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Chinese mainland

The provision for corporate income tax in the Chinese mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in the Chinese mainland which are granted tax concessions and are taxed at preferential tax rates.

The Company was qualified as a High and New Technology Enterprise and enjoyed a preferential income tax rate of 15% during the Relevant Periods and the five months ended 31 May 2025.

Pursuant to Caishui [2022] No. 13 "Announcement on Further Implementing the Income Tax Preferential Policies for Small Meagre-profit Enterprises" (關於進一步實施小微企業所得稅優惠政策的公告) and Caishui [2023] No. 12 "Announcement on the Income Tax Preferential Policies for Small Meagre-profit Enterprises and Self-employed Businesses" (關於小微企業和個體工商戶所得稅優惠政策的公告), **Shenzhen Future Health Co., Ltd.** and **Future Wearable Technology (Foshan) Co., Ltd.** were qualified as small and micro-profit enterprises since 2022 and 2023, respectively. They were entitled to a preferential corporate income tax rate of 5% on taxable income up to RMB1,000,000, and 10% on the portion exceeding RMB1,000,000 but not exceeding RMB3,000,000 during the Relevant Periods and the five months ended 31 May 2025.

Pursuant to Caishui [2020] No. 31 "Announcement on the Income Tax Preferential Policies for Corporates of Hainan Free Trade Port" (關於海南自由貿易港企業所得稅優惠政策的通知) and Caishui [2025] No. 3 "Announcement on Continuing the Implementing of the Income Tax Preferential Policies for Corporates of Hainan Free Trade Port" (關於延續實施海南自由貿易港企業所得稅優惠政策的通知), **Future Wear (Hainan) Technology Co., Ltd.** was qualified as a Hainan-registered eligible company in certain industries and enjoyed a preferential income tax rate of 15% from l January 2022 to 3l December 2027.

During the Relevant Periods and the five months ended 31 May 2025, certain subsidiaries of the Group were qualified as small and low-profit enterprises in the Chinese mainland and enjoyed a 75% reduction on taxable income between RMB1,000,000 and RMB3,000,000, and their total taxable income was taxed at a preferential tax rate of 20%.

Other overseas regions

OTO International (Macau) Company Limited is incorporated in Macau. During the Relevant Periods and the five months ended 31 May 2025, the applicable corporate income tax rate was 12% on taxable income.

Wave E-commerce Co., Ltd., incorporated in the State of California of the United States, is subject to corporate income tax in the State of California of the United States. During the Relevant Periods and the five months ended 31 May 2025, the applicable corporate income tax rate was 8.84% on taxable income.

OTO Wellness Pte. Ltd., incorporated in Singapore, was subject to corporate income tax in Singapore. During the Relevant Periods and the five months ended 31 May 2025, the provision for corporate income tax in Singapore was based on the statutory rate of 17% of the taxable profits.

The income tax expense of the Group for the Relevant Periods and the five months ended 31 May 2025 is analysed as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Current income tax	10,275	14,611	16,289	7,386	10,736
Deferred income tax *(note 17)*	(853)	(416)	(1,458)	(1,881)	(6,634)
Total	9,422	14,195	14,831	5,505	4,102

A reconciliation of the tax expense applicable to profit before tax at the preferential tax rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Profit before tax	135,949	149,654	146,624	52,894	65,745
Tax at the preferential tax rate of 25%	33,987	37,414	36,656	13,224	16,436
Adjustments in respect of current tax of previous periods	–	(493)	–	–	–
Entities entitled to lower statutory income tax rate	(11,418)	(12,897)	(14,395)	(4,419)	(5,652)
Temporary differences and tax losses not recognised	1,560	1,438	1,640	410	873
Tax losses utilised from previous periods	(18)	–	(322)	(80)	(442)
Additional deductible research and development expenses	(13,525)	(10,418)	(9,380)	(4,003)	(4,375)
Tax concession	(23)	–	–	–	–
Effect on opening deferred tax of increase in rates	–	–	(125)	–	–
Tax losses recognised from previous periods	–	–	–	–	(3,275)
Expenses or income not subject to tax*	(1,141)	(849)	757	373	537
Tax charge at the Group's effective tax rate	9,422	14,195	14,831	5,505	4,102

According to the Corporate Income Tax Law, the Company and its subsidiaries are entitled to an additional deduction for qualified research and development expenses from the taxable income. The additional deduction percentage was 100% from 1 January 2022 to 31 December 2027.

* The reduction of income tax expenses in 2023 and 2024 was due to the reversal of share-based payment expenses as a result of the forfeiture of granted share awards.

11. DIVIDENDS

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Dividends declared by the Company	30,000	–	199,440	–	–

On 20 June 2023, the Company's shareholders approved the 2023 profit distribution plan at an annual general meeting, pursuant to which a dividend of RMB0.083 for every share of the Company's 360,000,000 shares, in an aggregate amount of RMB30,000,000 was paid in August 2023 to shareholders of the Company.

On 1 September 2025 and 30 September 2025, the Company's shareholders approved the 2025 profit distribution plan at an annual general meeting, pursuant to which a dividend of RMB0.554 for every share of the Company's 360,000,000 shares, in an aggregate amount of RMB199,440,000, was paid in September and October 2025 to shareholders of the Company.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares outstanding during the Relevant Periods and the five months ended 31 May 2025.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the outstanding share options contingently issuable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares. The number of the outstanding share options contingently issuable was not included in the diluted earnings per share calculation as the performance contingencies were not met as at the reporting periods.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Earnings					
Profit attributable to ordinary equity holders of the parent	126,527	135,459	131,793	47,389	61,643

	Number of shares				
	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
				(Unaudited)	
Shares					
Weighted average number of ordinary shares outstanding during the year/period, used in the basic and diluted earnings per share calculation *('000)*	360,000	360,000	360,000	360,000	360,000

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machine equipment and tooling	Transportation equipment	Other equipment	Renovation assets	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
At 1 January 2023							
Cost	361	46,809	1,622	22,110	17,865	98,567	187,334
Accumulated depreciation and impairment	(186)	(18,286)	(1,209)	(10,889)	(3,894)	–	(34,464)
Net carrying amount	175	28,523	413	11,221	13,971	98,567	152,870
At 1 January 2023, net of accumulated depreciation and impairment	175	28,523	413	11,221	13,971	98,567	152,870
Additions	–	14,769	–	2,377	8,864	148,898	174,908
Transfers	1,329	–	–	–	–	(1,329)	–
Depreciation provided during the year	(3)	(12,394)	(186)	(6,786)	(9,359)	–	(28,728)
Disposals	–	–	–	(164)	–	–	(164)
At 31 December 2023, net of accumulated depreciation and impairment	1,501	30,898	227	6,648	13,476	246,136	298,886
At 31 December 2023							
Cost	1,690	61,578	1,622	22,305	22,282	246,136	355,613
Accumulated depreciation and impairment	(189)	(30,680)	(1,395)	(15,657)	(8,806)	–	(56,727)
Net carrying amount	1,501	30,898	227	6,648	13,476	246,136	298,886

The Group

	Buildings	Machine equipment and tooling	Transportation equipment	Other equipment	Renovation assets	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
At 1 January 2024							
Cost	1,690	61,578	1,622	22,305	22,282	246,136	355,613
Accumulated depreciation and impairment	(189)	(30,680)	(1,395)	(15,657)	(8,806)	–	(56,727)
Net carrying amount	1,501	30,898	227	6,648	13,476	246,136	298,886
At 1 January 2024, net of accumulated depreciation and impairment	1,501	30,898	227	6,648	13,476	246,136	298,886
Additions	1,616	14,519	50	5,211	10,156	4,260	35,812
Transfers	244,865	–	–	2,318	–	(247,183)	–
Depreciation provided during the year	(4,256)	(13,163)	(132)	(4,353)	(9,378)	–	(31,282)
Disposals	–	(2,110)	–	(112)	–	–	(2,222)
At 31 December 2024, net of accumulated depreciation and impairment	243,726	30,144	145	9,712	14,254	3,213	301,194
At 31 December 2024							
Cost	248,171	73,668	1,672	29,456	29,038	3,213	385,218
Accumulated depreciation and impairment	(4,445)	(43,524)	(1,527)	(19,744)	(14,784)	–	(84,024)
Net carrying amount	243,726	30,144	145	9,712	14,254	3,213	301,194

The Group

	Buildings	Machine equipment and tooling	Transportation equipment	Other equipment	Renovation assets	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025							
At 1 January 2025							
Cost	248,171	73,668	1,672	29,456	29,038	3,213	385,218
Accumulated depreciation and impairment	(4,445)	(43,524)	(1,527)	(19,744)	(14,784)	–	(84,024)
Net carrying amount	243,726	30,144	145	9,712	14,254	3,213	301,194
At 1 January 2025, net of accumulated depreciation and impairment	243,726	30,144	145	9,712	14,254	3,213	301,194
Additions	(1,312)	16,107	53	2,155	9,527	14,327	40,857
Transfers	–	3,221	–	–	–	(3,221)	–
Depreciation provided during the year	(4,810)	(13,300)	(41)	(3,954)	(9,638)	–	(31,743)
Disposals	–	(147)	–	(306)	–	–	(453)
At 31 December 2025, net of accumulated depreciation and impairment	237,604	36,025	157	7,607	14,143	14,319	309,855
At 31 December 2025							
Cost	246,858	84,848	1,725	30,311	38,566	14,319	416,627
Accumulated depreciation and impairment	(9,254)	(48,823)	(1,568)	(22,704)	(24,423)	–	(106,772)
Net carrying amount	237,604	36,025	157	7,607	14,143	14,319	309,855

The Group

	Buildings	Machine equipment and tooling	Transportation equipment	Other equipment	Renovation assets	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2026							
At 1 January 2026							
Cost	246,858	84,848	1,725	30,311	38,566	14,319	416,627
Accumulated depreciation and impairment	(9,254)	(48,823)	(1,568)	(22,704)	(24,423)	–	(106,772)
Net carrying amount	237,604	36,025	157	7,607	14,143	14,319	309,855
At 1 January 2026, net of accumulated depreciation and impairment	237,604	36,025	157	7,607	14,143	14,319	309,855
Additions	57	3,114	–	2,725	1,754	23,397	31,047
Depreciation provided during the period	(1,962)	(5,846)	(10)	(1,705)	(3,516)	–	(13,039)
Disposals	–	(108)	–	(8)	–	–	(116)
At 31 May 2026, net of accumulated depreciation and impairment	235,699	33,185	147	8,619	12,381	37,716	327,747
At 31 May 2026							
Cost	246,915	87,781	1,725	32,873	40,321	37,716	447,331
Accumulated depreciation and impairment	(11,216)	(54,596)	(1,578)	(24,254)	(27,940)	–	(119,584)
Net carrying amount	235,699	33,185	147	8,619	12,381	37,716	327,747

As at 31 December 2024, 2025 and 31 May 2026, the Group has certain buildings with the carrying amount of RMB82,351,000, RMB103,289,000 and RMB102,282,000 leased out under operating lease arrangements, respectively. Details of the operating lease arrangements are set out in note 14 to the Historical Financial Information.

The Company

	Buildings	Machine equipment	Transportation equipment	Other equipment	Renovation assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023						
At 1 January 2023						
Cost	361	506	1,075	18,498	17,865	38,305
Accumulated depreciation and impairment	(186)	(213)	(711)	(9,361)	(3,894)	(14,365)
Net carrying amount	175	293	364	9,137	13,971	23,940
At 1 January 2023, net of accumulated depreciation and impairment	175	293	364	9,137	13,971	23,940
Additions	–	573	–	1,971	8,864	11,408
Depreciation provided during the year	(3)	(54)	(174)	(5,619)	(9,359)	(15,209)
Disposals	–	–	–	(164)	–	(164)
At 31 December 2023, net of accumulated depreciation and impairment	172	812	190	5,325	13,476	19,975
At 31 December 2023						
Cost	361	1,079	1,075	18,994	22,282	43,791
Accumulated depreciation and impairment	(189)	(267)	(885)	(13,669)	(8,806)	(23,816)
Net carrying amount	172	812	190	5,325	13,476	19,975

The Company

	Buildings	Machine equipment	Transportation equipment	Other equipment	Renovation assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024						
At 1 January 2024						
Cost	361	1,079	1,075	18,994	22,282	43,791
Accumulated depreciation and impairment	(189)	(267)	(885)	(13,669)	(8,806)	(23,816)
Net carrying amount	172	812	190	5,325	13,476	19,975
At 1 January 2024, net of accumulated depreciation and impairment	172	812	190	5,325	13,476	19,975
Additions	–	1,485	–	1,275	10,156	12,916
Depreciation provided during the year	(3)	(223)	(117)	(2,587)	(9,378)	(12,308)
Disposals	–	–	–	(32)	–	(32)
At December 2024, net of accumulated depreciation and impairment	169	2,074	73	3,981	14,254	20,551
At 31 December 2024						
Cost	361	2,564	1,075	20,174	29,038	53,212
Accumulated depreciation and impairment	(192)	(490)	(1,002)	(16,193)	(14,784)	(32,661)
Net carrying amount	169	2,074	73	3,981	14,254	20,551

The Company

	Buildings	Machine equipment	Transportation equipment	Other equipment	Renovation assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025						
At 1 January 2025						
Cost	361	2,564	1,075	20,174	29,038	53,212
Accumulated depreciation and impairment	(192)	(490)	(1,002)	(16,193)	(14,784)	(32,661)
	–					
Net carrying amount	169	2,074	73	3,981	14,254	20,551
At 1 January 2025, net of accumulated depreciation and impairment	169	2,074	73	3,981	14,254	20,551
Additions	–	51	–	970	8,954	9,975
Depreciation provided during the year	(18)	(226)	(19)	(1,456)	(9,607)	(11,326)
Disposals	–	(502)	–	(95)	–	(597)
At 31 December 2025, net of accumulated depreciation and impairment	151	1,397	54	3,400	13,601	18,603
At 31 December 2025						
Cost	361	1,867	1,075	20,325	37,992	61,620
Accumulated depreciation and impairment	(210)	(470)	(1,021)	(16,925)	(24,391)	(43,017)
Net carrying amount	151	1,397	54	3,400	13,601	18,603

The Company

	Buildings	Machine equipment	Transportation equipment	Other equipment	Renovation assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2026						
At 1 January 2026						
Cost	361	1,867	1,075	20,325	37,992	61,620
Accumulated depreciation and impairment	(210)	(470)	(1,021)	(16,925)	(24,391)	(43,017)
Net carrying amount	151	1,397	54	3,400	13,601	18,603
At 1 January 2026, net of accumulated depreciation and impairment	151	1,397	54	3,400	13,601	18,603
Additions	–	–	–	1,561	1,408	2,969
Depreciation provided during the period	(7)	(75)	–	(582)	(3,385)	(4,049)
Disposals	–	–	–	(7)	–	(7)
At 31 May 2026, net of accumulated depreciation and impairment	144	1,322	54	4,372	11,624	17,516
At 31 May 2026						
Cost	361	1,868	1,075	21,739	39,400	64,443
Accumulated depreciation and impairment	(217)	(546)	(1,021)	(17,367)	(27,776)	(46,927)
Net carrying amount	144	1,322	54	4,372	11,624	17,516

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties and leasehold land. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have lease terms between 2 and 5 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	Properties	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	22,163	81,354	103,517
Additions	198	–	198
Lease modification	145	–	145
Depreciation charge	(9,962)	(1,654)	(11,616)
Early termination	(7,361)	–	(7,361)
At 31 December 2023	5,183	79,700	84,883
At 1 January 2024	5,183	79,700	84,883
Additions	4,469	–	4,469
Lease modification	2,919	–	2,919
Depreciation charge	(7,069)	(1,654)	(8,723)
Early termination	(337)	–	(337)
At 31 December 2024	5,165	78,046	83,211
At 1 January 2025	5,165	78,046	83,211
Additions	10,761	–	10,761
Additions as a result of acquisition of subsidiaries	16,566	–	16,566
Depreciation charge	(12,963)	(1,654)	(14,617)
Early termination	(393)	–	(393)
Exchange realignment	47	–	47
At 31 December 2025	19,183	76,392	95,575
At 1 January 2026	19,183	76,392	95,575
Additions	14,709	–	14,709
Lease modification	4,287	–	4,287
Depreciation charge	(8,203)	(688)	(8,891)
Early termination	(102)	–	(102)
Exchange realignment	(368)	–	(368)
At 31 May 2026	29,506	75,704	105,210

As at 31 December 2023 and 31 May 2026, certain of the Group's leasehold land with a net carrying amount of RMB49,394,000 and RMB46,902,000 were pledged to secure the bank borrowings (note 26), respectively.

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	23,913	5,807	5,390	18,838
New leases	198	4,469	10,761	14,709
Additions as a result of acquisition of subsidiaries *(note 31)*	–	–	16,566	–
Lease modification	145	2,919	–	4,287
Accretion of interest recognised during the year/period	913	219	523	394
Early termination	(8,171)	(391)	(393)	(104)
Lease payments	(11,191)	(7,633)	(14,061)	(7,778)
Exchange realignment	–	–	52	(353)
Carrying amount at 31 December/ 31 May	5,807	5,390	18,838	29,993
Analysed into:				
Current portion	4,822	4,161	13,441	12,917
Non-current portion	985	1,229	5,397	17,076
Total	5,807	5,390	18,838	29,993

The maturity analysis of lease liabilities is disclosed in note 39 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Gains on early termination of leases	(810)	(54)	–	–	(2)
Interest on lease liabilities	913	219	523	121	394
Depreciation charge of right-of-use assets	10,585	8,723	14,358	3,313	8,632
Expense relating to leases of short-term assets (included in administrative expenses)	–	36	–	–	–
Total amount recognised in profit or loss	10,688	8,924	14,881	3,434	9,024

(d) The total cash outflows for leases are disclosed in note 33(c) and note 39 to the Historical Financial Information, respectively.

The Group as a lessor

The Group leases its properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market conditions. Rental income recognised by the Group during the Relevant Periods and the five months ended 31 May 2025 was RMB51,000, RMB2,619,000, RMB5,964,000, RMB2,456,000 and RMB2,418,000 respectively.

As at the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	12	5,804	5,769	4,769
After one year but within two years	–	5,321	3,682	2,591
After two years but within three years	–	3,208	1,964	1,765
After three years	–	4,086	2,249	1,509
Total	12	18,419	13,664	10,634

The Company as a lessee

The Company has lease contracts for various items of properties. Leases of properties generally have lease terms between 2 and 5 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

Properties	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	15,001	4,702	3,345	5,322
Additions	–	2,077	6,764	5,627
Lease modification	145	2,919	–	4,287
Depreciation charge	(7,348)	(6,016)	(4,787)	(1,872)
Early termination	(3,096)	(337)	–	–
At 31 December/31 May	4,702	3,345	5,322	13,364

(b) ***Lease liabilities***

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	16,400	5,379	3,544	5,342
New leases	–	2,077	6,764	5,627
Lease modification	145	2,919	–	4,287
Accretion of interest recognised during the year/period	581	189	217	120
Early termination	(3,614)	(391)	–	–
Lease payments	(8,133)	(6,629)	(5,183)	(1,764)
Carrying amount at 31 December/ 31 May	5,379	3,544	5,342	13,612
Analysed into:				
Current portion	4,395	3,011	4,121	3,559
Non-current portion	984	533	1,221	10,053
Total	5,379	3,544	5,342	13,612

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Gains on early termination of leases	(518)	(54)	–	–	–
Interest on lease liabilities	581	189	217	99	120
Depreciation charge of right-of-use assets	7,348	6,016	4,787	2,080	1,872
Total	7,411	6,151	5,004	2,179	1,992

15. INTANGIBLE ASSETS

The Group

	Software	Trademark	Customer relationship	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
At 1 January 2023				
Cost	32,539	–	–	32,539
Accumulated amortisation and impairment	(8,038)	–	–	(8,038)
Net carrying amount	24,501	–	–	24,501
At 1 January 2023, net of accumulated amortisation and impairment	24,501	–	–	24,501
Additions	5,147	–	–	5,147
Amortisation provided during the year	(3,702)	–	–	(3,702)
Disposals	(550)	–	–	(550)
At 31 December 2023, net of accumulated amortisation and impairment	25,396	–	–	25,396
At 31 December 2023				
Cost	37,134	–	–	37,134
Accumulated amortisation and impairment	(11,738)	–	–	(11,738)
Net carrying amount	25,396	–	–	25,396

	Software	Trademark	Customer relationship	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024				
At 1 January 2024				
Cost	37,134	–	–	37,134
Accumulated amortisation and impairment	(11,738)	–	–	(11,738)
Net carrying amount	25,396	–	–	25,396
At 1 January 2024, net of accumulated amortisation and impairment	25,396	–	–	25,396
Additions	6,443	–	–	6,443
Amortisation provided during the year	(4,211)	–	–	(4,211)
Disposals	(424)	–	–	(424)
At 31 December 2024, net of accumulated amortisation and impairment	27,204	–	–	27,204
At 31 December 2024				
Cost	41,887	–	–	41,887
Accumulated amortisation and impairment	(14,683)	–	–	(14,683)
Net carrying amount	27,204	–	–	27,204

	Software	Trademark	Customer relationship	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025				
At 1 January 2025				
Cost	41,887	–	–	41,887
Accumulated amortisation and impairment	(14,683)	–	–	(14,683)
Net carrying amount	27,204	–	–	27,204
At 1 January 2025, net of accumulated amortisation and impairment	27,204	–	–	27,204
Additions	3,583	–	–	3,583
Additions as a result of acquisition of subsidiaries *(note 31)*	–	8,016	2,719	10,735
Amortisation provided during the year	(5,417)	(422)	(209)	(6,048)
Disposals	(50)	–	–	(50)
At 31 December 2025, net of accumulated amortisation and impairment	25,320	7,594	2,510	35,424
At 31 December 2025				
Cost	45,394	8,016	2,719	56,129
Accumulated amortisation and impairment	(20,074)	(422)	(209)	(20,705)
Net carrying amount	25,320	7,594	2,510	35,424

	Software	Trademark	Customer relationship	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2026				
At 1 January 2026				
Cost	45,394	8,016	2,719	56,129
Accumulated amortisation and impairment	(20,074)	(422)	(209)	(20,705)
Net carrying amount	25,320	7,594	2,510	35,424
At 1 January 2026, net of accumulated amortisation and impairment	25,320	7,594	2,510	35,424
Additions	286	–	–	286
Amortisation provided during the period	(2,075)	(353)	(174)	(2,602)
At 31 May 2026, net of accumulated amortisation and impairment	23,531	7,241	2,336	33,108
At 31 May 2026				
Cost	45,680	8,016	2,719	56,415
Accumulated amortisation and impairment	(22,149)	(775)	(383)	(23,307)
Net carrying amount	23,531	7,241	2,336	33,108

The Company

Software	**31 December**			**31 May**
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January				
Cost	27,856	32,971	37,890	40,022
Accumulated amortisation and impairment	(7,309)	(10,564)	(13,287)	(17,943)
Net carrying amount	20,547	22,407	24,603	22,079
At 1 January, net of accumulated amortisation and impairment	20,547	22,407	24,603	22,079
Additions	5,123	6,185	2,208	286
Amortisation provided during the year/period	(3,257)	(3,989)	(4,682)	(1,855)
Disposals	(6)	–	(50)	–
At 31 December/31 May, net of accumulated amortisation and impairment	22,407	24,603	22,079	20,510
At 31 December /31 May				
Cost	32,971	37,890	40,022	40,308
Accumulated amortisation and impairment	(10,564)	(13,287)	(17,943)	(19,798)
Net carrying amount	22,407	24,603	22,079	20,510

16. INVESTMENTS IN SUBSIDIARIES

The Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted shares, at cost				
Future Sunflower Robot (Guangdong) Co., Ltd. ("未來向日葵機器人(廣東)有限公司")	10,000	10,206	10,598	10,905
Shenzhen Future Health Care Co., Ltd. ("深圳未來健康醫療有限公司")	1,000	1,000	1,000	1,000
Future Wear (Hainan) Technology Co., Ltd. ("未來穿戴(海南)技術有限公司")	1,000	1,000	1,000	1,000
Beike Internet Hospital (Guangdong) Co., Ltd. ("倍科互聯網醫院(廣東)有限公司")	1,000	1,000	700	700
SKG CO., LIMITED	9	9	9	9
Future Wear Health Technology (Hainan) Co., Ltd. ("未來穿戴健康科技(海南)有限公司")	–	3,010	3,010	3,010
Future Wear Technology (Foshan) Co., Ltd. ("未來穿戴技術(佛山)有限公司")	–	1,009	1,029	1,078
Future Wear (Foshan) Sales Co., Ltd. ("未來穿戴(佛山)銷售有限公司")	–	100	100	100
Oto Health Technology (Shenzhen) Co., Ltd. ("歐拓健康科技(深圳)有限公司")	–	–	5,000	5,000
	13,009	17,334	22,446	22,802
Accumulated impairment	(1,000)	(1,000)	(1,000)	(1,000)
Net carrying amount	12,009	16,334	21,446	21,802

The management has performed impairment testing for investment in subsidiaries which has impairment indicators as at the end of each reporting period. The Company has recognised an impairment loss on investment in subsidiaries amounted to RMB1,000,000, RMB1,000,000, RMB1,000,000 and RMB1,000,000 as at 31 December 2023, 2024, 2025 and 31 May 2026, respectively.

17. DEFERRED TAX

The Group

Deferred tax assets

	Provision for impairment of trade and other receivables	Provision for impairment of inventories	Provision for impairment of investment in associates and subsidiaries	Depreciation of property, plant and equipment	Tax losses	Lease liabilities	Provision for product warranties	Provision for volume rebate	Unrealised profit from intercompany transactions	Deferred government grants	Share option expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	306	73	–	1,441	–	4,338	–	112	402	–	–	6,672
Deferred tax credited/(charged) to profit or loss during the year	144	138	159	196	–	(3,424)	–	35	166	109	–	(2,477)
Gross deferred tax assets at 31 December 2023	450	211	159	1,637	–	914	–	147	568	109	–	4,195
Deferred tax (charged)/credited to profit or loss during the year	(34)	(51)	(159)	(118)	162	(291)	217	(116)	637	(13)	–	234
Gross deferred tax assets at 31 December 2024	416	160	–	1,519	162	623	217	31	1,205	96	–	4,429
Deferred tax credited/(charged) to profit or loss during the year	584	134	–	68	(499)	2,039	6	(31)	455	145	344	3,245
Deferred tax credited to capital reserve during the year	–	–	–	–	–	–	–	–	–	–	111	111
Addition as a result of acquisition of subsidiaries *(note 31)*	–	–	–	–	1,984	–	–	–	–	–	–	1,984
Gross deferred tax assets at 31 December 2025	1,000	294	–	1,587	1,647	2,662	223	–	1,660	241	455	9,769

	Provision for impairment of trade and other receivables	Provision for impairment of inventories	Provision for impairment of investment in associates and subsidiaries	Depreciation of property, plant and equipment	Tax losses	Lease liabilities	Provision for product warranties	Provision for volume rebate	Unrealised profit from intercompany transactions	Deferred government grants	Share option expenses	Change in fair value of financial assets at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	1,000	294	-	1,587	1,647	2,662	223	-	1,660	241	455	-	9,769
Deferred tax (charged)/credited to profit or loss during the period	(91)	663	-	29	3,873	1,766	73	-	765	(6)	522	536	8,130
Deferred tax charged to capital reserve during the period	-	-	-	-	-	-	-	-	-	-	(5)	-	(5)
Gross deferred tax assets at 31 May 2026	909	957	-	1,616	5,520	4,428	296	-	2,425	235	972	536	17,894

Deferred tax liabilities

	Change in fair value of financial assets at fair value through profit or loss	Right-of-use assets	Fair value adjustments arising from acquisition of subsidiaries	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	157	4,039	–	4,196
Deferred tax credited to profit or loss during the year	(106)	(3,224)	–	(3,330)
Gross deferred tax liabilities at 31 December 2023	51	815	–	866
Deferred tax charged/(credited) to profit or loss during the year	38	(220)	–	(182)
Gross deferred tax liabilities at 31 December 2024	89	595	–	684
Deferred tax charged/(credited) to profit or loss during the year	74	2,051	(338)	1,787
Addition as a result of acquisition of subsidiaries *(note 31)*	–	–	1,984	1,984
Gross deferred tax liabilities at 31 December 2025	163	2,646	1,646	4,455
Deferred tax (credited)/charged to profit or loss during the period	(163)	1,744	(85)	1,496
Gross deferred tax liabilities at 31 May 2026	–	4,390	1,561	5,951

Deferred tax assets have not been recognised in respect of the following items:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	29,252	48,038	150,243	126,703
Deductible temporary differences	1,183	1,047	1,521	1,070

The Group has accumulated tax losses in the Chinese mainland of RMB3,021,000, RMB3,951,000 and RMB3,373,000, and RMB8,635,000, in aggregate as at 31 December 2023, 2024, 2025 and 31 May 2026 respectively, which available to offset against future taxable profits of the companies in which the losses were incurred within the next one to five years.

The Group also has accumulated tax losses in Hong Kong, the United States and Singapore of RMB26,231,000, RMB44,087,000 and RMB146,870,000, and RMB118,068,000, in aggregate as at 31 December 2023, 2024, 2025 and 31 May 2026, respectively, that can be carried forward indefinitely to offset against future taxable profits of the companies in which losses were incurred.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised.

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	3,329	3,745	5,314	11,943

The Company

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Provision for impairment of trade and other receivables	Provision for impairment of inventories	Provision for impairment of investment in associates and subsidiaries	Depreciation of property, plant and equipment	Lease liabilities	Provision for product warranties	Provision for volume rebate	Deferred government grants	Share option expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	240	–	–	–	2,460	–	112	–	–	2,812
Deferred tax credited/(charged) to profit or loss during the year	122	–	309	213	(1,653)	–	35	109	–	(865)
Gross deferred tax assets at 31 December 2023	362	–	309	213	807	–	147	109	–	1,947
Deferred tax (charged)/credited to profit or loss during the year	(106)	192	(159)	(27)	(275)	131	(116)	(13)	–	(373)
Gross deferred tax assets at 31 December 2024	256	192	150	186	532	131	31	96	–	1,574
Deferred tax credited/(charged) to profit or loss during the year	260	122	–	(55)	269	(25)	(31)	(13)	295	822
Deferred tax credited to capital reserve during the year	–	–	–	–	–	–	–	–	92	92
Gross deferred tax assets at 31 December 2025	516	314	150	131	801	106	–	83	387	2,488

	Provision for impairment of trade and other receivables	Provision for impairment of inventories	Provision for impairment of investment in associates and subsidiaries	Depreciation of property, plant and equipment	Lease liabilities	Provision for product warranties	Provision for volume rebate	Deferred government grants	Share option expenses	Change in fair value of financial assets at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	516	314	150	131	801	106	–	83	387	–	2,488
Deferred tax (charged)/credited to profit or loss during the period	(166)	346	–	(24)	1,241	21	–	(5)	570	536	2,519
Deferred tax credited to capital reserve during the period	–	–	–	–	–	–	–	–	14	–	14
Gross deferred tax assets at 31 May 2026	350	660	150	107	2,042	127	–	78	971	536	5,021

Deferred tax liabilities

	Change in fair value of financial assets at fair value through profit or loss	**Right-of-use assets**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	158	2,250	2,408
Deferred tax credited to profit or loss during the year	(106)	(1,545)	(1,651)
Gross deferred tax liabilities at 31 December 2023	52	705	757
Deferred tax charged/(credited) to profit or loss during the year	38	(203)	(165)
Gross deferred tax liabilities at 31 December 2024	90	502	592
Deferred tax charged to profit or loss during the year	73	296	369
Gross deferred tax liabilities at 31 December 2025	163	798	961
Deferred tax (credited)/charged to profit or loss during the period	(163)	1,207	1,044
Gross deferred tax liabilities at 31 May 2026	–	2,005	2,005

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the statement of financial position	1,190	982	1,527	3,016

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Prepayments for property, plant and equipment	11,208	3,496	2,966	3,871
Deposits*	1,738	1,095	3,861	2,470
Total	12,946	4,591	6,827	6,341
Current				
Prepayments	7,554	11,030	16,897	21,662
Value-added Tax (the "VAT") recoverable	48,155	49,582	45,637	48,858
Prepaid income tax	1,316	5,023	114	194
Deposits*	1,693	3,064	6,225	7,840
Right-of-return assets	763	2,112	949	1,337
Due from a controlling shareholder *(note 36)*	–	–	300	–
Deferred **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other receivables*	2,059	1,677	978	1,514
	61,540	72,488	73,047	83,576
Less: Impairment of other receivables**	(751)	(411)	(354)	(488)
Total	60,789	72,077	72,693	83,088

The Company

	31 December			31 May
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Prepayments for property, plant and equipment	3,008	129	294	1,879
Deposits*	1,737	620	1,779	248
Total	4,745	749	2,073	2,127
Current				
Prepayments	3,256	9,562	13,966	15,616
Value-added tax recoverable	25,970	34,845	38,125	40,836
Prepaid income tax	–	–	16	–
Deposits *	410	2,585	1,409	3,545
Due from a controlling shareholder *(note 36)*	–	–	300	–
Deferred **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other receivables *	820	549	661	1,089
Due from subsidiaries	277,053	362,757	324,622	425,106
	307,509	410,298	381,046	488,363
Less: Impairment of other receivables**	(1,034)	(181)	(278)	(406)
Total	306,475	410,117	380,768	487,957

* Deposits and other receivables are unsecured, non-interest-bearing and repayable on demand.

** As at 31 December 2023, 2024, 2025 and 31 May 2026, the impairment of the other receivables and deposits were measured based on 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit loss. As at 31 December 2023, the Company made a provision of RMB1,000,000 for receivables due from a subsidiary.

The movements in the loss allowance for impairment of other receivables are as follows:

The Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year /period	54	751	411	354
Impairment losses/(reversal of impairment), net	697	533	(57)	134
Amount written off as uncollectible	–	(873)	–	–
At end of year/period	751	411	354	488

The Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	54	1,034	181	278
Impairment losses/(reversal of impairment), net	980	(609)	97	128
Amount written off as uncollectible	–	(244)	–	–
At end of year/period	1,034	181	278	406

19. INVENTORIES

The Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	16,710	7,924	17,288	21,085
Work in progress	1,412	1,141	818	543
Finished goods	49,794	41,302	68,176	72,027
Goods in transit	2,188	10,574	1,202	4,054
Total	70,104	60,941	87,484	97,709

The Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	–	4,955	12,755	14,784
Work in progress	–	1,134	706	339
Finished goods	–	37,656	49,237	46,457
Goods in transit	–	10,282	1,034	4,053
Total	–	54,027	63,732	65,633

20. TRADE AND BILLS RECEIVABLES

The Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables	5,000	1,200	400	–
Trade receivables	42,107	44,411	90,297	111,362
Subtotal	47,107	45,611	90,697	111,362
Less: Impairment of trade receivables	(2,106)	(2,221)	(3,700)	(4,833)
Net carrying amount	45,001	43,390	86,997	106,529
Analysed into:				
Current portion	45,001	43,390	86,997	106,529

The Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables	5,000	800	250	–
Trade receivables:				
Due from subsidiaries	49,699	74,776	98,548	124,199
Third parties	27,499	30,495	69,297	44,408
Subtotal	82,198	106,071	168,095	168,607
Less: Impairment of trade receivables	(1,375)	(1,525)	(3,160)	(1,927)
Net carrying amount	80,823	104,546	164,935	166,680
Analysed into:				
Current portion	80,823	104,546	164,935	166,680

The Group's trade terms with its certain customers are on credit, and the credit period is generally within 60 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. As at 31 December 2023, 2024, 2025 and 31 May 2026, the Group had a concentration of credit risk as 64%, 55%, 55% and 51% of trade receivables were attributable to the Group's five largest customers, respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Periods, based on revenue recognition date and net of loss allowance, is as follows:

The Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	45,001	43,390	86,997	106,529

The Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	80,823	104,546	164,935	166,680

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

The Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	2,080	2,106	2,221	3,700
Impairment losses, net *(note 6)*	26	115	1,497	1,179
Amount written off as uncollectible	–	–	(18)	(46)
At end of year/period	2,106	2,221	3,700	4,833

The Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	1,548	1,375	1,525	3,160
(Reversal of impairment)/impairment losses, net	(173)	150	1,635	(1,233)
At end of year/period	1,375	1,525	3,160	1,927

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. For bills receivable, the Group assesses the expected credit loss rate to be extremely low based on historical loss rates and forward-looking macroeconomic data, and no provision is made. The Company estimated that the expected loss rate for its trade receivables due from subsidiaries was minimal.

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables:

The Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected credit loss rate	4.5%	4.9%	4.1%	4.3%
Gross carrying amount	47,107	45,611	90,697	111,362
Expected credit losses	2,106	2,221	3,700	4,833

The Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected credit loss rate	4.2%	4.9%	4.5%	4.3%
Gross carrying amount	32,499	31,295	69,547	44,408
Expected credit losses	1,375	1,525	3,160	1,927

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Structured deposits*	100,346	200,599	145,607	–
Wealth management products*	–	–	97,489	516,925
Total	100,346	200,599	243,096	516,925

* Wealth management products and structured deposits were issued by certified financial institutions in the Chinese mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

22. CASH AND CASH EQUIVALENTS, RESTRICTED BANK DEPOSITS, CERTIFICATES OF DEPOSIT AND TIME DEPOSITS

The Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	313,433	58,657	38,888	98,209
Non-pledged time deposits with original maturity of less than three months when acquired	–	29,864	55,959	–
Time deposits with maturity over three months	–	142,452	247,829	212,162
Certificates of deposit	128,144	181,674	50,723	51,319
Restricted bank deposits	76,661	91,642	123,937	35,661
Less:				
Time deposits with maturity over three months	–	(142,452)	(247,829)	(212,162)
Certificates of deposit	(128,144)	(181,674)	(50,723)	(51,319)
Restricted bank deposits	(76,661)	(91,642)	(123,937)	(35,661)
Cash and cash equivalents	313,433	88,521	94,847	98,209

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Denominated in				
RMB	302,521	43,697	19,238	66,450
USD	10,765	44,212	65,069	16,850
HKD	9	9	4,238	3,034
Others	138	603	6,302	11,875
Total	313,433	88,521	94,847	98,209
Time deposits	–	142,452	247,829	212,162
Analysed into:				
Current	–	–	101,737	212,162
Non-current	–	142,452	146,092	–
Denominated in				
RMB	–	142,452	247,829	147,598
USD	–	–	–	64,564
Certificates of deposit	128,144	181,674	50,723	51,319
Analysed into:				
Current	–	132,391	21,358	51,319
Non-current	128,144	49,283	29,365	–
Denominated in				
RMB	128,144	181,674	50,723	51,319
Restricted bank deposits	76,661	91,642	123,937	35,661
Analysed into:				
Current	76,661	40,803	123,937	35,661
Non-current	–	50,839	–	–
Denominated in				
RMB	76,652	91,556	123,648	35,608
USD	9	86	–	–
SGD	–	–	289	53

The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short - term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short - term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

As at 31 December 2024, the Group's time deposits carried interest at rates ranged from 1.85% to 4.51% per annum and for an original maturity of 2 to 36 months.

As at 31 December 2025, the Group's time deposits carried interest at rates ranged from 1.70% to 3.75% per annum and for an original maturity of 1 to 36 months.

As at 31 May 2026, the Group's time deposits carried interest at rates ranged from 2.60% to 3.60% per annum and for an original maturity of 6 to 36 months.

As at 31 December 2023, 2024, 2025 and 31 May 2026, the Group's restricted bank deposits of RMB75,421,000, RMB81,536,000, RMB123,577,000 and RMB35,531,000 are deposited to secure issuance of bank acceptance bills, respectively.

As at 31 December 2023 and 2024, the Group's restricted bank deposits of RMB1,230,000 and RMB10,000,000 were frozen for certain lawsuits between the Group and other third parties.

The bank deposits for issuance of bank acceptance bills are released when the bills are paid. The bank deposits for lawsuits are released when the lawsuits are settled. They are not readily available for meeting the Group's liquidity needs.

Certificates of deposit were classified as financial assets measured at amortised cost as they are held within a business model with the objective to hold financial assets in order to collect contractual cashflows. Certificates of deposit was denominated in RMB with expected yield rates ranging from 3.00% to 3.55% per annum.

The Company

	31 December			31 May
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	290,538	32,715	7,692	47,905
Non-pledged time deposits with original maturity of less than three months when acquired	–	29,864	39,058	–
Time deposits with maturity over three months	–	142,452	247,829	187,770
Certificates of deposit	128,144	181,674	50,723	51,319
Restricted bank deposits	75,457	91,536	123,597	35,557
Less:				
Time deposits with maturity over three months	–	(142,452)	(247,829)	(187,770)
Certificates of deposit	(128,144)	(181,674)	(50,723)	(51,319)
Restricted bank deposits	(75,457)	(91,536)	(123,597)	(35,557)
Cash and cash equivalents	290,538	62,579	46,750	47,905
Denominated in				
RMB	285,264	28,542	6,015	41,474
USD	5,271	34,037	40,735	6,431
Others	3	–	–	–
Total	290,538	62,579	46,750	47,905

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Time deposits	–	142,452	247,829	187,770
Analysed into:				
Current	–	–	101,737	187,770
Non-current	–	142,452	146,092	–
Denominated in				
RMB	–	142,452	247,829	147,597
USD	–	–	–	40,173
Certificates of deposit	128,144	181,674	50,723	51,319
Analysed into:				
Current	–	132,391	21,358	51,319
Non-current	128,144	49,283	29,365	–
Denominated in				
RMB	128,144	181,674	50,723	51,319
Restricted bank deposits	75,457	91,536	123,597	35,557
Analysed into:				
Current	75,457	40,697	123,597	35,557
Non-current	–	50,839	–	–
Denominated in				
RMB	75,457	91,536	123,597	35,557

23. TRADE AND BILLS PAYABLES

The Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	50,782	69,549	80,579	74,180
Bills payable	227,813	183,654	279,828	405,372
Total	278,595	253,203	360,407	479,552

The Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills payable	230,213	189,998	281,255	466,557
Trade payables due to subsidiaries	15,542	33,190	–	–
Trade payables due to third parties	1,108	3,406	6,540	3,603
Total	246,863	226,594	287,795	470,160

The trade payables are non-interest-bearing and are normally settled on 180-day terms.

An ageing analysis of the trade and bills payables at the end of each of the Reporting Periods, based on the invoice date, is as follows:

The Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	276,607	251,579	359,838	478,709
Over 1 year	1,988	1,624	569	843
Total	278,595	253,203	360,407	479,552

The Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	245,757	225,525	287,794	470,054
Over 1 year	1,106	1,069	1	106
Total	246,863	226,594	287,795	470,160

24. CONTRACT LIABILITIES

The Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Short-term Advances received from customers				
Sale of products	8,980	22,817	18,756	13,511
Analysed for reporting purposes as:				
Current liabilities	8,980	22,817	18,756	13,511
Total	8,980	22,817	18,756	13,511

The Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Short-term Advances received from customers				
Sale of products	38,604	38,879	22,898	15,785
Analysed for reporting purposes as:				
Current liabilities	38,604	38,879	22,898	15,785
Total	38,604	38,879	22,898	15,785

25. OTHER PAYABLES AND ACCRUALS

The Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payroll payable	37,677	35,469	44,060	31,765
Volume rebates payables	28,424	21,245	16,429	24,505
Deposits	14,140	15,700	13,807	12,908
VAT payable	6,225	7,167	9,542	10,232
Other tax payables	2,656	3,122	4,130	4,514
Other payables	20,653	18,011	24,420	26,782
[REDACTED] expenses payable	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other payables for property, plant and equipment	64,251	34,430	20,308	13,404
Total	174,026	135,144	138,405	125,830

Other payables are non-interest-bearing and have no fixed terms of settlement.

The Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due to subsidiaries	14,887	106,395	72,678	105,063
Payroll payable	30,840	26,194	26,103	19,738
Volume rebates payables	25,542	16,931	11,206	12,304
Deposits	4,611	5,241	3,878	3,913
VAT payable	7,716	6,808	6,052	7,162
Other tax payables	2,238	2,807	3,715	3,807
Other payables	17,078	14,124	19,763	20,857
[REDACTED] expenses payable	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other payables for property, plant and equipment	10,898	10,134	7,868	3,922
Total	113,810	188,634	156,972	178,486

26. INTEREST-BEARING BANK BORROWINGS

The Group

	31 December 2023			31 December 2024			31 December 2025			31 May 2026		
	Effective Interest rate	Maturity		Effective Interest rate	Maturity		Effective Interest rate	Maturity		Effective Interest rate	Maturity	
			RMB'000			*RMB'000*			*RMB'000*			*RMB'000*
Current												
Bank loans – secured and guaranteed	–	–	–	2.30%	2025	65,042	2.21%	2026	180,061	2.21%	2026	220,061
Current portion of long-term bank loans – secured and guaranteed	2.70%	2024	12,663	–	–	–	–	–	–	–	–	–
Discounted letter of credit - guaranteed	–	–	–	1.50%	2025	5,000	–	–	–	–	–	–
Subtotal			12,663			70,042			180,061			220,061
Non-current												
Bank loans – secured and guaranteed	2.70%	2025–2027	57,400	–	–	–	–	–	–	–	–	–
Subtotal			57,400			–			–			–
Total			70,063			70,042			180,061			220,061
Dominated in RMB			70,063			70,042			180,061			220,061
Total			70,063			70,042			180,061			220,061
Analysed into:												
Bank loans repayable:												
Within one year			12,663			70,042			180,061			220,061
In the second year			16,800			–			–			–
In the third to fifth years, inclusive			40,600			–			–			–
Total			70,063			70,042			180,061			220,061

The Company

	31 December 2023			31 December 2024			31 December 2025			31 May 2026		
	Effective Interest rate	Maturity		Effective Interest rate	Maturity		Effective Interest rate	Maturity		Effective Interest rate	Maturity	
			RMB'000			*RMB'000*			*RMB'000*			*RMB'000*
Current												
Bank loans – secured and guaranteed	–	–	–	2.30%	2025	65,042	2.21%	2026	150,061	2.21%	2026	100,061
Total			–			65,042			150,061			100,061
Dominated in RMB			–			65,042			150,061			100,061
Analysed into:												
Bank loans repayable:												
Within one year			–			65,042			150,061			100,061
Total			–			65,042			150,061			100,061

All bank borrowings are denominated in RMB as at 31 December 2023, 2024, 2025 and 31 May 2026.

As at 31 December 2023 and 31 May 2026, certain of the Group's leasehold land were pledged to secure the bank borrowings of RMB70,000,000 and RMB120,000,000. (note 14).

As at 31 December 2024, 2025 and 31 May 2026, certain of the Group's invention patent were pledged to secure the bank borrowings of RMB65,000,000, RMB100,000,000 and RMB220,000,000, respectively.

As at 31 December 2023, 2024, 2025 and 31 May 2026, certain related parties of the Group provided guarantees for the bank borrowings of the Group (note 36(d)).

The Group's long-term bank borrowings in the amount of RMB70,000,000 was repaid in 2024 prior to maturity.

27. PROVISION

The Group

	Sales return	Warranties	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	1,103	–	1,103
Additional provision	23,028	635	23,663
Amounts utilised during the year	(22,106)	(635)	(22,741)
At 31 December 2023 and 1 January 2024	2,025	–	2,025
Additional provision	49,267	4,351	53,618
Amounts utilised during the year	(48,095)	(2,901)	(50,996)
At 31 December 2024 and 1 January 2025	3,197	1,450	4,647
Additional provision	26,513	2,287	28,800
Amounts utilised during the year	(28,277)	(2,252)	(30,529)
At 31 December 2025 and 1 January 2026	1,433	1,485	2,918
Additional provision	12,440	1,455	13,895
Amounts utilised during the period	(12,129)	(966)	(13,095)
At 31 May 2026	1,744	1,974	3,718

The Company

	Warranties
	RMB'000
At 1 January 2023	–
Additional provision	635
Amounts utilised during the year	(635)
At 31 December 2023 and 1 January 2024	–
Additional provision	3,241
Amounts utilised during the year	(2,369)
At 31 December 2024 and 1 January 2025	872
Additional provision	1,095
Amounts utilised during the year	(1,263)
At 31 December 2025 and 1 January 2026	704
Additional provision	612
Amounts utilised during the period	(466)
At 31 May 2026	850

28. DEFERRED INCOME

The Group

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants*	727	640	1,187	1,145
At the beginning of the year/period	–	727	640	1,187
Grants received during the year/period	770	–	661	–
Amounts released to other income during the year/period	(43)	(87)	(114)	(42)
At the end of the year/period	727	640	1,187	1,145

The Company

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants*	727	640	554	518
At the beginning of the year/period	–	727	640	554
Grants received during the year/period	770	–	–	–
Amounts released to other income during the year/period	(43)	(87)	(86)	(36)
At the end of the year/period	727	640	554	518

* The government grants mainly represent subsidies received from the government that relate to both expenses and assets. Government grants are released to profit or loss either over the periods that the expenses for which they are intended to compensate are expensed, or over the expected useful life of the relevant assets, when all attaching conditions and requirements are complied with.

29. SHARE CAPITAL

The Group and the Company

	31 December			31 May
	2023	2024	2025	2026
	Number of shares	*Number of shares*	*Number of shares*	*Number of shares*
Registered, issued and fully paid: ordinary shares	360,000,000	360,000,000	360,000,000	360,000,000

30. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods and the five months ended 31 May 2025 are presented in the consolidated statements of changes in equity.

Capital reserve

The capital reserve represents the difference between the par value of the shares issued and the consideration received.

Share-based payment reserve

The share-based payment reserve represents the share-based compensation reserve arising from equity-settled share awards, details of which are set out in note 32 to the Historical Financial Information.

Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with functional currencies other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2.3 to the Historical Financial Information.

Statutory surplus reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of their statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of their registered capital. The statutory surplus reserve may be used to offset accumulated losses or be converted to increase the registered capital of such companies, subject to approval from the relevant PRC authorities. The statutory surplus reserve is not available for dividend distribution to shareholders of such companies.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods and the five months ended 31 May 2025 are presented as follows:

Year ended 31 December 2023

	Share premium reserve	Share-based payment reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	36,402	33,008	24,856	110,420	204,686
Profit for the year	–	–	–	113,298	113,298
Total comprehensive income for the year	–	–	–	113,298	113,298
Share-based payment expenses	–	(8,385)	–	–	(8,385)
Appropriations to reserves	–	–	11,330	(11,330)	–
Dividends declared	–	–	–	(30,000)	(30,000)
At 31 December 2023	36,402	24,623	36,186	182,388	279,599

Year ended 31 December 2024

	Share premium reserve	Share-based payment reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	36,402	24,623	36,186	182,388	279,599
Profit for the year	–	–	–	151,523	151,523
Total comprehensive income for the year	–	–	–	151,523	151,523
Share-based payment expenses	–	(9,491)	–	–	(9,491)
Donation from a shareholder	152	–	–	–	152
Appropriations to reserves	–	–	15,152	(15,152)	–
At 31 December 2024	36,554	15,132	51,338	318,759	421,783

Year ended 31 December 2025

	Share premium reserve	Share-based payment reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	36,554	15,132	51,338	318,759	421,783
Profit for the year	–	–	–	181,686	181,686
Total comprehensive income for the year	–	–	–	181,686	181,686
Share-based payment expenses	–	4,640	–	–	4,640
Appropriations to reserves	–	–	18,169	(18,169)	–
Dividends declared	–	–	–	(199,440)	(199,440)
At 31 December 2025	36,554	19,772	69,507	282,836	408,669

Five months ended 31 May 2026

	Share premium reserve	Share-based payment reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	36,554	19,772	69,507	282,836	408,669
Profit for the period	–	–	–	78,387	78,387
Total comprehensive income for the period	–	–	–	78,387	78,387
Share-based payment expenses	–	5,720	–	–	5,720
At 31 May 2026	36,554	25,492	69,507	361,223	492,776

Five months ended 31 May 2025 (Unaudited)

	Share premium reserve	Share-based payment reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	36,554	15,132	51,338	318,759	421,783
Profit for the period	–	–	–	55,778	55,778
Total comprehensive income for the period	–	–	–	55,778	55,778
Share-based payment expenses	–	2,423	–	–	2,423
At 31 May 2025 (Unaudited)	36,554	17,555	51,338	374,537	479,984

31. BUSINESS COMBINATION

The acquisition of OTO Bodycare (H.K.) Limited, OTO International (Macau) Company Limited and OTO Wellness Pte. Ltd. (the "Portfolio of OTO")

On 30 June 2025, SKG Co., Limited, a wholly-owned subsidiary of the Group, acquired 100% equity interests in three companies, OTO Bodycare (H.K.) Limited, OTO International (Macau) Company Limited and OTO Wellness Pte. Ltd. (collectively, the "Portfolio of OTO"), from an independent third party at a total consideration of HK$5,000,000, based on an internal valuation of the business performed by the directors of the Group. The Portfolio of OTO is engaged in the sale of health and wellness products. The acquisition was made as part of the Group's strategy to expand its overseas market share of health and wellness products. The purchase consideration for the acquisition was in the form of cash, with HK$3,410,000 and US$203,500 (in total equivalent to HK$5,000,000, or RMB4,567,000) paid on 30 May 2025.

The fair values of the identifiable assets and liabilities of Portfolio of OTO as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition**
		RMB'000
Trademark	15	8,016
Customer relationship	15	2,719
Right-of-use assets	14	16,566
Deferred tax assets	17	1,984
Inventories		8,725
Trade receivables		6,850
Prepayments and other receivables		8,033
Time deposits with original maturity of over three months		298
Cash and bank balances		3,730
Trade payables		(12,928)
Contract liabilities		(4,715)
Other payables and accruals		(16,027)
Interest-bearing bank borrowings		(134)
Deferred tax liabilities	17	(1,984)
Lease liabilities	14	(16,566)
Total identifiable net assets at fair value		4,567
Goodwill on acquisition		–
Satisfied by cash		4,567

The Group incurred transaction costs of RMB888,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	RMB'000
Cash consideration	(4,567)
Cash and bank balances acquired	3,730
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(837)
Transaction costs of the acquisition included in cash flows from operating activities	(888)
Total net cash outflow	(1,725)

Since the acquisition, the Portfolio of OTO contributed RMB45,969,000 to the Group's revenue and incurred loss of RMB9,725,000 to the consolidated loss for the year ended 31 December 2025.

Had the combination taken place as at 1 January 2025, the revenue of the Group and the profit of the Group for the year ended 31 December 2025 would have been RMB1,267,360,000 and RMB120,804,000, respectively.

32. SHARE-BASED PAYMENTS

Employee Incentive Plan and Share Option Scheme

The employee incentive plan (the "Employee Incentive Plan") and the share option scheme (the "Share Option Scheme") were approved and adopted by the written resolutions of all the shareholders of the Company, in order to (i) recognise and reward for the past contributions of eligible participants and (ii) retain and attract suitable personnel for further growth and development of the Group.

(a) Employee Incentive Plan

In order to implement the Employee Incentive Plan, Shenzhen Little Swan Lake Enterprise Management Partnership (Limited Partnership) ("Little Swan Lake") and Shenzhen Little Swan Ballet Enterprise Management Partnership (Limited Partnership) ("Little Swan Ballet") were established and designated as share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners. The Group has no control over the share incentive platforms.

On 25 December 2020, the Company granted 1,079,300 shares of Little Swan Lake and 40,000 shares of Little Swan Ballet respectively, to a total of 25 eligible employees at a subscription price of RMB3.64 per share of the Company (indirectly holding 307,808 shares (2,014,740 shares after conversion into a joint stock company and a proportional increase in shares)) pursuant to the Employee Incentive Plan. On 25 October 2021, 550,000 shares of Little Swan Ballet were granted to one eligible employee at a subscription price of RMB4.16 per share of the Company, which were vested immediately upon grant.

On 20 February 2024, the Company granted 6,704,800 shares of Little Swan Lake to 42 eligible employees at a subscription price of RMB1.78 per share of the Company pursuant to the Employee Incentive Plan.

On 26 August 2025, the Company granted 720,000 shares of Little Swan Lake to one eligible employee at a subscription price of RMB2.49 per share of the Company pursuant to the Employee Incentive Plan.

On 2 January 2026, the Company granted 1,206,000 shares of Little Swan Lake to 7 eligible employees at a subscription price of from RMB1.94 to RMB2.97 per share of the Company pursuant to the Employee Incentive Plan.

Except for the shares granted on 25 October 2021, the vesting of the shares granted over the share incentive platforms is subject to the IPO Condition. The IPO Condition would be satisfied when the ordinary shares of the Company are successfully listed on a recognised stock exchange.

(b) Share Option Scheme

On 16 August 2021, the Company granted 12,567,200 share options to 47 eligible employees of the Group at an exercise price of RMB1.06 per share of the Company pursuant to the Employee Option Scheme.

On 28 May 2022, the Company granted 1,800,000 share options to 42 eligible employees of the Group at an exercise price of RMB1.40 per share of the Company pursuant to the Employee Option Scheme.

On 20 February 2024, the Company granted 3,565,500 share options to 95 eligible employees of the Group at an exercise price of RMB1.78 per share of the Company pursuant to the Share Option Scheme.

On 5 December 2025, the Company granted 3,500,000 share options to 154 eligible employees of the Group at an exercise price of RMB1.98 per share of the Company pursuant to the Share Option Scheme.

The Share Option Scheme is subject to a vesting scale in tranches from the grant date over a certain service period, on condition that employees remain in service and meet certain performance requirements. The vesting of share options is also subject to the IPO Condition. The IPO Condition would be satisfied when the ordinary shares of the Company are successfully listed on a recognised stock exchange. Once the vesting conditions underlying the respective share options are met and the share options have been vested, the shares shall be subject to applicable restrictions in the award and any legal restrictions.

The following table summarises the Company's Employee Incentive Plan and Share Option Scheme activities during the Relevant Periods:

	Number of Share options	Number of Restricted shares
At 1 January 2023	10,706,123	1,524,240
Forfeited during the year	(2,671,253)	–
At 31 December 2023 and 1 January 2024	8,034,870	1,524,240
Granted during the year	3,565,500	6,704,800
Forfeited during the year	(7,716,480)	(515,620)
At 31 December 2024 and 1 January 2025	3,883,890	7,713,420

	Number of Share options	Number of Restricted shares
Granted during the year	3,500,000	720,000
Forfeited during the year	(910,204)	(431,780)
At 31 December 2025 and 1 January 2026	6,473,686	8,001,640
Granted during the period	–	1,206,000
Forfeited during the period	(1,859,384)	(103,900)
At 31 May 2026	4,614,302	9,103,740

The fair values of the share option granted were estimated as at the grant date by using the Black-Scholes option pricing model and Binomial Lattice model, respectively. The following table lists the key inputs to the fair value model used:

	Grant date 20 February 2024	Grant date 5 December 2025
Risk-free interest rate (%)	2.1464-2.2320	1.40486-1.5342
Volatility (%)	37.4460-43.1514	42.1534-45.5044

The fair value of the restricted shares granted on 20 February 2024 were estimated as at the grant date by reference to recent transaction prices.

The fair value of the restricted shares granted on 26 August 2025 and 2 January 2026 were estimated as at the grant date by using market approach. The following table lists the key inputs to the fair value model used:

	Grant date 26 August 2025	Grant date 2 January 2026
Price-to-sales ratio	3	2.9601
Discounts for lack of marketability (%)	16	16.0000

For the year ended 31 December 2023 and 2024, as the service and/or performance conditions were not met, the granted restricted shares and share options were forfeited, resulting a reversal of share-based payment expenses of RMB8,385,000 and RMB9,491,000, respectively. For the year ended 31 December 2025 and the five months ended 31 May 2025 and 2026, the Group recognised share-based payment expenses of RMB4,547,000, RMB2,423,000 and RMB5,707,000, respectively.

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods and the five months ended 31 May 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB343,000, RMB7,388,000, RMB10,761,000, RMB18,996,000 and RMB6,940,000, respectively, in respect of lease arrangements for factory and office premises.

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest bearing bank borrowings	Dividend Payable	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	70,173	–	23,913	94,086
New leases	–	–	198	198
Dividend declared	–	30,000	–	30,000
Lease modification	–	–	145	145
Changes from financing cash flow	(2,039)	(30,000)	(11,191)	(43,230)
Early termination	–	–	(8,171)	(8,171)
Accretion of interest	1,929	–	913	2,842
At 31 December 2023 and 1 January 2024	70,063	–	5,807	75,870
New leases	–	–	4,469	4,469
Lease modification	–	–	2,919	2,919
Changes from financing cash flow	(2,258)	–	(7,633)	(9,891)
Early termination	–	–	(391)	(391)
Accretion of interest	2,237	–	219	2,456
At 31 December 2024 and 1 January 2025	70,042	–	5,390	75,432
New leases	–	–	10,761	10,761
Dividend declared	–	199,440	–	199,440
Additions as a result of acquisition of subsidiaries	134	–	16,566	16,700
Early termination	–	–	(393)	(393)
Changes from financing cash flow	107,568	(199,440)	(14,061)	(105,933)
Accretion of interest	2,317	–	523	2,840
Exchange realignment	–	–	52	52
At 31 December 2025	180,061	–	18,838	198,899

	Interest bearing bank borrowings	Dividend Payable	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	180,061	–	18,838	198,899
New leases	–	–	14,709	14,709
Early termination	–	–	(104)	(104)
Lease modification	–	–	4,287	4,287
Changes from financing cash flow	38,455	–	(7,778)	30,677
Accretion of interest	1,545	–	394	1,939
Exchange realignment	–	–	(353)	(353)
At 31 May 2026	220,061	–	29,993	250,054
At 1 January 2025	70,042	–	5,390	75,432
New leases	–	–	6,940	6,940
Early termination	–	–	–	–
Changes from financing cash flow	143,769	–	(2,972)	140,797
Accretion of interest	1,189	–	121	1,310
Exchange realignment	–	–	–	–
At 31 May 2025 (Unaudited)	215,000	–	9,479	224,479

(c) Total cash outflows for leases

The total cash outflows for leases included in the statements of cash flows are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Within operating activities	–	36	–	–	–
Within financing activities	11,191	7,633	14,061	2,972	7,778
Total	11,191	7,669	14,061	2,972	7,778

34. PLEDGE OF ASSETS

Details of the Group's interest-bearing bank borrowings and bank acceptance bills, which are secured by the assets of the Group, are included in notes 14 and 22 to the Historical Financial Information.

35. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods.

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for items of property, plant and equipment . . .	55,410	11,361	98,503	70,973

36. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following companies are related parties that have material transactions or balances with the Group during the Relevant Periods and the five months ended 31 May 2025.

(a) Name and relationships of the related parties:

Name	Relationships
LIU Jie, Ms Xu Siying, Little Swan Ballet, Future Life Investment Group Limited ("Future Life")	Controlling Shareholders
Future Meiye	Associate

(b) The Group had the following transactions with related parties during the Relevant Periods and the five months ended 31 May 2025:

(i) On 21 November 2025, the Company transferred 30% equity interests in Beike Internet Hospital (Guangdong) Co., Ltd. to Future Life at a consideration of RMB300,000.

(ii) The Group received green plants donated by the chief executive Mr. LIU Jie with a value of RMB152,000 in 2024.

(iii) Future Meiye and Future Life transferred the title of 6 patents overseas trademarks to the Group in 2023.

(c) Outstanding balances with related parties:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due from Future Life *(note 18)* .	–	–	300	–

(d) Guarantees from related parties:

	Guarantee amount	Guarantee start date	Guarantee expiration date
	RMB'000		
Mr Liu Jie and Ms Xu Siying *	250,000	30 May 2025	30 May 2026
Mr Liu Jie, Ms Xu Siying and Future Life **	400,000	17 July 2025	14 July 2027
Mr Liu Jie and Guangdong Shiqi Manufacture Co., Ltd.*	300,000	9 September 2025	8 September 2027
Mr Liu Jie and Ms Xu Siying **	100,000	13 January 2025	13 January 2028
Mr Liu Jie and Guangdong Shiqi Manufacture Co., Ltd. *	450,000	30 July 2025	29 July 2027
Mr Liu Jie, Ms Xu Siying and Future Life*	250,000	17 July 2024	16 July 2025
Mr Liu Jie, Ms Xu Siying and Future Life*	100,000	20 August 2024	31 December 2030
Mr Liu Jie, Ms Xu Siying and Future Life*	50,000	1 June 2022	16 January 2025
Mr Liu Jie, Ms Xu Siying and Future Life*	200,000	1 December 2023	1 December 2024
Mr Liu Jie, Ms Xu Siying and Future Life*	40,000	22 October 2018	21 October 2023
Mr Liu Jie, Ms Xu Siying and Future Life*	10,000	1 January 2019	31 December 2028
Mr Liu Jie and Ms Xu Siying*	20,000	1 January 2019	31 December 2030
Mr Liu Jie and Ms Xu Siying*	60,000	16 September 2019	15 September 2024
Mr Liu Jie, Ms Xu Siying and Future Life*	60,000	16 September 2019	15 September 2024
Mr Liu Jie, Ms Xu Siying and Future Life*	70,000	16 March 2020	16 March 2025
Mr Liu Jie, Ms Xu Siying and Future Life *	100,000	15 September 2021	14 September 2023
Mr Liu Jie, Ms Xu Siying and Future Life*	100,000	1 October 2021	30 September 2023
Mr Liu Jie, Ms Xu Siying and Future Life*	80,000	8 April 2022	8 April 2023
Mr Liu Jie and Ms Xu Siying*	50,000	1 June 2022	1 June 2025
Mr Liu Jie and Ms Xu Siying*	100,000	17 October 2022	16 October 2023
Mr Liu Jie, Ms Xu Siying and Future Life*	100,000	18 October 2022	21 August 2023
Mr Liu Jie, Ms Xu Siying and Future Life*	100,000	2 February 2023	1 February 2025
Mr Liu Jie, Ms Xu Siying and Future Life*	600,000	27 April 2023	20 August 2024
Mr Liu Jie, Ms Xu Siying and Future Life*	50,000	17 May 2023	16 May 2024
Mr Liu Jie, Ms Xu Siying and Future Life*	80,000	26 June 2023	6 June 2024
Mr Liu Jie and Ms Xu Siying*	360,000	20 October 2022	19 October 2027

* The guarantees provided by the above related parties have been released as of 31 May 2026.

** These guarantees provided by related parties are expected to be released upon **[REDACTED]**.

(e) Compensation of key management personnel of the Group:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries and other benefits	12,737	9,059	8,737	3,558	2,423
Performance related bonuses	6,227	6,236	4,666	3,820	3,327
Pension scheme contributions	636	456	506	176	137
Share-based payment expenses	(6,715)	(13,259)	(89)	670	600
	12,885	2,492	13,820	8,224	6,487

Further details of directors', supervisors' and the chief executive's remuneration are included in note 8 to the Historical Financial Information.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each of the Reporting Periods were as follows:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value through profit or loss:				
Financial assets at fair value through profit or loss	100,346	200,599	243,096	516,925
Financial assets at amortised cost:				
Trade and bills receivables	45,001	43,390	86,997	106,529
Financial assets included in prepayments, deposits, other receivables and other assets	4,738	5,425	11,010	11,336
Time deposits with original maturity of over three months	–	142,452	247,829	212,162
Restricted bank deposits	76,661	91,642	123,937	35,661
Certificates of deposit	128,144	181,674	50,723	51,319
Cash and cash equivalents	313,433	88,521	94,847	98,209
Total	567,977	553,104	615,343	515,216
Financial liabilities				
Financial liabilities at amortised cost:				
Trade and bills payables	278,595	253,203	360,407	479,552
Financial liabilities included in other payables and accruals	99,044	68,141	64,244	54,814
Lease liabilities	5,807	5,390	18,838	29,993
Interest-bearing bank borrowings	70,063	70,042	180,061	220,061
Total	453,509	396,776	623,550	784,420

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, certificates of deposit, financial assets included in prepayments, deposits, other receivables and other assets, trade and bills receivables, trade and bills payables, interest-bearing bank borrowings, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in unlisted investments, which represent wealth management products issued by several certified financial institutions in the Chinese mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

At 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	100,346	–	100,346

At 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	200,599	–	200,599

At 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	243,096	–	243,096

At 31 May 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	516,925	–	516,925

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, financial assets at fair value through profit or loss and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit after tax.

	Increase/ (decrease) in foreign exchange rate	Increase/ (decrease) in profit after tax
	%	*RMB'000*
Year ended 31 December 2023		
If the RMB weakens against the USD	5	1,193
If the RMB strengthens against the USD	(5)	(1,193)
Year ended 31 December 2024		
If the RMB weakens against the USD	5	1,585
If the RMB strengthens against the USD	(5)	(1,585)
Year ended 31 December 2025		
If the RMB weakens against the USD	5	3,156
If the RMB strengthens against the USD	(5)	(3,156)
Five months ended 31 May 2026		
If the RMB weakens against the USD	5	1,633
If the RMB strengthens against the USD	(5)	(1,633)

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged deposits, financial assets included in prepayments, deposits, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For financial assets included in prepayments, deposits, other receivables and other assets, management makes periodic collective assessments as well as individual assessments on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

At 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	42,107	42,107
Bills receivables	–	–	–	5,000	5,000
Financial assets included in prepayments, other receivables and other assets					
– Normal**	4,834	26	–	–	4,860
– Doubtful**	–	–	630	–	630
Certificates of deposit	128,144	–	–	–	128,144
Restricted bank deposits	76,661	–	–	–	76,661
Cash and cash equivalents	313,433	–	–	–	313,433
Total	523,072	26	630	47,107	570,835

At 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	44,411	44,411
Bills receivables	–	–	–	1,200	1,200
Financial assets included in prepayments, other receivables and other assets – Normal**	5,836	–	–	–	5,836
Time deposits with original maturity of over three months	142,452	–	–	–	142,452
Certificates of deposit	181,674	–	–	–	181,674
Restricted bank deposits	91,642	–	–	–	91,642
Cash and cash equivalents	88,521	–	–	–	88,521
Total	510,125	–	–	45,611	555,736

At 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	90,297	90,297
Bills receivables	–	–	–	400	400
Financial assets included in prepayments, other receivables and other assets – Normal**	11,064	–	–	–	11,064
Time deposits with original maturity of over three months	247,829	–	–	–	247,829
Certificates of deposit	50,723	–	–	–	50,723
Restricted bank deposits	123,937	–	–	–	123,937
Cash and cash equivalents	94,847	–	–	–	94,847
Total	528,400	–	–	90,697	619,097

At 31 May 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	111,362	111,362
Bills receivables	–	–	–	–	–
Financial assets included in prepayments, other receivables and other assets – Normal**	11,824	–	–	–	11,824
Time deposits with original maturity of over three months	212,162	–	–	–	212,162
Certificates of deposit	51,319	–	–	–	51,319
Restricted bank deposits	35,661	–	–	–	35,661
Cash and cash equivalents	98,209	–	–	–	98,209
Total	409,175	–	–	111,362	520,537

* For trade receivables at the end of each of the Relevant Periods, the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, deposits, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

At 31 December 2023

	Less than 12 months or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	278,595	–	–	278,595
Financial liabilities included in other payables and accruals	99,044	–	–	99,044
Lease liabilities	4,951	990	–	5,941
Interest-bearing bank borrowings	14,435	60,163	–	74,598
Total	397,025	61,153	–	458,178

At 31 December 2024

	Less than 12 months or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	253,203	–	–	253,203
Financial liabilities included in other payables and accruals	68,141	–	–	68,141
Lease liabilities	4,245	1,238	–	5,483
Interest-bearing bank borrowings	71,222	–	–	71,222
Total	396,811	1,238	–	398,049

At 31 December 2025

	Less than 12 months or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	360,407	–	–	360,407
Financial liabilities included in other payables and accruals	64,244	–	–	64,244
Lease liabilities	14,467	5,530	–	19,997
Interest-bearing bank borrowings	181,659	–	–	181,659
Total	620,777	5,530	–	626,307

At 31 May 2026

	Less than 12 months or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	479,552	–	–	479,552
Financial liabilities included in other payables and accruals	54,814	–	–	54,814
Lease liabilities	14,653	17,993	–	32,646
Interest-bearing bank borrowings	220,727	–	–	220,727
Total	769,746	17,993	–	787,739

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares, make borrowings or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is total interest-bearing liabilities divided by total equity. The Group's policy is to maintain the gearing ratio at a reasonable level.

The gearing ratios as at the end of each of the Relevant Periods were as follows:

	31 December			31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	70,063	70,042	180,061	220,061
Lease liabilities	5,807	5,390	18,838	29,993
Total interest-bearing liabilities	75,870	75,432	198,899	250,054
Total equity	674,580	800,700	737,846	805,989
Gearing ratio	11%	9%	27%	31%

40. EVENTS AFTER THE RELEVANT PERIODS

There are no significant subsequent events undertaken by the Company after 31 May 2026.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 31 May 2026.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 May 2026 of the selected property interest held by the Group.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7th Floor, One Taikoo Place
979 King's Road, Quarry Bay, Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

[Date]

The Board of Directors
SKG Health Technologies Co., Ltd.
23AF, Building 3
Zhongke Research and Development Park
No. 009 Gaoxin South 1st Road
Gaoxin Community
Yuehai Subdistrict
Nanshan District
Shenzhen City
Guangdong Province
The PRC

Dear Sirs,

In accordance with your instructions to value the property interest held by **SKG Health Technologies Co., Ltd.** (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the selected property interest as at 31 May 2026 (the "**valuation date**").

The selected property interest forms part of property activities and has a carrying amount of 1% or more of the Group's total assets and therefore the valuation of the property interest is required to be included in this Document.

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the property interest which is held for investment by the Group by the income approach by taking into account the rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards issued by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Grant Contract, Real Estate Title Certificate, Construction Land Planning Permit, Construction Work Planning Permits, Construction Work Commencement Permits, Construction Work Completion and Inspection Tables and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisors – Grandway Law Offices concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the property was carried out on 2 December 2025 by Mr. Ross Tan who is a China Certified Real Estate Appraiser and has more than 15 years' experience in the valuation of property in the PRC.

Climate change, sustainability, resilience, and ESG are increasingly influencing investment approaches as they may affect prospects for rental and capital growth, and susceptibility to obsolescence. Properties that do not meet the sustainability characteristics expected in the market may represent a higher investment risk, particularly as occupiers become more conscious of ESG impacts on operational workspace, which could impact on vacancy and rental levels. This view is supported by RICS in their recently published guidance note "Sustainability and ESG in commercial property valuation and strategic advice (3rd Edition)".

While some of the sustainability and ESG initiatives are considered subjective and intangible, they cannot always be demonstrated with quantifiable evidence. Based on our research and local market knowledge, there is not yet any direct and tangible evidence of ESG being reflected in specific investment behaviours and/or pricing considerations for assets of a similar nature to the subject property, although it is acknowledged that ESG criteria is forming part of an increasing number of investment mandates. However more tangible benefits such as energy efficiency are realizable in operational costs. We have not undertaken full asset and market investigations in this regard. Whilst there is currently no direct and tangible evidence to suggest that the market is making pricing adjustments for ESG, we will continue to monitor market movements and sentiment.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS R.P.S. (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 32 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

Property interest held for investment by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
			RMB
Portions of Phase I of SKG Future Health Digital Manufacturing Base located at the northern side of Zuan Shi Road and the eastern side of Bao Hui Road Shunde District Foshan City Guangdong Province The PRC	The property is located at the northern side of Zuan Shi Road and the eastern side of Bao Hui Road. It is about 15 minutes' driving distance to the Guangzhou South Railway Station. The locality is a well-developed industrial area with mature and sophisticated infrastructural facilities. Phase I of SKG Future Health Digital Manufacturing Base occupies a parcel of land with a site area of approximately 33,353.40 sq.m. and has two buildings (Block 1# and Block 3#) for factory and car park use, one building (Block 2#) for dormitory use and ancillary facilities, which had been developed into an industrial development completed in December 2023. As at the valuation date, the property comprised Block 1# and portions of Block 2# and Block 3# of Phase I of SKG Future Health Digital Manufacturing Base with a total gross floor area of approximately 67,679.71 sq.m which were held for investment by the Group as at the valuation date. The classification, usage and gross floor area details of the property are set out in note 2. The land use rights of the property have been granted for a term expiring on 7 December 2071 for industrial use.	Portions of the property were rented to various third parties, whilst the remaining portion of the property was vacant as at the valuation date.	196,300,000

Notes:

1. Pursuant to a Real Estate Title Certificate – Yue (2025) Fo Shun Bu Dong Chan Quan Di No. 0038172, Phase I of SKG Future Health Digital Manufacturing Base with a gross floor area of approximately 97,854.84 sq.m (including the property) is owned by Future Sunflower Robot (Guangdong) Co., Ltd. (未來向日葵機器人(廣東)有限公司, the "**Future Sunflower**", a wholly-owned subsidiary of the Company) and the related land use rights with a site area of approximately 33,353.40 sq.m. (including the land use rights of the property) have been granted to Future Sunflower for a term of 50 years expiring on 7 December 2071 for industrial use.

2. According to the information provided by the Group, the gross floor area ("**GFA**") of the property is set out as below:

Usage	Gross Floor Area	No. of car parking space
	(sq.m.)	
Factory	61,743.57	
Dormitory	2,403.14	
Car parking spaces	3,533.00	376
Total:	**67,679.71**	**376**

3. Pursuant to various tenancy agreements, the factory and dormitory units of the property with a total gross floor area of approximately 43,204.83 sq.m. were leased to various third parties with the expiry dates between 31 August 2026 and 31 August 2030, and the monthly rents receivable as at the valuation date was mainly between RMB8.5 to RMB23.0 per sq.m., exclusive of management fees, water and electricity charges.

4. Our valuation has been made on the following basis and analysis:

   a. In undertaking our valuation, we have considered the actual rents in the existing tenancy agreements and also have identified and analyzed various relevant lease evidences in the locality which have similar characteristics as the subject property such as use, size, layout and accessibility of the property. The monthly unit rent of these comparables range from RMB11.3 to RMB13.4 per sq.m. per month for factory units, RMB18.2 to RMB21.5 per sq.m. per month for dormitory units, RMB280 to RMB320 per space for car parking spaces; and

   b. Based on our market research in the surrounding area of the property, the stabilized market yield ranged from 5.6% to 6.3% for industrial development as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 6.0% in the valuation.

5. We have been provided with the legal opinion containing the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. Future Sunflower is legally and validly in possession of the land use rights and building ownership rights of the property; and

   b. The property is subject to a mortgage with a term from 30 July 2025 to 29 July 2027.

This appendix is intended to provide potential investors with an overview of the Articles of Association of the Company (the Articles of Association set out in this appendix shall become effective upon the **[REDACTED]** of the Company's H shares on the Hong Kong Stock Exchange). The following is only a summary and does not contain all provisions which may be material to potential investors.

SHARES

Issue of Shares

The issue of shares of the Company shall follow the principles of openness, fairness and impartiality. Each share of the same class shall carry equal rights. Shares of the same class issued at the same time shall be subject to the same conditions and price per share; each subscriber shall pay the same consideration for each share subscribed.

INCREASE AND REDUCTION OF SHARE CAPITAL AND REPURCHASE OF SHARES

Increase of Capital

In accordance with the needs of the Company's operation and development, and subject to the provisions of laws and regulations, the Company may, upon separate resolutions passed at the general meeting, increase its capital by way of:

(i) issuing shares to non-specific investors;

(ii) issuing shares to specific investors;

(iii) allotting bonus shares to existing shareholders;

(iv) capitalisation of reserves;

(v) other methods permitted by laws, administrative regulations and rules, and approved by the securities regulatory authorities and stock exchange where the Company's shares are listed.

Reduction of Capital

The Company may reduce its registered capital. Any reduction of registered capital shall be conducted in accordance with the Company Law, other applicable provisions, the securities regulatory rules of the place where the Company's shares are listed and the procedures stipulated in the Articles of Association.

Repurchase of Shares

The Company shall not repurchase its own shares except under the following circumstances, in which case it may repurchase its shares in accordance with laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association:

(i) for the purpose of reducing the Company's registered capital;

(ii) for merger with another company holding shares of the Company;

(iii) for use in employee shareholding schemes or share incentive plans;

(iv) where shareholders dissent from a resolution of the general meeting on merger or division of the Company and request the Company to repurchase their shares;

(v) for conversion of shares upon exercise of convertible corporate bonds issued by the Company;

(vi) where it is necessary for the Company to safeguard its value and shareholders' interests;

(vii) other circumstances permitted by laws, administrative regulations, departmental rules, normative documents and the securities regulatory rules of the place where the Company's shares are listed.

Repurchase of shares under items (i) and (ii) above shall be subject to a resolution of the general meeting. Repurchase of shares under items (iii), (v) and (vi) above shall, subject to compliance with the securities regulatory rules of the place where the Company's shares are listed, be subject to a resolution of a board meeting attended by more than two-thirds of the directors.

Shares repurchased under item (i) above shall be cancelled within ten days from the date of repurchase. Shares repurchased under items (ii) and (iv) above shall be transferred or cancelled within six months. Shares repurchased under items (iii), (v) and (vi) above shall not exceed 10% of the total number of shares of the Company in issue and shall be transferred or cancelled within three years.

The Company may acquire its own shares through public centralised trading, or by other means recognised by laws, administrative regulations, the securities regulatory rules of the Company's stock listing location, and the China Securities Regulatory Commission (where required), and shall comply with applicable laws, regulations, and the securities regulatory rules of the Company's stock listing location. Repurchase of shares under items (iii), (v) and (vi) above shall, subject to compliance with the securities regulatory rules of the place where the Company's shares are listed, be conducted through public centralized trading.

Upon repurchase of shares, the Company shall perform its information disclosure obligations in accordance with the Securities Law and the securities regulatory rules of the place where the Company's shares are listed.

Transfer of Shares

The shares of the Company shall be transferred in accordance with the law.

The Company shall not accept its shares as the subject of a pledge.

Shares issued prior to the public offering of the Company's shares shall not be transferred within one year from the date on which the Company's shares are listed and traded on a stock exchange.

Directors and senior management of the Company shall declare to the Company the shares they hold and any changes thereto. During their term of office, the number of shares transferred each year shall not exceed 25% of the total number of shares of the same class held by them. Shares held by such persons shall not be transferred within one year from the date on which the Company's shares are listed and traded. Shares held by such persons shall not be transferred within six months after their resignation.

Where laws, administrative regulations, or the listing rules of the China Securities Regulatory Commission or the stock exchange where the Company's shares are listed impose additional restrictions on the transfer of the Company's shares, such rules shall prevail.

Where shares are pledged during the statutory restricted transfer period under laws, administrative regulations or the securities regulatory rules of the place where the Company's shares are listed, the pledgee shall not exercise the pledge during such restricted transfer period.

Where shareholders holding more than 5% of the shares of the Company, directors or senior management sell the shares or other equity securities of the Company held by them within six months after purchase, or repurchase such shares or securities within six months after sale, any gains derived therefrom shall belong to the Company, and the board of directors of the Company shall recover such gains. However, this shall not apply where securities firms, Hong Kong Securities Clearing Company Limited, and Hong Kong Central Clearing (Agent) Limited hold more than 5% of the shares as a result of purchasing unsold shares after a book-building process, or in other circumstances prescribed by the China Securities Regulatory Commission and the securities regulatory authorities where the company's shares are listed.

For the purposes of the preceding paragraph, shares or other equity securities held by directors, senior management or individual shareholders shall include those held by their spouses, parents and children, as well as those held through accounts in the name of others.

Where the board of directors of the Company fails to implement the provisions of the first paragraph, shareholders shall have the right to request the board of directors to implement within thirty days. If the board of directors fails to implement within the aforesaid period, shareholders shall have the right, in the interests of the Company, to bring an action directly to the People's Court in their own name.

Where the board of directors of the Company fails to implement the provisions of the first paragraph, the directors responsible shall bear joint and several liability in accordance with the law.

SHAREHOLDERS

Register of Shareholders

The Company shall establish a register of shareholders based on the certificates provided by the securities registration institution. The register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold; shareholders holding shares of the same class shall enjoy equal rights and assume the same obligations.

When the Company convenes a general meeting of shareholders, distributes dividends, conducts liquidation or engages in other activities requiring confirmation of shareholder identity, the board of directors or the convener of the general meeting shall determine the shareholding record date. Shareholders registered in the register of shareholders after the close of trading on the record date shall be entitled to the relevant rights and interests.

Rights of Shareholders

Shareholders of the Company shall enjoy the following rights:

(i) to receive dividends and other forms of distributions in proportion to their shareholdings;

(ii) to request, convene, preside over, attend or appoint proxies to attend general meetings in accordance with the law, and to exercise the corresponding rights of speech and voting (unless individual shareholders are required by the Hong Kong Listing Rules or other securities regulations governing the listing of the company's shares to abstain from voting on specific matters);

(iii) to supervise the business operations of the Company, and to make proposals or inquiries;

(iv) to transfer, give or pledge their shares in accordance with laws, administrative regulations, the relevant provisions of the securities regulatory authority and stock exchange of the place where the Company's shares are listed, and the Articles of Association;

(v) to inspect and copy the Articles of Association, the register of shareholders, counterfoils of corporate bonds, minutes of general meetings, resolutions of board meetings, and financial and accounting reports, and shareholders meeting the prescribed requirements may inspect the Company's accounting books and vouchers;

(vi) upon termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company in proportion to their shareholdings;

(vii) shareholders who dissent from resolutions of the general meeting on merger or division of the Company may, subject to compliance with the procedures stipulated in the Articles of Association and relevant laws and regulations for the repurchase of shares, request the Company to repurchase their shares;

(viii) inspect the Hong Kong branch register of members of the company, provided that the company may suspend the registration of members in accordance with section 632 of the Companies Ordinance (Cap. 622) or equivalent provisions;

(ix) other rights prescribed by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Obligations of Shareholders

Shareholders of the Company shall undertake the following obligations:

(i) to comply with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association;

(ii) to pay share subscription monies in accordance with the shares subscribed and the method of subscription;

(iii) not to withdraw their share capital except in circumstances permitted by laws, regulations or the securities regulatory rules of the place where the Company's shares are listed;

(iv) not to abuse shareholders' rights to the detriment of the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company or the limited liability of shareholders to the detriment of the interests of the Company's creditors;

(v) to undertake other obligations as prescribed by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Where shareholders of the Company abuse their rights as shareholders and cause losses to the Company or other shareholders, they shall be liable for compensation in accordance with the law. Where shareholders of the Company abuse the independent legal person status of the Company or the limited liability of shareholders to evade debts and seriously prejudice the interests of the Company's creditors, they shall bear joint and several liability for the debts of the Company.

GENERAL MEETING OF SHAREHOLDERS

General Provisions of the General Meeting of Shareholders

The general meeting of shareholders of the Company shall be composed of all shareholders. The general meeting of shareholders is the organ of authority of the Company and shall exercise the following powers in accordance with the law:

(i) to elect and replace directors who are not employee representatives, and to determine matters relating to the remuneration of directors;

(ii) to consider and approve the report of the board of directors;

(iii) to consider and approve the profit distribution plan and plan for making up losses of the Company;

(iv) to resolve on the increase or reduction of the registered capital of the Company;

(v) to resolve on the issuance of corporate bonds by the Company;

(vi) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;

(vii) to amend the Articles of Association and its appendices;

(viii) to resolve on the engagement or dismissal of the accounting firm responsible for the audit of the Company and matters relating to the remuneration of the accounting firm;

(ix) to consider and approve financial assistance matters as stipulated in the Articles of Association;

(x) to consider and approve guarantee matters as stipulated in the Articles of Association;

(xi) to consider and approve major transaction matters as stipulated in the Articles of Association;

(xii) to consider and approve share incentive schemes and employee shareholding plans;

(xiii) to consider and approve matters relating to changes in the use of proceeds;

(xiv) to consider and approve material transactions and connected transactions exceeding the authority of resolutions of the board of directors;

(xv) to consider and approve other matters which, pursuant to laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, shall be determined by the general meeting of shareholders.

Unless otherwise provided by laws, administrative regulations or the securities regulatory rules of the place where the Company's shares are listed, the general meeting of shareholders shall not delegate the powers which are required by law to be exercised by the general meeting of shareholders to the board of directors or any other institutions or individuals, except where permitted by laws, administrative regulations, or the regulatory rules of the place where the Company's shares are listed.

General meetings shall be divided into annual general meetings and extraordinary general meetings. An annual general meeting shall be convened once every year and shall be held within six months after the end of the preceding financial year.

An extraordinary general meeting shall be convened within two months from the occurrence of any of the following events:

(i) where the number of directors falls below the quorum required under the Company Law or less than two-thirds of the number prescribed in the Articles of Association or where the resignation or removal of an independent director results in the proportion of independent directors on the Board or its specialised committees failing to meet the requirements of the Hong Kong Listing Rules, or where there is a lack of accounting professionals among the independent directors;

(ii) where the Company's accumulated losses reach one-third of its total share capital;

(iii) where shareholders individually or in aggregate holding 10% or more of the shares of the Company request;

(iv) where the board of directors considers it necessary;

(v) where the audit committee proposes to convene;

(vi) other circumstances as provided by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Shareholder Proxies

Shareholders may attend general meetings in person or appoint proxies to attend and vote on their behalf. Proxies need not be shareholders of the Company.

A power of attorney issued by a shareholder authorising another person to attend a general meeting shall specify the following particulars:

(i) the name of the principal, the class and number of shares held, and whether voting rights are attached;

(ii) the name of the proxy;

(iii) specific instructions of the shareholder, including directions to vote for, against or abstain on each matter included in the agenda of the general meeting;

(iv) the date of issue and the period of validity of the power of attorney;

(v) the signature (or seal) of the principal. Where the principal is a corporate shareholder or other institutional shareholder, the corporate or institutional seal shall be affixed or signed by a duly authorised person;

(vi) other particulars as required by laws, regulations, normative legal documents, and the securities regulatory rules of the place where the Company's shares are listed.

The power of attorney shall state whether the proxy may vote at his/her discretion in the absence of specific instructions from the shareholder.

Where a proxy voting power of attorney is signed by another person authorised by the principal, the authorisation letter or other authorisation documents shall be notarised. The notarised authorisation letter or other authorisation documents, together with the proxy voting power of attorney, shall be kept at the domicile of the Company or at such other place as specified in the notice convening the meeting.

Convening of General Meetings

General meetings shall be convened by the board of directors.

Independent directors shall have the right to propose to the board of directors the convening of an extraordinary general meeting. A proposal to convene an extraordinary general meeting by independent directors shall be deliberated at a special meeting of the independent directors and approved by more than half of all independent directors. The board of directors shall, in accordance with laws, administrative regulations and the Articles of Association, provide written feedback within ten days of receipt of such proposal, stating whether it agrees or disagrees to convene the extraordinary general meeting. Where the board of directors agrees to convene the extraordinary general meeting, it shall issue a notice of the meeting within five days after the resolution of the board of directors. Where the board of directors disagrees, it shall state the reasons and make an announcement.

The audit committee shall have the right to propose to the board of directors the convening of an extraordinary general meeting, and such proposal shall be made in writing. The board of directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide written feedback within ten days of receipt of such proposal, stating whether it agrees or disagrees to convene the extraordinary general meeting. Where the board of directors agrees, it shall issue a notice of the meeting within five days after the resolution of the board of directors, and any changes to the original proposal shall be subject to the consent of the audit committee. Where the board of directors disagrees or fails to provide feedback within ten days of receipt of the proposal, it shall be deemed that the board of directors is unable or unwilling to perform its duty to convene the general meeting, and the audit committee may convene and preside over the extraordinary general meeting itself.

Shareholders individually or jointly holding 10% or more of the shares of the Company shall have the right to request the board of directors to convene an extraordinary general meeting, and such request shall be made in writing. The board of directors shall, in accordance with laws, administrative regulations and the Articles of Association, provide written feedback within ten days of receipt of such request, stating whether it agrees or disagrees to convene the extraordinary general meeting. Where the board of directors agrees, it shall issue a notice of the meeting within five days after the resolution of the board of directors, and any changes to the original request shall be subject to the consent of the relevant shareholders. Where the board of directors disagrees or fails to provide feedback within ten days of receipt of the request, shareholders individually or jointly holding 10% or more of the shares of the Company shall have the right to propose to the audit committee to convene an extraordinary general meeting, and such request shall be made in writing.

Where the audit committee agrees to convene the extraordinary general meeting, it shall issue a notice of the meeting within five days of receipt of the request, and any changes to the original proposal shall be subject to the consent of the relevant shareholders. Where the audit committee fails to issue the notice within the prescribed period, it shall be deemed that the audit committee does not convene or preside over the general meeting, and shareholders individually or jointly holding 10% or more of the shares of the Company continuously for more than 90 days may convene and preside over the extraordinary general meeting themselves. Prior to the announcement of the resolutions of the general meeting, the aggregate shareholding of the shareholders convening the meeting shall not be less than 10%.

Notice, Proposals and Convening of General Meetings

The convener shall give notice to all shareholders at least 20 days prior to the annual general meeting and at least 15 days prior to an extraordinary general meeting.

When convening a general meeting of shareholders, the board of directors, the audit committee and shareholders individually or jointly holding 1% or more of the shares of the Company shall have the right to submit proposals to the Company.

Shareholders individually or jointly holding 1% or more of the shares of the Company may submit ad hoc proposals in writing to the convener at least 10 days prior to the general meeting. Ad hoc proposals shall contain clear subjects and specific resolutions. The convener shall, within two days of receipt of such proposals, issue a supplemental notice of the general meeting setting out the contents of the ad hoc proposals and submit such proposals to the general meeting for consideration; provided that ad hoc proposals which contravene laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, or which do not fall within the scope of authority of the general meeting, shall be excluded, prior to the shareholders' meeting adopting a resolution, shareholders proposing an ad hoc motion must hold no less than 1% of the total share capital. Save as provided in the preceding paragraph, after issuing the notice of the shareholders' meeting, the convener shall not amend or add new motions. The shareholders' meeting shall not vote on or pass resolutions concerning proposals not specified in the notice of the shareholders' meeting or those that do not comply with laws, regulations, or the provisions of these Articles of Association. The notice of the shareholders' meeting and any supplementary notice shall fully and comprehensively disclose the specific content of the proposals, along with all materials or explanations necessary for shareholders to make a reasonable judgement on the matters to be discussed.

The Company shall, on the premise of ensuring the legality and validity of the general meeting, provide convenience to shareholders to participate in the general meeting through various means and channels.

General meetings shall be presided over by the chairman of the board. Where the chairman is unable or unwilling to perform his duties, a director elected by more than half of the directors shall preside.

General meetings convened by the audit committee shall be presided over by the convener of the audit committee. Where the convener is unable or unwilling to perform his duties, a member of the audit committee elected by more than half of the members of the audit committee shall preside.

General meetings convened by shareholders shall be presided over by the convener or his/her designated representative.

Resolutions of General Meetings

Resolutions of general meetings shall be classified into ordinary resolutions and special resolutions.

Ordinary resolutions of general meetings shall be passed by more than half of the voting rights held by shareholders (including proxies) present at the meeting.

Special resolutions of general meetings shall be passed by not less than two-thirds of the voting rights held by shareholders (including proxies) present at the meeting.

Shareholders (including proxies) shall exercise their voting rights in proportion to the number of voting shares they represent, with each share carrying one vote.

Where shareholders acquire voting shares of the Company in violation of Article 63(1) and (2) of the Securities Law, the portion of shares exceeding the prescribed ratio shall not carry voting rights within thirty-six months after acquisition, and shall not be counted in the total number of voting shares present at the general meeting.

Shares of the Company held by the Company itself shall not carry voting rights and shall not be counted in the total number of voting shares present at the general meeting.

Where applicable laws and regulations or the Listing Rules of Hong Kong require any shareholder to abstain from voting on a resolution, or restrict any shareholder to voting only in favour of (or against) a resolution, any votes cast in violation of such requirements or restrictions by such shareholders or their proxies shall not be counted.

Ordinary resolutions of the shareholders' meeting shall be amended to:

(1) electing and replacing non-employee director representatives;

(2) determining remuneration for directors;

(3) reviewing and approving the board of directors' work report;

(4) reviewing and approving the company's profit distribution plan and loss compensation plan;

(5) matters other than those required by law, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association to be passed by special resolution.

(i) the work report of the board of directors;

(ii) the profit distribution plan and plan for making up losses formulated by the board of directors;

(iii) the appointment and removal of members of the board of directors and their remuneration and payment methods;

(iv) other matters except those required by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association to be passed by special resolution.

The following matters shall be passed by way of special resolution of the general meeting:

(i) increase or reduction of the registered capital of the Company;

(ii) division, spin-off, merger, dissolution, liquidation, voluntary winding-up or change of corporate form of the Company;

(iii) amendments to the Articles of Association;

(iv) purchase or disposal of major assets or provision of guarantees exceeding 30% of the Company's total assets as audited in the most recent financial period within one year;

(v) share incentive schemes;

(vi) other matters required by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, and other matters which, as determined by ordinary resolution of the general meeting, may have a material impact on the Company and shall be passed by special resolution.

Directors and the Board of Directors

Directors shall be elected or replaced by the general meeting, and may be removed by the general meeting before the expiration of their term of office. The term of office of directors shall be three years, and they may be re-elected upon expiry of their term.

The board of directors of the Company shall consist of six directors. The board shall have one chairman, who shall be elected by more than half of all directors.

Directors may concurrently hold senior management personnel, but the total number of directors holding such positions and employee representative directors shall not exceed half of the total number of directors in the Company.

The board of directors shall include employee representatives of the Company. The employee representative in the Board shall be elected by employees of the Company at the employee representatives' meeting or the staff meeting or by other democratic means, and is not required to be submitted to the general meeting for consideration.

The board of directors shall exercise the following powers:

(i) to convene general meetings and report on its work to the general meeting;

(ii) to implement resolutions of the general meeting;

(iii) to determine the Company's business plans and investment proposals;

(iv) to formulate profit distribution plans and plans for making up losses of the Company;

(v) to prepare plans for increasing or reducing registered capital, issuing bonds or other securities and listing plans;

(vi) to formulate proposals for major acquisitions, purchase of shares of the Company, merger, division, dissolution or change of corporate form of the Company;

(vii) within the scope of authority granted by the general meeting, to decide on matters relating to external investment, acquisition or disposal of assets, asset pledges, external guarantees, entrusted wealth management, and related (connected) transactions;

(viii) to decide on the establishment of internal management structures of the Company;

(ix) to appoint or remove the general manager of the Company; to appoint or remove deputy general managers, the person in charge of finance, the secretary to the board and other senior management personnel upon nomination by the general manager, and to determine their remuneration and rewards or penalties;

(x) to formulate the basic management systems of the Company;

(xi) to formulate proposals for amendments to the Articles of Association;

(xii) to manage matters relating to information disclosure of the Company;

(xiii) to propose to the general meeting the appointment or replacement of the accounting firm responsible for auditing the Company;

(xiv) to hear reports of the general manager and review his/her work;

(xv) other powers conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or the general meeting of shareholders.

The Board of Directors shall convene at least four meetings each year, approximately once per quarter, to be called by the Chairman with written notice to all directors at least fourteen days prior to the meeting. With the unanimous consent of all directors, the aforementioned notice period for convening regular Board meetings may be shortened or waived in accordance with relevant laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed.

Shareholders holding more than one-tenth of the voting rights, a majority of independent directors, more than one-third of directors or the audit committee may propose to convene an extraordinary board meeting. The chairman shall convene and preside over the board meeting within ten days of receipt of such proposal.

Board meetings shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors.

Senior Management Personnel

The Company shall have one general manager and several deputy general managers, who shall be appointed or removed by the board of directors. The general manager, deputy general managers, the person in charge of finance and the secretary to the board of directors shall be senior management personnel of the Company.

The provisions of the Articles of Association regarding circumstances under which a person may not serve as a director shall also apply to senior management personnel.

The provisions of the Articles of Association regarding the fiduciary duties and diligence duties of directors shall also apply to senior management personnel.

Persons holding administrative positions (other than directors or supervisors) in the controlling shareholder entity shall not serve as senior management personnel of the Company.

Senior management personnel of the Company shall receive remuneration only from the Company and not from the controlling shareholder.

The term of office of the general manager shall be three years, and he/she may be reappointed upon expiry of the term.

The general manager shall be accountable to the board of directors and shall exercise the following powers:

(i) to preside over the production and business management of the Company, organise the implementation of resolutions of the board of directors and report on work to the board of directors;

(ii) to organise the implementation of the annual business plan and investment proposals of the Company;

(iii) to formulate proposals for the establishment of internal management structures of the Company;

(iv) to formulate the basic management systems of the Company;

(v) to formulate specific rules and regulations of the Company;

(vi) to propose to the board of directors the appointment or removal of deputy general managers, the person in charge of finance or other senior management personnel;

(vii) to decide on the appointment or removal of management personnel other than those whose appointment or removal shall be decided by the board of directors;

(viii) other powers conferred by the Articles of Association or the board of directors.

The secretary to the board of directors shall be nominated by the chairman of the board and appointed or removed by the board of directors. The secretary to the board shall be responsible for the preparation of general meetings of shareholders and meetings of the board of directors, the keeping of meeting minutes and records, the management of shareholder information, investor relations, information disclosure and other routine matters.

Financial Accounting System and Audit

The Company shall establish its financial accounting system in accordance with laws, administrative regulations, the requirements of the securities regulatory authority of the place where the Company's shares are listed, and the relevant provisions of national authorities.

The accounting year of the Company shall be the calendar year, commencing on 1 January and ending on 31 December. The periodic reports of the Company's H shares comprise annual reports and interim reports. The Company shall disclose a preliminary announcement of its annual results within three months of the end of each financial year, and shall prepare and disclose the annual report within four months of the end of each financial year and at least 21 days prior to the date of the annual general meeting.

The Company shall disclose a preliminary announcement of interim results within two months of the end of the first six months of each financial year, and shall prepare and disclose the interim report within three months of the end of the first six months of each financial year.

The Company shall not maintain any accounting books other than statutory accounting books. The Company's funds shall not be deposited into accounts opened in the name of any individual.

Profit Distribution

When distributing the profit after tax for the current year, the Company shall allocate 10% of such profit to the statutory reserve fund. Where the accumulated amount of the statutory reserve fund has reached more than 50% of the registered capital of the Company, no further allocation is required.

In the event that the Company's statutory reserve fund is not sufficient to cover all the losses for the previous year, the profits for the current year shall be firstly used to cover the loss before making appropriation to the statutory reserve fund pursuant to the foregoing provisions.

After allocating to the statutory reserve fund from the profit after tax, the Company may, upon resolution of the general meeting, also allocate to discretionary reserve funds from the profit after tax.

The remaining profit after tax of the Company, after making up losses and allocating to reserve funds, shall be distributed to shareholders in proportion to their shareholdings, unless otherwise provided in the Articles of Association.

Where the general meeting distributes profits to shareholders in violation of the preceding provisions before making up losses and allocating to the statutory reserve fund, shareholders shall return the profits distributed in violation of the provisions to the Company. Where losses are caused to the Company, shareholders and directors or senior management personnel responsible shall bear liability for compensation.

Shares of the Company held by the Company shall not be entitled to profit distribution.

After the general meeting has resolved on the profit distribution plan, the board of directors shall complete the distribution of dividends (or shares) within two months after the general meeting.

The Company shall implement a continuous and stable profit distribution policy. Profit distribution of the Company shall focus on providing reasonable investment returns to investors, balancing the immediate and long-term interests of shareholders, and ensuring the sustainable development of the Company.

Audit

The Company shall engage an accounting firm that complies with the Securities Law, the Hong Kong Listing Rules and the securities regulatory rules of the place where the Company's shares are listed to conduct audits of financial statements, verification of net assets and other related consultancy services. The term of engagement shall be one year, subject to renewal. The audit fees of the accounting firm shall be determined by the general meeting of shareholders.

The Company shall ensure that the engaged accounting firm is provided with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not refuse, conceal or make false reports.

Dissolution and Liquidation

The Company shall be dissolved under any of the following circumstances:

(i) expiry of the business term stipulated in the Articles of Association or occurrence of other dissolution events as stipulated in the Articles of Association;

(ii) a resolution of dissolution passed by the general meeting of shareholders;

(iii) dissolution required due to merger or division of the Company;

(iv) revocation of business licence, order to close down or deregistration in accordance with the law;

(v) where the Company encounters serious difficulties in operation and management, and continuation would cause significant losses to shareholders' interests, and no other means can resolve the situation, shareholders holding 10% or more of the total voting rights of the Company may petition the People's Court for dissolution.

Where the Company is dissolved under items (i), (ii), (iv) or (v) above, a liquidation committee shall be formed within fifteen days from the occurrence of the dissolution event to carry out liquidation.

The liquidation committee shall be composed of directors or persons determined by the general meeting of shareholders. Where the liquidation committee is not formed within the prescribed period or fails to carry out liquidation after formation, interested parties may apply to the People's Court to appoint relevant persons to form a liquidation committee to conduct liquidation.

The liquidation committee shall notify creditors within ten days of its establishment and shall make a public announcement within sixty days in the information disclosure media designated by the Company or the National Enterprise Credit Information Publicity System. Creditors shall declare their claims to the liquidation committee within thirty days of receipt of the notice, or within forty-five days of the announcement if no notice is received.

After clearing the Company's assets, preparing a balance sheet and an inventory of property, the liquidation committee shall formulate a liquidation plan and submit it to the general meeting of shareholders or the People's Court for confirmation.

Where, after clearing the Company's assets, preparing a balance sheet and an inventory of property, the liquidation committee finds that the Company's assets are insufficient to discharge its debts, it shall apply to the People's Court for bankruptcy liquidation in accordance with the law.

Upon acceptance of the bankruptcy application by the People's Court, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the People's Court.

Upon completion of liquidation, the liquidation committee shall prepare a liquidation report, submit it to the general meeting of shareholders or the People's Court for confirmation, and file it with the company registration authority to apply for deregistration of the Company.

Where the Company is declared bankrupt in accordance with the law, bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Establishment of Our Company

Our Company was established as a limited liability company in the PRC on November 1, 2007 and was converted into a joint stock limited company on July 29, 2021. Our registered office is located at 23AF, Building 3, Zhongke Research and Development Park, No. 009 Gaoxin South 1st Road, Gaoxin Community, Yuehai Subdistrict, Nanshan District, Shenzhen, Guangdong Province, PRC.

Our Company has established a place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong and has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on January 2, 2026. Ms. Suen Ka Yan (孫嘉恩) has been appointed as our authorized representative for acceptance of service of process and notices in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As our Company is established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix IV – Summary of Articles of Association."

2. Changes in the Share Capital of Our Company

Save as disclosed in "History, Development and Corporate Structure," there has been no change in the share capital of our Company within the two years immediately preceding the date of this document.

3. Change in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants' Report.

The following alterations in the total share capital of our subsidiaries have taken place within the two years preceding the date of this Document:

(1) On January 7, 2025, Future Health Netherlands B.V. was established in the Netherlands for the overseas sale of products, with an issued and paid-up capital of 5,000 Euros and principally engaged in overseas product sales activities.

(2) On March 26, 2024, FUTURE HEALTH TECHNOLOGY PTE. LTD. was established as a private company limited by shares in Singapore for the overseas sale of products, with 50,000 shares and principally engaged in overseas product sales activities.

(3) On August 9, 2024, Future Wearable Technology (Foshan) Co., Ltd. (未來穿戴技術(佛山)有限公司) was established as a limited company in the PRC with an initial registered capital of RMB5,000,000.

(4) On August 22, 2024, FUTURE HEALTH TECHNOLOGY SDN. BHD. was established in Malaysia for the overseas sale of products, with a registered capital of 1,000 Malaysian Ringgit and principally engaged in overseas product sales activities.

(5) On September 4, 2024, PT FUTURE HEALTH TECHNOLOGY was established in Indonesia for the overseas sale of products, with an authorized share capital of IDR11,000,000,000 and principally engaged in overseas product sales activities.

(6) On September 13, 2024, Future Health Japan Co., Ltd. (未來健康日本株式會社) was established in Japan as a joint stock company (kabushiki kaisha) for the overseas sale of products, with a share capital of JPY5,000,000 and principally engaged in overseas product sales activities.

(7) On October 30, 2024, Future Wearable (Foshan) Sales Co., Ltd. (未來穿戴(佛山)銷售有限公司) was established as a limited company in the PRC with an initial registered capital of RMB5,000,000.

(8) On July 4, 2025, OTO TECHNOLOGY LIMITED was incorporated as a company with liability limited by shares in the British Virgin Island as an investment holding company, with 50,000 shares to serve as an investment holding company of our Group.

(9) On July 15, 2025, OTO Health Science & Technology (Shenzhen) Co., Ltd. (歐拓健康科技(深圳)有限公司) was established as a limited company in the PRC with an initial registered capital of RMB5,000,000.

(10) On March 23, 2026, Future Wisdom (Shenzhen) Pet Technology Co., Ltd. (未來智慧(深圳)寵物科技有限公司) was established as a limited company in the PRC with an initial registered capital of RMB2,000,000.

Save as disclosed above, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this Document.

4. Resolutions of Our Shareholders

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders held on December 5, 2025, our Shareholders resolved that, among others:

(a) the issuance of H Shares with a nominal value of RMB1.00 each and such H Shares being **[REDACTED]** on the Stock Exchange;

(b) the number of H Shares to be issued pursuant to the **[REDACTED]** shall not be more than **[REDACTED]**% of the total issued share capital of the Company as enlarged by the **[REDACTED]** (without taking into account of any H Shares which may be issued upon the exercise of the **[REDACTED]**), and the grant to the **[REDACTED]** (or their representatives) of the **[REDACTED]** of not more than **[REDACTED]**% of the number of H Shares initially available under the **[REDACTED]**;

(c) subject to the filing procedure with the CSRC, upon the completion of the **[REDACTED]**, **[REDACTED]** Unlisted Shares held by existing Shareholders will be converted into H Shares on a one-for-one basis;

(d) subject to the completion of the **[REDACTED]**, the grant of a general mandate to our Board to allot and issue Shares or sell and/or transfer treasury Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as our Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be issued shall not exceed 20% of the number of the Shares in issue (excluding any Treasury Shares) as at the **[REDACTED]**;

(e) subject to the completion of the **[REDACTED]**, the adoption of the Articles of Association which shall become effective on the **[REDACTED]**, and authorization to our Board to amend the Articles of Association to the extent necessary for the purpose of the **[REDACTED]**; and

(f) authorization of our Board or its authorized individual(s) to deal with all matters relating to the **[REDACTED]** and the **[REDACTED]**.

5. Restriction on Share Repurchase

For details of the restrictions on share repurchase by our Company, see "Appendix IV – Summary of Articles of Association."

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contract

We have entered into the following contract (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(a) the **[REDACTED]**.

2. Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business.

No.	Trademark	Owner
1.		The Company
2.		The Company
3.		The Company
4.		The Company
5.		The Company
6.		The Company
7.		The Company
8.		The Company
9.		The Company
10.		The Company
11.		The Company
12.		The Company
13.		The Company
14.		The Company
15.		The Company

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business.

No.	Patent name	Registration No.	Owner	Registration date	Registration place
1.	Blood pressure measuring device, apparatus, electronic equipment and storage medium	ZL202410120921.5	the Company	January 29, 2024	PRC
2.	Traction pillow	ZL202321933258.8	the Company	July 20, 2023	PRC
3.	Tremor massage control method, apparatus, massage device, electronic equipment and storage medium	ZL202310036191.6	the Company	January 6, 2023	PRC
4.	Sleep aid device and its control method	ZL202211706106.4	the Company	December 29, 2022	PRC
5.	Central arterial pressure waveform fitting method, monitoring apparatus and watch device	ZL202211529875.1	the Company	November 30, 2022	PRC
6.	Blood pressure measuring method, apparatus, smartwatch, equipment, medium and program product	ZL202211535465.8	the Company	November 30, 2022	PRC
7.	Massage device	ZL202211288352.2	the Company	October 20, 2022	PRC
8.	Absorbent cotton and steam eye massage device	ZL202210109587.4	the Company	January 28, 2022	PRC
9.	Pulse signal output method, apparatus, electric pulse massage device and storage medium	ZL202111630685.4	the Company	December 28, 2021	PRC
10.	Massage control method and apparatus, electronic equipment and computer-readable storage medium	ZL202111196363.3	the Company	October 13, 2021	PRC

No.	Patent name	Registration No.	Owner	Registration date	Registration place
11.	Ultrasonic therapy device output control method and ultrasonic therapy device	ZL202110921484.3	the Company	August 11, 2021	PRC
12.	Laser therapy device output control method and laser therapy device	ZL202110902572.9	the Company	August 6, 2021	PRC
13.	Fascia massage device	ZL202110320826.6	the Company	March 25, 2021	PRC
14.	Eye massage device	ZL202023332111.2	the Company	December 30, 2020	PRC
15.	Neck-hanging massage device	ZL202110530461.X	the Company	May 14, 2021	PRC

(c) Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we considered to be material to our business:

No.	Domain name	Owner	Expiry date
1.	skg.com	Our Company	June 10, 2029
2.	gdiskg.cn	Our Company	April 14, 2026
3.	becohealth.com	Our Company	June 15, 2026
4.	skghn.cn	Future Hainan	November 24, 2026

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' Service Contracts

We have entered into a service contract with each of our Directors which contains provisions in relation to, among others, term of service and termination. The service contracts may be renewed in accordance with our Articles of Association and the applicable rules.

Save as disclosed in "Directors and Senior Management" and above, we have not entered into, and do not propose to enter into, any service contracts with any of our Directors in their respective capacities as Directors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

2. Remuneration of Directors

Save as disclosed in "Directors and Senior Management" and Note 8 to the Accountants' Report in Appendix I, none of our Directors received other remuneration or benefits in kind from our Company during the three years ended December 31, 2025.

3. Disclosure of Interests

Interests and short positions of our Directors and chief executive in the Shares and underlying Shares of our Company and our associated corporation

Save as disclosed in "Substantial Shareholders" and below, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes) and the conversion of the Unlisted Shares into H Shares, so far as our Directors are aware, none of our Directors or chief executive will have any interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of our Company or our associated corporation (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company and the Stock Exchange, once the H Shares are **[REDACTED]** on the Stock Exchange.

Name	Position	Capacity/ Nature of interest	Description of Shares[1]	Number of Shares	Approximate percentage of shareholding in the Share capital of our Company as of the Latest Practicable Date[1]	Approximate percentage of shareholding in the total Share capital of our Company immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued under the Share Option Schemes)[2]	Approximate Percentage of shareholding in the H Shares immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued under the Share Option Schemes)[3]
					(%)	*(%)*	*(%)*
Mr. Liu	Executive Director	Beneficial interest	H Shares	31,748,364	8.82	**[REDACTED]**	**[REDACTED]**
		Interest in controlled corporation; Interest of spouse; interest jointly held with another person[4][5][6]	H Shares	277,651,636	77.13	**[REDACTED]**	**[REDACTED]**
Mr. Hao Qiankun (郝乾坤)	Executive Director, chief financial officer and secretary of the Board	Beneficial interest[7]	H Shares	198,400	0.06	**[REDACTED]**	**[REDACTED]**
Ms. Sheng Jiao (盛姣)	Non-executive Director (employee representative Director)	Beneficial interest[8]	H Shares	113,600	0.03	**[REDACTED]**	**[REDACTED]**

Notes:

(1) For the avoidance of doubt, both Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares. All interests stated are long positions.

(2) The calculation is based on the total number of **[REDACTED]** Shares in issue immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes).

(3) The calculation is based on the total number of **[REDACTED]** H Shares in issue immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes) after receipt of the filing notice regarding H share "Full circulation" from the CSRC.

(4) Little Swan Ballet is a limited partnership incorporated under the laws of the PRC and is managed by its general partner, Mr. Liu. As such, Mr. Liu is deemed to be interested in the Shares held by Little Swan Ballet under the SFO.

(5) Future Life Investment is a limited liability company incorporated under the laws of the PRC and is owned by Mr. Liu and Ms. Xu, the spouse of Mr. Liu, as to 85.71% and 14.29%, respectively. As such, Mr. Liu and Ms. Xu are deemed to be interested in the Shares held by Future Life Investment under the SFO.

(6) An acting-in-concert agreement was entered into on January 1, 2022, and a supplemental agreement was entered into on November 28, 2025, pursuant to which Mr. Liu, Ms. Xu, Little Swan Ballet and Future Life Investment (i) agreed to act in concert on all proposals and resolutions presented at Board meetings and Shareholders' meetings; and (ii) acknowledged and confirmed that Mr. Liu's decision on such matters shall prevail. As such, each of Mr. Liu, Ms. Xu, Little Swan Ballet and Future Life Investment are deemed to be interested in the Shares each other is interested in under the SFO. For details of the acting-in-concert agreements, see "History, Development and Corporate Structure – Acting-in-concert Arrangements."

(7) Including 9,881 Share Options, 127,219 Share Options and 61,300 Share Options granted to Mr. Hao Qiankun (郝乾坤) pursuant to the 2021 Share Option Scheme, 2024 Share Option Scheme and 2025 Share Option Scheme, entitling him to receive 9,881, 127,219 and 61,300 Shares, respectively, subject to vesting and full exercise of the Share Options granted.

(8) Including 10,200 Share Options, 52,230 Share Options and 51,200 Share Options granted to Ms. Sheng Jiao (盛姣) pursuant to the 2021 Share Option Scheme, 2024 Share Option Scheme and 2025 Share Option Scheme, entitling her to receive 10,200, 52,230 and 51,200 Shares, respectively, subject to vesting and full exercise of the Share Options granted.

Interests of the substantial shareholders in the Shares

Save as disclosed in "Substantial Shareholders," immediately following the completion of the **[REDACTED]** and without taking into account any Shares which may be issued pursuant to the exercise of the **[REDACTED]**, our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

Interests of the substantial shareholders in other members of our Group

So far as our Directors are aware, save as disclosed below, as of the Latest Practicable Date, no persons were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group.

Name of the Subsidiary	Name of the Shareholder	Approximate Percentage of Interest in the Subsidiary
Beike Internet Hospital (Guangdong) Co., Ltd. (倍科互聯網醫院(廣東)有限公司)	Future Life Investment	30%

4. Disclaimers

Save as disclosed in "History, Development and Corporate Structure" and "Business" and above:

(a) none of our Directors or experts named in "Qualifications of Experts" in this section is:

(i) interested in our promotion, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group;

(b) none of our Directors or their respective close associates or our Shareholders which to the knowledge of our Directors own more than 5% of the number of our issued Shares (excluding treasury shares) has any interest in our five largest customers or suppliers during the Track Record Period; and

(c) none of our Directors is a director or employee of a company which has an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. SHARE INCENTIVE SCHEMES

1. Employee Incentive Plans

The following is a summary of the principal terms of the Employee Incentive Plans, which were approved and adopted by the Company in November 2020. Given the underlying Shares under the Employee Incentive Plans were either transferred to or had already been issued by the Company to the relevant Employee Incentive Platforms in accordance with terms of the Employee Incentive Plans, there will not be any dilution effect on the issued share capital at our Company. The terms of the Employee Incentive Plans are not subject to the provisions of Chapter 17 of the Listing Rules as the Employee Incentive Plans do not involve the grant of share awards by our Company to subscribe for H Shares after the **[REDACTED]**.

Under the Employee Incentive Plans, Eligible Participants (as defined below) were granted partnership interests in Little Swan Lake and Little Swan Ballet ("**Awards**"), collectively our Employee Incentive Platforms. As of the Latest Practicable Date, Little Swan Lake and Little Swan Ballet held 10,800,000 Shares and 7,200,000 Shares, representing approximately 3.00% and 2.00% of our total issued Shares, respectively.

(a) Purpose

The main purpose of the Employee Incentive Plans is to improve the incentive mechanism of the Group, further enhance the sense of responsibility and mission of the Eligible Participants (as defined below) thereto, promote the continued growth of the performance of the Group, and bring economic benefits to the Eligible Participants while enhancing the value of the Group, so as to realize the common development of the Eligible Participants and the Group.

(b) Administration

Mr. Chen Kai (陳凱) and Mr. Liu, as the respective sole general partner of Little Swan Lake and Little Swan Ballet, are responsible for the administration of the respective Employee Incentive Platform and may exercise the voting rights attaching to the Shares held by them, in accordance with the partnership agreements entered into among the partners of each Employee Incentive Platform.

(c) Eligible Participants

Persons eligible to participate in the Employee Incentive Plans include Directors, senior management, employees, and other personnel of the Group, who have made contribution to the development of the Group (individually and collectively, the "**Eligible Participant(s)**").

(d) Awards

The form of awards available under the Employee Incentive Plans shall be restricted shares that are subject to limitations on transfer and other rights.

(e) Transfer Restrictions

Except for circumstances specified under the terms of the Employee Incentive Plans, no Eligible Participant shall in any way transfer his or her partnership interest in the Employee Incentive Platforms under the Employee Incentive Plans within three years from the **[REDACTED]** ("**Lock-up Period**").

After the Lock-up Period, the disposal of the Awards held by the Eligible Participants shall remain subject to transfer restrictions, which stipulate that the annual disposal of the Awards shall not exceed one-third of the total interests held by the Eligible Participant in the Employee Incentive Platforms.

(f) Details of Awards Granted under the Employee Incentive Plans

Little Swan Lake is a limited partnership established under the laws of the PRC. The general partner of Little Swan Lake is Mr. Chen Kai (陳凱), holding approximately 43.33% of its partnership interest. As of the Latest Practicable Date, the remaining partnership interest was held by 33 limited partners, including (i) three Directors, namely Mr. Liu, Mr. Hao Qiankun (郝乾坤) and Ms. Sheng Jiao (盛姣), holding approximately 13.31%, 16.67% and 1.56% partnership interest, respectively; and (ii) 30 other participants who are current employees of the Group and are Independent Third Parties.

Little Swan Ballet is a limited partnership established under the laws of the PRC. The general partner of Little Swan Ballet is Mr. Liu, holding approximately 49.00% of its partnership interest. As of the Latest Practicable Date, Little Swan Ballet had two limited partners, Mr. Wu Wenxin (吳文新), a former employee of the Group, holding approximately 50% of the partnership interest and Ms. Xun Ruzhen (尋如珍), an employee of our Group, holding approximately 1% partnership interest.

2. Share Option Schemes

The following is a summary of the principal terms of the 2021 Share Option Scheme, 2024 Share Option Scheme and 2025 Share Option Scheme, which were approved and adopted by the Company in September 2021, February 2024 and December 2025, respectively. The Share Option Schemes are not subject to Chapter 17 of the Listing Rules as each of them does not involve any further grant of options or share awards by the Company after the **[REDACTED]**.

(a) Purpose

In order to further improve the corporate governance structure of our Company, strengthen the incentive mechanism, and enhance the sense of responsibility and mission of our management team and key employees, the Share Option Schemes were formulated to ensure the realization of our Company's development strategy and business objectives.

(b) Options

The Share Option Schemes permit the share options approved by the Company (the "**Share Options**").

The term of each Share Option granted under the Share Option Schemes shall be no more than ten (10) years from the date of grant thereof.

(c) Who May Join

Key employees of the Group are eligible to participate in the Share Option Schemes.

(d) Administration

The Share Option Schemes shall be administered by the Board.

(e) Maximum Number of Shares

There is no maximum aggregate number of Shares that may be issued pursuant to Share Options under the 2021 Share Option Scheme, 2024 Share Option Scheme and 2025 Share Option Scheme. Our Company will not grant any further options upon **[REDACTED]**.

(f) Term of the Share Options

In general, the term of each Share Option shall be no more than ten (10) years from the date of grant and shall be the term stated in the award agreement executed by the Company and the grantee (the "**Award Agreement**").

(g) Vesting Schedule and Conditions

The Share Options to be issued to any grantee under the Share Option Schemes shall be subject to the vesting schedule under the terms of the Share Option Schemes and as specified in the Award Agreement of such grantee. A grantee may be required to achieve any performance targets as specified in the Award Agreement of such grantee before any Share Options granted can be vested. The vesting schedule for grantees under the Share Option Schemes is 33%, 33% and 34%, with each portion vesting upon the satisfaction of the performance targets set for the first, second, and third year after granting, respectively.

(h) Exercise of the Share Options, Lock-up and Transfer Restrictions

Subject to applicable laws, any Share Option granted shall be exercisable at such times under the terms of the Share Option Schemes and as specified in the Award Agreement.

The exercise prices under the Share Option Schemes are RMB1.0555, RMB1.78, and RMB1.98 per share for the 2021 Share Option Scheme, 2024 Share Option Scheme and 2025 Share Option Scheme, respectively. These exercise prices, which in principle shall not be lower than the Company's audited net asset value per share for the most recent year at the time of grant, were determined based on an independent pricing method.

The exercise period under 2021 Share Option Scheme and 2024 Share Option Scheme shall be subject to the following lock-up and transfer restrictions:

1. The Share Options that have been vested under the Share Option Schemes shall not be exercised until the **[REDACTED]** of the Company.

2. After the **[REDACTED]**, grantees under the Share Option Schemes shall not dispose of Shares acquired through the exercise of the Share Options within three years from the date of exercise.

3. Upon expiry of such lock-up period, the grantees shall comply with the relevant transfer restriction requirements applicable to the Directors and members of senior management of the Company.

Share Options granted under the 2025 Share Option Scheme shall be exercisable within 12 months after each vesting period.

(i) Outstanding Share Options

2021 Share Option Scheme

As of the Latest Practicable Date, our Company had granted outstanding Share Options under the 2021 Share Option Scheme to 22 grantees to subscribe for an aggregate of 190,162 Shares, representing approximately **[REDACTED]**% of the total issued share capital immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes). Among the outstanding options granted, two Directors and member of senior management, one connected person of the Company and 19 grantees who are employees of our Group and are not Directors, member of senior management or connected persons of the Company were granted outstanding options to subscribe for 20,081 Shares, 19,709 Shares, and 150,372 Shares, respectively.

The table below sets forth the details of the outstanding Share Options granted to Directors, member of senior management or connected persons of the Company and other employees of the Group under the 2021 Share Option Scheme:

Name	Position	Address	Number of H Shares underlying the Share Options granted	Date of grant	Exercise Price	Approximate Shareholding Percentage Immediately Following the [REDACTED][(1)]
Directors and Senior Management						
Mr. Hao Qiankun (郝乾坤)	Executive Director, chief financial officer and secretary of the Board	Room 906, Block 17, Phase 3, Kangges Garden, Liangle Road, Daliang Sub-district Office, Shunde District, Foshan City, Guangdong Province, PRC	9,881	September 1, 2021	RMB1.0555	**[REDACTED]**%
Ms. Sheng Jiao (盛姣)	Non-executive Director (employee representative Director)	Building 15, Unit 704, Phase 5, Jiaxin City Garden, Xianghe Road, Daliang Subdistrict Office, Shunde District, Foshan City, Guangdong Province, PRC	10,200	September 1, 2021	RMB1.0555	**[REDACTED]**%
Subtotal	**-**	**-**	***20,081***	**-**	**-**	**[REDACTED]%**

Name	Position	Address	Number of H Shares underlying the Share Options granted	Date of grant	Exercise Price	Approximate Shareholding Percentage Immediately Following the [REDACTED][(1)]
Connected Person						
Lai Zhenyu (賴珍玉)	–	Room 301, Block 12, Haiqin Haoyuan, Qinghua Road, Ronggui Subdistrict, Shunde District, Foshan City, Guangdong Province, PRC	19,709	September 1, 2021	RMB1.0555	**[REDACTED]**%
Subtotal	**–**	**–**	***19,709***	**–**	**–**	**[REDACTED]%**
19 Grantees	–	–	150,372	September 1, 2021	RMB1.0555	**[REDACTED]**%
Total	**–**	**–**	**190,162**	**–**	**–**	**[REDACTED]%**

2024 Share Option Scheme

As of the Latest Practicable Date, our Company had granted outstanding Share Options under the 2024 Share Option Scheme to 52 grantees to subscribe for an aggregate of 1,197,543 Shares, representing approximately **[REDACTED]**% of the total issued share capital immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes). Among the outstanding options granted, two Directors and member of senior management, one other connected person of the Company, and 49 grantees who are employees of our Group and are not Directors, member of senior management or connected persons of the Company were granted outstanding options to subscribe for 111,784 Shares, 33,073 Shares and 1,052,686 Shares, respectively.

The table below sets forth the details of the outstanding Share Options granted to Directors, member of senior management or connected persons of the Company and other employees of the Group under the 2024 Share Option Scheme:

Name	Position	Address	Number of H Shares underlying the Share Options granted	Date of grant	Exercise Price	Approximate Shareholding Percentage Immediately Following the [REDACTED][(1)]
Directors and Senior Management						
Mr. Hao Qiankun (郝乾坤)	Executive Director, chief financial officer and secretary of the Board	Room 906, Block 17, Phase 3, Kangges Garden, Liangle Road, Daliang Sub-district Office, Shunde District, Foshan City, Guangdong Province, PRC	79,089	February 5, 2024	RMB1.78	**[REDACTED]**%
Ms. Sheng Jiao (盛姣)	Non-executive Director (employee representative Director)	Building 15, Unit 704, Phase 5, Jiaxin City Garden, Xianghe Road, Daliang Subdistrict Office, Shunde District, Foshan City, Guangdong Province, PRC	32,694	February 5, 2024	RMB1.78	**[REDACTED]**%
Subtotal	**–**	**–**	***111,784***	**–**	**–**	**[REDACTED]%**
Connected Person						
Lai Zhenyu (賴珍玉)	–	Room 301, Block 12, Haiqin Haoyuan, Qinghua Road, Ronggui Subdistrict, Shunde District, Foshan City, Guangdong Province, PRC	33,073	February 5, 2024	RMB1.78	**[REDACTED]**%
Subtotal	**–**	**–**	***33,073***	**–**	**–**	**[REDACTED]%**
49 Grantees	–	–	1,052,686	February 5, 2024	RMB1.78	**[REDACTED]**%
Total	**–**	**–**	**1,197,543**	**–**	**–**	**[REDACTED]%**

2025 Share Option Scheme

As of the Latest Practicable Date, our Company had granted outstanding Share Options under the 2025 Share Option Scheme to 127 grantees to subscribe for an aggregate of 2,933,200 Shares, representing approximately **[REDACTED]**% of the total issued share capital immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes). Among the outstanding options granted, two Directors and member of senior management, two other connected person of the Company, and 123 grantees who are employees of our Group and are not Directors, member of senior management, or connected persons of the Company were granted outstanding options to subscribe for 112,500 Shares, 133,400 Shares and 2,687,300 Shares, respectively.

The table below sets forth the details of the outstanding Share Options granted to Directors, member of senior management or connected persons of the Company and other employees of the Group under the 2025 Share Option Scheme:

Name	Position	Address	Number of H Shares underlying the Share Options granted	Date of grant	Exercise Price	Approximate Shareholding Percentage Immediately Following the [REDACTED][(1)]
Directors and Senior Management						
Mr. Hao Qiankun (郝乾坤)	Executive Director, chief financial officer and secretary of the Board	Room 906, Block 17, Phase 3, Kangges Garden, Liangle Road, Daliang Sub-district Office, Shunde District, Foshan City, Guangdong Province, PRC	61,300	December 5, 2025	RMB1.98	**[REDACTED]**%
Ms. Sheng Jiao (盛姣)	Non-executive Director (employee representative Director)	Building 15, Unit 704, Phase 5, Jiaxin City Garden, Xianghe Road, Daliang Subdistrict Office, Shunde District, Foshan City, Guangdong Province, PRC	51,200	December 5, 2025	RMB1.98	**[REDACTED]**%
Subtotal	-	-	*112,500*	-	-	[REDACTED]%

Name	Position	Address	Number of H Shares underlying the Share Options granted	Date of grant	Exercise Price	Approximate Shareholding Percentage Immediately Following the [REDACTED](1)
Connected Persons						
Lai Zhenyu(2) (賴珍玉)	General manager of Future Sunflower	Room 301, Block 12, Haiqin Haoyuan, Qinghua Road, Ronggui Subdistrict, Shunde District, Foshan City, Guangdong Province, PRC	56,200	December 5, 2025	RMB1.98	[REDACTED]%
Xiang Dongdong(3) (向冬冬)	Head of the China marketing center of the Company	No. 6, Xiangjia Group, Hefan Community, Zhanqiao Town, Linxiang City, Hunan Province, PRC	77,200	December 5, 2025	RMB1.98	[REDACTED]%
Subtotal	-	-	*133,400*	-	-	[REDACTED]%
123 Grantees	–	–	2,687,300	December 5, 2025	RMB1.98	[REDACTED]%
Total	-	-	**2,933,200**	-	-	[REDACTED]%

Note:

1. Assuming the **[REDACTED]** is not exercised and no additional Shares are issued under the Share Option Schemes.

2. Lai Zhenyu is the general manager of Future Sunflower. Lai Zhenyu is primarily responsible for the overall management of our production facility.

3. Xiang Dongdong is the head of our marketing center for the China region and is the director and general manager of Future Hainan.

In respect of the outstanding Share Options granted under the Share Option Schemes, we have applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix DIA to the Listing Rules; and (ii) an exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. See "Waivers and Exemptions" for details.

(j) Dilution Effect and Impact on Earnings per Share

Immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised) and assuming full vesting and exercise of all outstanding Share Options under the Share Option Schemes, the dilution effect on our earnings per Share will be diluted by approximately **[REDACTED]**%.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or our subsidiaries.

2. Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and, so far as we are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the **[REDACTED]** of, and permission to deal in, the H Shares to be issued pursuant to **[REDACTED]** and the H Shares to be converted from Unlisted Shares, on the Main Board of the Stock Exchange. The Sole Sponsor will receive an aggregate fee of RMB4.0 million for acting as sole sponsor for the **[REDACTED]**.

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

4. Preliminary Expense

As of the Latest Practicable Date, our Company did not incur any material preliminary expense.

5. Promotors

The promoters of our Company are all the then Shareholders as of July 29, 2021 immediately before our conversion into a joint stock limited company. Save as otherwise disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promotors of our Company in connection with the **[REDACTED]** or the related transactions described in this document.

6. Qualifications of Experts

The qualifications of the experts who have given opinions or advice in this document are as follows:

Name	Qualification
China Securities (International) Corporate Finance Company Limited	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Grandway Law Offices	Legal advisor to our Company as to PRC law
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
Ernst & Young (China) Advisory Limited	Transfer pricing advisor to our Company

7. Consent of Experts

Each of the experts named above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its reports, letters or opinions (as the case may be) and the references to its name included herein in the form and context in which they are included.

As of the Latest Practicable Date, none of the experts named above had any shareholding in any member of our Group or right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. Stamp Duty

The sale, purchase and transfer of H Shares will be subject to Hong Kong stamp duty. The current rate charged on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

9. Binding Effect

This document shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as far as applicable.

10. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. Miscellaneous

(a) Save as otherwise disclosed "Financial Information," "History, Development and Corporate Structure" and "**[REDACTED]**," within the two years immediately preceding the issue of this document:

(i) no share or debenture of any member of our Group has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid up otherwise than in cash;

(ii) no share or debenture of any member of our Group is under option or agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group; and

(iv) no commission has been paid or is payable for subscribing, agreeing to subscribe, procuring or agreeing to procure subscriptions for any shares in or debentures of our Company.

(b) There are no founder or management or deferred shares in our Company.

(c) There is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong.

(d) There is no arrangement under which future dividends are waived or agreed to be waived.

(e) There are no contracts for the hire or hire purchase of plant to or by our Group for a period of over one year which are substantial in relation to our Group's business.

(f) There have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months.

(g) No part of the equity or debt securities of our Company is listed or dealt in on any stock exchange, and no such listing or permission to deal on any stock exchange other than the **[REDACTED]** is being or is proposed to be sought.

(h) Our Company has no outstanding convertible debt securities or debentures.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Appendix V – Statutory and General Information – E. Other Information – 7. Consent of Experts"; and

(b) a copy of the material contracts referred to in "Appendix V – Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contract."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **cn.skg.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the three years ended December 31, 2025;

(d) the report prepared by Ernst & Young on the unaudited **[REDACTED]** financial information of our Group, the text of which is set out in Appendix II to this document;

(e) the letter and valuation certificate relating to the property interests of our Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which are set out in Appendix III to this document;

(f) the PRC legal opinion issued by Grandway Law Offices, our PRC Legal Advisor, in respect of certain general corporate matters and property interests of our Group under PRC law;

(g) the industry report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in "Industry Overview";

(h) the report issued by Ernst & Young (China) Advisory Limited in respect of the transfer pricing assessment;

(i) the material contract[s] referred to in "Appendix V – Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contract";

(j) the written consents referred to in "Appendix V – Statutory and General Information – E. Other Information – 7. Consent of Experts";

(k) the service contracts and appointment letters referred to in "Appendix V – Statutory and General Information – C. Further Information about Our Directors and Substantial Shareholders – 1. Particulars of Directors' Service Contracts and Appointment Letters";

(l) the terms of the Employee Incentive Plans;

(m) the terms of the Share Option Schemes; and

(n) the PRC Company Law and the Overseas Listing Trial Measures, together with their unofficial English translations.

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of a full list of all the grantees under the Share Option Schemes will be made available for public inspection at our Company's Hong Kong legal advisor's office in Hong Kong at 35/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this Document.